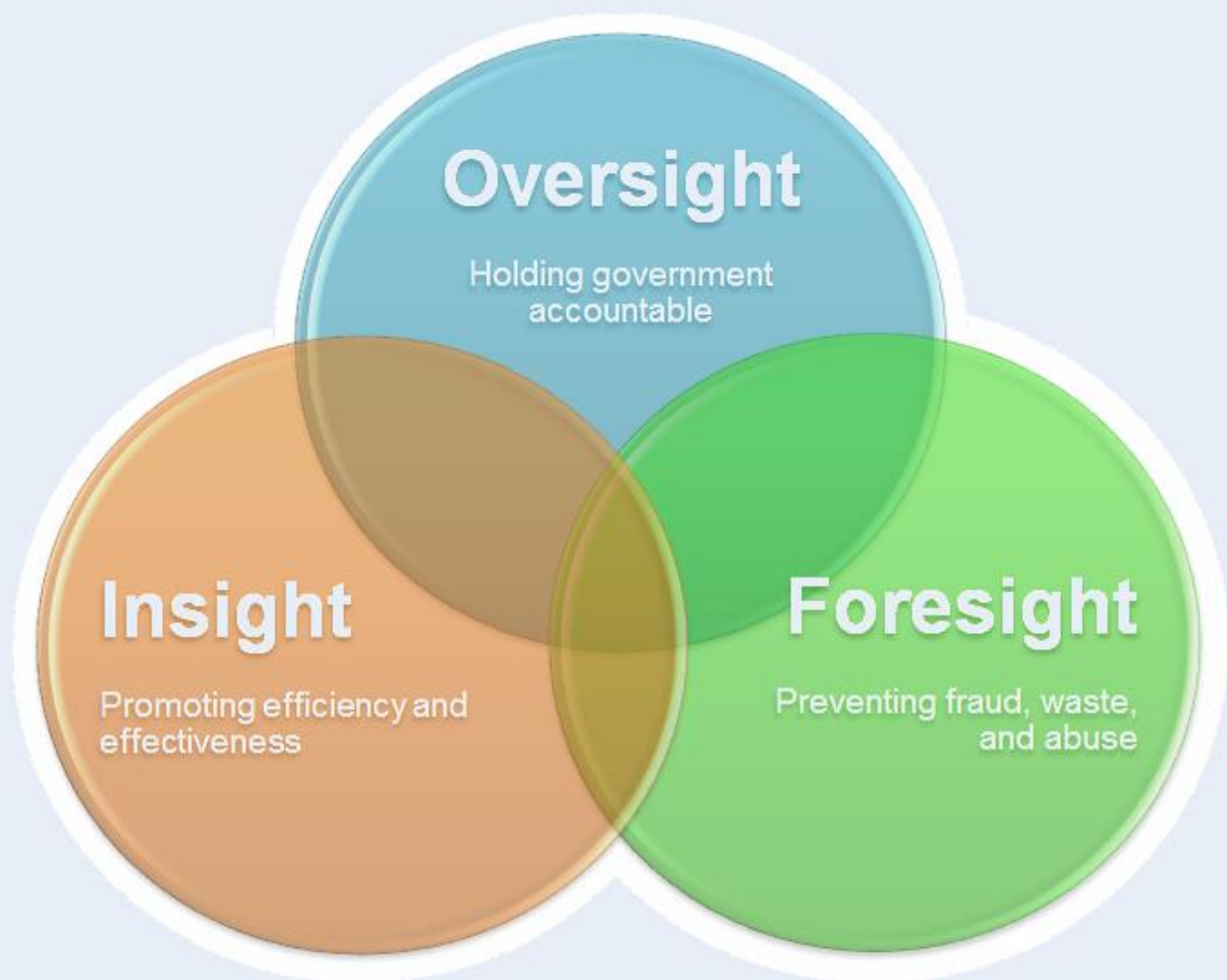




**Office of  
Inspector General**  
PALM BEACH COUNTY

# 2017 ANNUAL REPORT

October 1, 2016 to September 30, 2017



*“Enhancing Public Trust in Government”*

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## Message from the Inspector General

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Citizens of Palm Beach County:

I am pleased to present the Fiscal Year 2017 (FY2017) Annual Report summarizing the activities of the Office of Inspector General (OIG) for the period of October 1, 2016 through September 30, 2017. This report highlights our major efforts to promote integrity, efficiency, and overall effectiveness in government over the past year.

During FY2017, we had significant accomplishments in our independent oversight of the County government, the 39 municipalities within Palm Beach County, Solid Waste Authority, and the Children's Services Council. We received and took action on 591 Hotline calls and 193 correspondences.

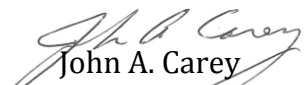
We discovered over \$11.3 million in questioned costs and over \$168,900 in potential cost savings to taxpayers in dollars being returned or in future avoidable costs. We hold those in government accountable. For example, we referred 15 matters to law enforcement or the County or State Commissions on Ethics. To make government better, we made 50 recommendations to management in order to facilitate compliance with laws and regulations, or to be more efficient or effective. Our Contract Oversight portion of this report particularly highlights our focus on proactive efforts in preventing problems before they occur and sharing best practices.

I am very proud of our OIG staff for their commitment and professionalism in serving the citizens of Palm Beach County. We are committed to providing objective and independent:

- 1) *Insight* – helping good people do things better (promoting efficiency and effectiveness);
- 2) *Oversight* – holding government accountable for resources and performance; and,
- 3) *Foresight* – preventing fraud, waste, and abuse.

Finally, I want to thank the County and municipal governments, the Solid Waste Authority, and the Children's Services Council for their cooperative work with our office; the Inspector General Committee for its support; and you, the citizens of Palm Beach County, for your continued support. We welcome any comments or suggestions that may assist us in accomplishing our mission.

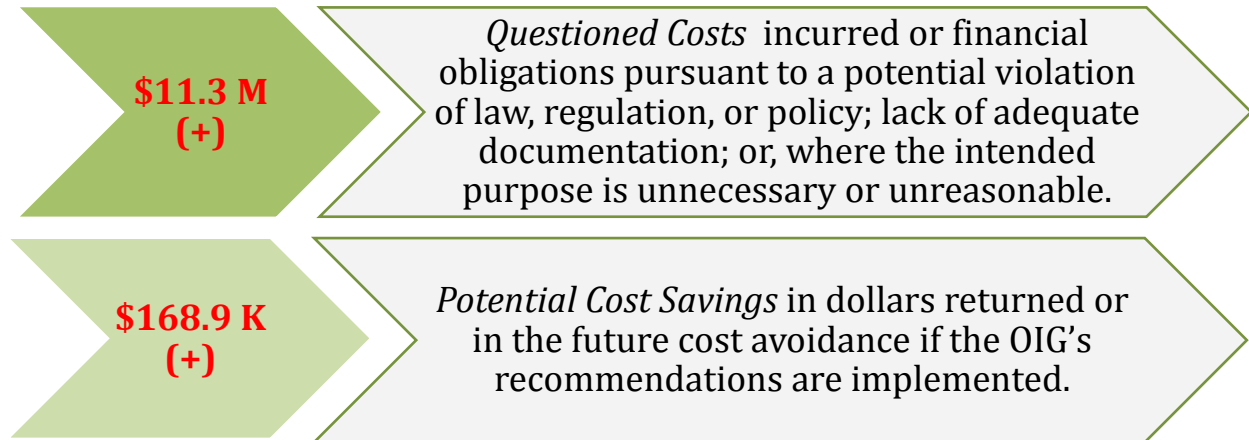
Sincerely,

  
John A. Carey  
Inspector General



## SUMMARY OF THE OIG FY2017 SUCCESSES

### Guarding Taxpayers' Dollars



### Promoting Integrity in Government



### Making Government Better



**10 Reports with 50 Recommendations**

To improve government operations and to save taxpayer dollars.

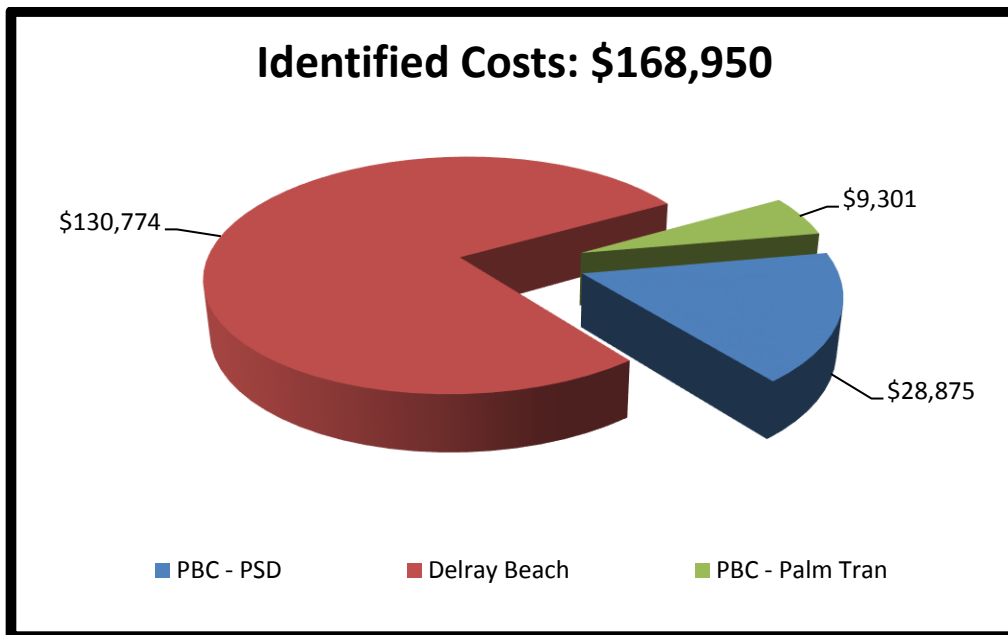
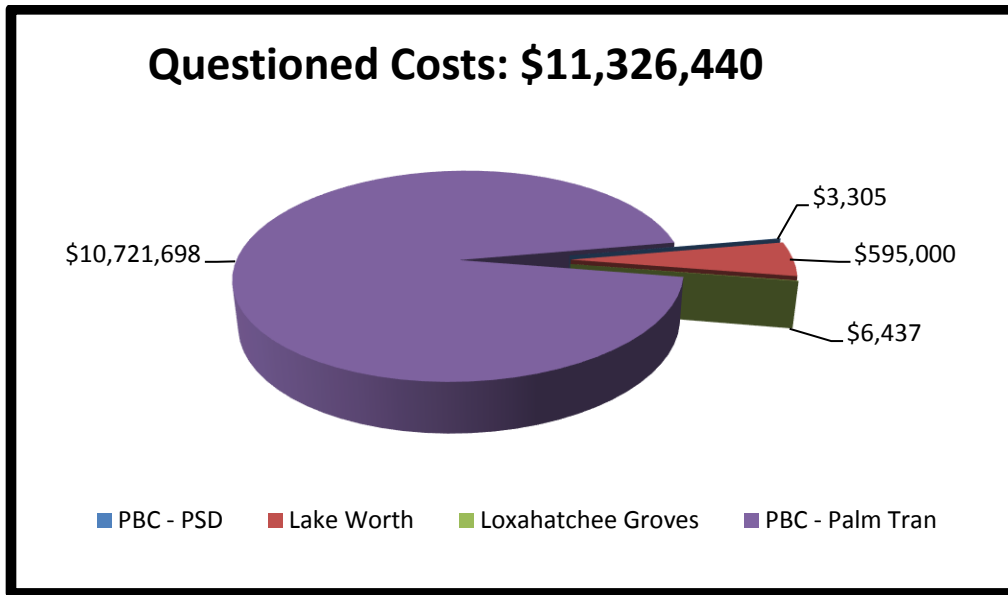


**784**

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

At the end of the day, the OIG provides ***“Enhanced Trust in Government.”***

**SUMMARY OF THE OIG’s FY2017 SUCCESSES (continued)  
FINANCIAL DISCOVERY BREAKDOWN<sup>1</sup>**



<sup>1</sup> *Questioned Costs* can include costs incurred or financial obligations pursuant to an alleged violation of law, regulation, contract, grant, cooperative agreement, other agreement, or policy and procedures; costs or financial obligations not supported by adequate documentation; and/or the expenditure of funds where the intended purpose is unnecessary or unreasonable. *Avoidable Costs* are the dollar value for costs that will not have to be incurred, lost funds, and/or an anticipated increase in revenue over three years (dollars saved) if the OIG’s recommendations are implemented. *Identified Costs* have the potential of being returned to offset the taxpayers’ burden.

## MISSION, VISION, AND VALUES

### Mission Statement (Why we exist and What we do)

Our purpose (why we exist) is to provide independent and objective insight, oversight, and foresight in promoting integrity, efficiency, and overall effectiveness in government.

Our promise (what we do) is to accomplish our purpose through audits, investigations, contract oversight, and outreach activities.

### Vision Statement (Where we are going)

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

### Values (What we believe and How we behave)

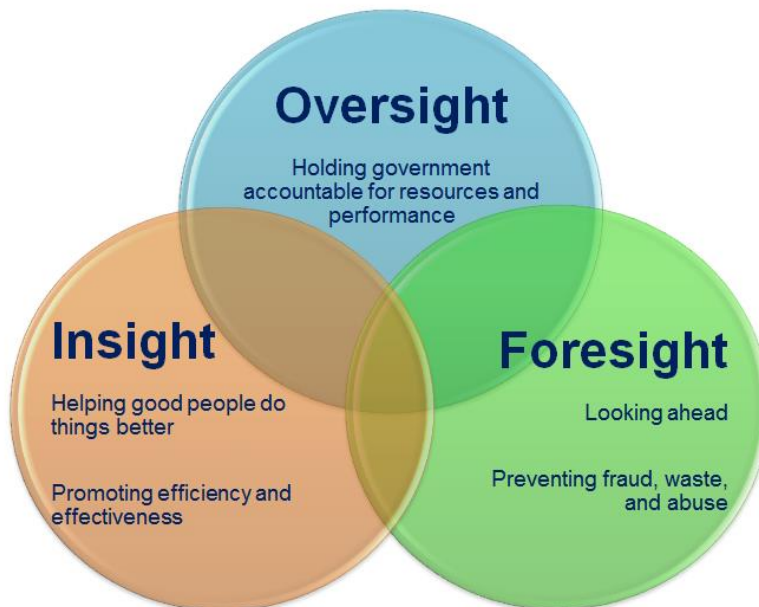
**Professionalism** – We take pride in our purpose, profession, products, results, and conduct.

**Respect** – We are respectful of others and recognize their value.

**Integrity** – We do the right thing, the right way, for the right reason.

**Dedication** – We are dedicated to our purpose, our work, and the people we serve.

**Excellence** – We strive for excellence in everything we do.



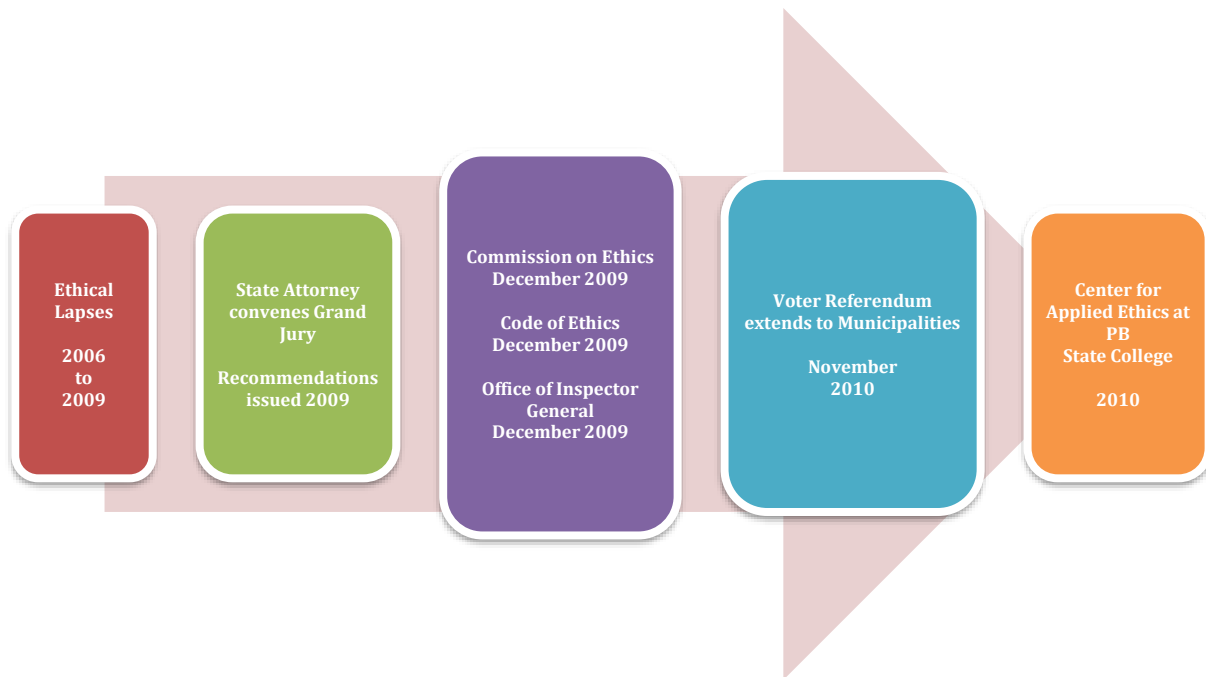
### Our Motto

**“Enhancing Public Trust in Government”**

## HISTORY

The OIG was established after a state grand jury report issued in early 2009 cited repeated incidences of corruption among several members of the Palm Beach County (County) Board of County Commissioners (BOCC) and the West Palm Beach City Commission. In response to that report, the County began a comprehensive effort to develop an ethics initiative aimed at promoting public trust in government and establishing a more transparent operating model for its citizens. In December 2009, the BOCC adopted an ordinance that established the OIG to oversee County government. In November 2010, 72% of the voters approved a countywide referendum to amend the County Charter and permanently establish the OIG. A majority of voters in each of the 38 county municipalities that existed at the time approved an expansion of OIG jurisdiction to cover all municipalities within the county.

### Palm Beach County Ethics Movement



The IG Committee selected Sheryl G. Steckler as the County’s first IG in June 2010. The OIG enabling legislation, known as the IG Ordinance, was drafted in 2011 by the IG Drafting Committee, which was comprised of representatives from the municipalities, County, Palm Beach County League of Cities, citizens appointed by the County, and the Inspector General. Once completed, the IG Ordinance was unanimously approved by the BOCC with an effective date of June 1, 2011. John A. Carey became the County’s second IG in June 2014.







The IG can require the production of documents and receive full and unrestricted access to records. The IG has the power to subpoena witnesses and administer oaths. Additionally, the IG is “an appropriate local official” for whistleblower reporting and protection.



- County and Municipal Officials and Employees, Contractors, and Others

All elected and appointed officials and employees, County and municipal agencies, contractors, their subcontractors and lower tier contractors, and other parties doing business with the County or municipalities and/or receiving County or municipal funds shall fully cooperate with the IG in the exercise of the IG’s functions, authority, and powers.

The County administrator and each municipal manager, administrator, or mayor, where the mayor serves as chief executive officer, shall: 1) promptly notify the IG of possible mismanagement of a contract, fraud, theft, bribery, or other violation of law which appears to fall within the jurisdiction of the IG; and, 2) coordinate with the IG to develop reporting procedures for notification to the IG.

## What to Report

### Required By Ordinance:

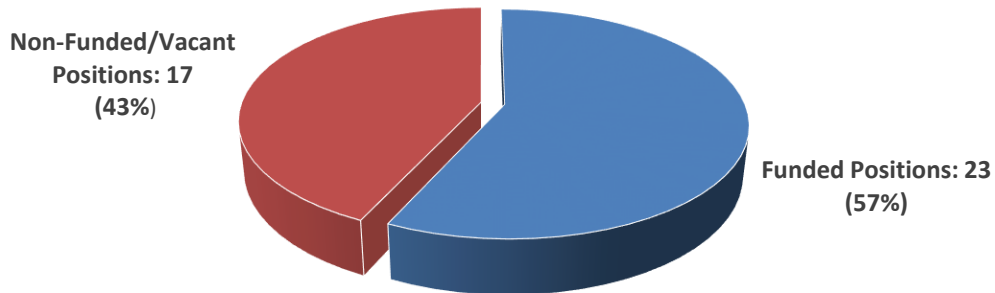
- **Fraud**
- **Theft**
- **Contract Mismanagement (> \$5K)**
- **Bribery**
- **Any other violation or conduct that appears to be within jurisdiction of the OIG (e.g. abuse, misconduct, mismanagement)**

## STRUCTURE AND STAFFING OF THE OFFICE OF INSPECTOR GENERAL

### The Inspector General Structure

Due to the lawsuit regarding OIG funding and subsequent BOCC decisions (see page 11), the OIG has never been fully funded. Currently, our office has funding for only 23 (57%) of the 40 authorized positions.

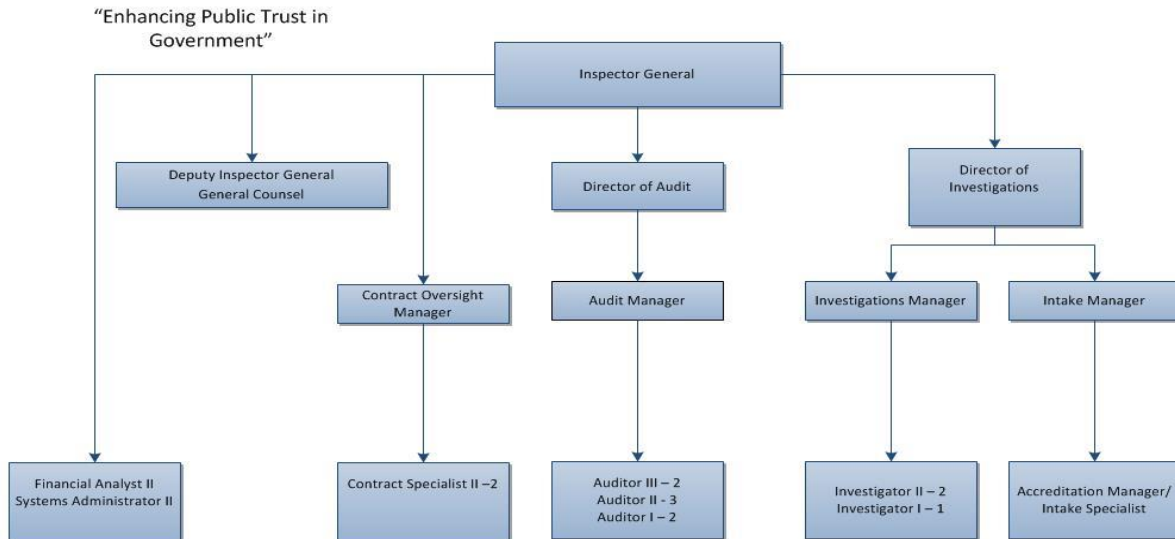
### OIG Personnel Complement 40 Authorized Positions



The OIG is comprised of a Mission Support Section and three operating divisions: Investigations, Audits, and Contract Oversight.



Office of Inspector General Palm Beach County  
Organizational Chart



November 2017

The OIG Leadership Team



Kalinthia Dillard  
Deputy Inspector  
General/  
General Counsel



Stuart Robinson  
Director of  
Investigations



John Carey  
Inspector General



Megan Gaillard  
Director of Audit



Karen Mayer  
Manager of  
Contract Oversight

Inspector General Staff Qualifications

To ensure success in accomplishing our mission, the OIG hires highly qualified individuals who not only reflect the diversity of the community, but also have the necessary level of skills, abilities, and experience for their respective positions on the OIG team. Staff members bring an array of experiences from the Federal and State IG Communities; the Federal Bureau of Investigation; Internal Revenue Service; not-for-profit community based organizations; federal, state, and local government; public accounting firms; and the construction industry.



Staff members have backgrounds in and/or academic degrees in:

- Accounting
- Auditing
- Business Administration
- Public Administration
- Financial Administration
- Financial Analysis
- Grant Administration
- Investigations
- Law
- Law Enforcement
- Strategic Analysis
- Strategic Planning

**INSPECTOR GENERAL  
OIG PERSONNEL**

**OIG Professional Certifications and Licenses**

- Certified Inspector General
- Certified IG Auditor
- Certified IG Investigator
- Certified Fraud Examiner
- Certified Internal Auditor
- Certified Government Financial Manager
- Certified Public Accountant
- Certified Government Auditing Professional
- Certification in Risk Management Assurance
- Certified Public Procurement Buyer
- Certified Computer Forensic Examiner
- Senior Professional in Human Resources
- Member of the Florida Bar

Logos: HR CERTIFICATION INSTITUTE™, AGA, UPPCC (Universal Public Procurement Certification Council), INSPECTORS GENERAL INSTITUTE, IACR (INTERNATIONAL ASSOCIATION OF CERTIFIED RECORDS MANAGERS), The Institute of Internal Auditors, AICPA (ASSOCIATION TO ADVANCE CERTIFIED ACCOUNTANTS) SOC (SYSTEMS AND ORGANIZATIONS CERTIFICATION), THE FLORIDA BAR



## STANDARDS AND ACCREDITATION FOR THE OIG

### Who Watches the Inspector General?

Common questions are “Who inspects the Inspector General?” or “What standards does the OIG follow in its investigations, audits, and reviews?” The Association of Inspectors General (AIG) is a national professional organization comprised of IGs from the federal, state, and local levels of government. The AIG *Principles and Standards for Offices of Inspector General* (Green Book) is one of the main standards we use. It provides guidelines for the overall operations of OIGs, as well as specific standards for investigations, audits, and other IG related activities. OIG audits are performed in accordance with *Generally Accepted Government Audit Standards* (*Government Auditing Standards* [Yellow Book], issued by the Comptroller General of the United States). In August 2015, the OIG was peer reviewed by the AIG. The AIG found our office “met all relevant standards” and is a “commendable organization.”



### Accreditation by the Commission for Florida Law Enforcement Accreditation

The Commission for Florida Law Enforcement Accreditation (CFA) is the designated accrediting body for law enforcement and OIGs within the State of Florida. Not every State law enforcement agency or OIG obtains or maintains this high standard of accreditation status. The OIG received its initial accreditation from CFA in February 2012 and was re-accredited in February 2015. **CFA Assessors noted in their report, “the assessment was flawless...the OIG presents an image that exudes respect for the County and is also reflective of the professional attitude found in its leadership and members.”**



## LAWSUIT REGARDING OIG FUNDING



In December 2009, the BOCC adopted IG Ordinance 2009-049, which gave the OIG oversight over County governmental operations. Thereafter, on **November 2, 2010, 72% of voters in the municipalities in the County approved a countywide referendum amending the County Charter to expand the OIG’s jurisdiction to municipal agencies and instrumentalities.** The ballot question posed to voters specified that the OIG would be, “funded by the County Commission and all other governmental entities subject to the authority of the Inspector General.” After the referendum passed, the County adopted Ordinance 2011-009 to implement the will of the voters to have a Countywide OIG Program. The County sought payment from the municipalities in accordance with the County Ordinance.

On November 14, 2011, fifteen municipalities filed a Complaint against the County disputing the mechanism for funding the OIG. On March 12, 2015, the trial court entered Final Judgment against the municipalities.

Thirteen of the original fifteen municipalities appealed the trial court’s ruling to the Fourth District Court of Appeal for the State of Florida. On December 21, 2016, the appellate court reversed the lower court’s decision and concluded that sovereign immunity bars the County from using a local referendum vote to force the municipalities to pay for the OIG program. The County declined to appeal the Court’s decision to the Florida Supreme Court.

**Because of this suit and subsequent related decisions of the BOCC, the OIG has not been fully funded. The OIG is only funded for 57% of the staffing contemplated for the office, while still providing oversight of the County and all 39 municipalities.**

**Based on the County’s decision not to appeal the Court of Appeal ruling the OIG requested the County begin in FY2018 to fund its 17 unfunded positions. The County did not approve any funding for the unfunded positions.**



**\$ OFFICE OF INSPECTOR GENERAL FY2017 BUDGET \$**

The OIG strives to use taxpayer dollars frugally. In FY2017, the OIG expended \$2.77 million (91%) of its approved \$3 million budget. The cost to operate our office was approximately \$1.75 per citizen per year. This does not take into account the value added by our services, which for FY2017 includes identified costs for better use, and potential future avoidable costs savings to the taxpayers, through OIG investigations, audits, and reviews.



At a cost of **\$2.77 million** with **23** funded positions, OIG oversight responsibilities included:

- PBC, Municipalities, SWA, and CSC annual budgets of approximately **\$7B**
- PBC, Municipalities, SWA, and CSC employ approximately **14,500** people (excluding part-time, seasonal, and contract employees)
- PBC, Municipalities, SWA, and CSC auditable units identified: **861**
- Oversight of **billions of dollars** of contracting activities

***“The sheer size of government operations that your office oversees and your office’s jurisdiction and responsibility are unparalleled by any other local government inspectors general office.”***

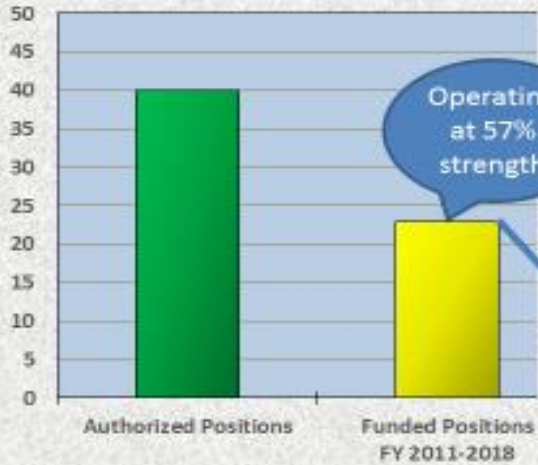
2015 Association of Inspectors General Peer Review Report on the Palm Beach County OIG



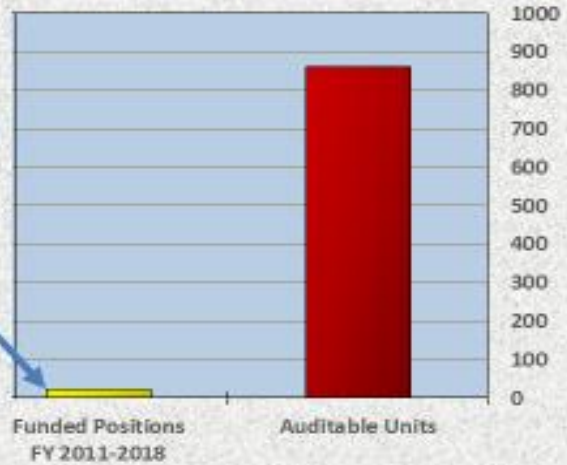
# INSPECTOR GENERAL BUDGET & STAFFING



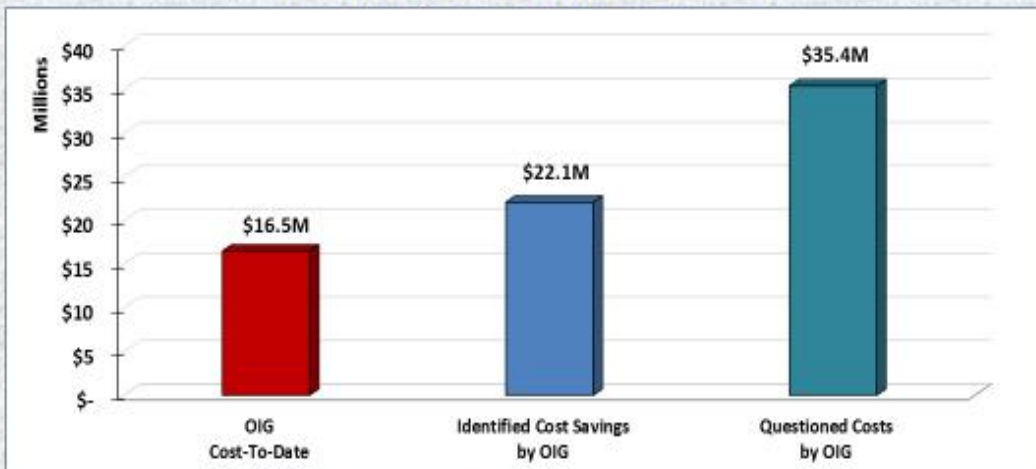
OIG Budget & Staffing



Compare OIG Funded Positions with Oversight Responsibilities



## Monetary Return On Investment



## Non-Monetary Return on Investment

- To Promote and Enhance:
- Transparency in Government
  - Accountability
  - Effectiveness
  - Integrity

At the end of the day, the OIG "Enhances Trust In Government"

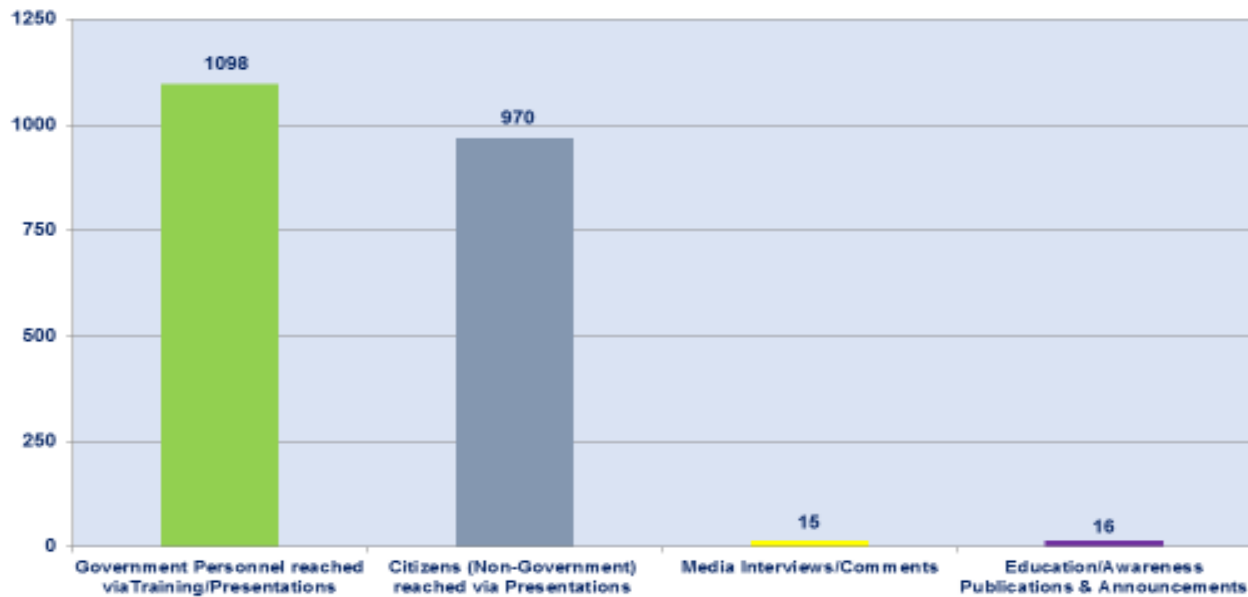
## OUTREACH, EDUCATION, AND PREVENTION

Outreach is an important component of OIG operations, and takes place both inside and outside of government. OIG outreach includes education on common trends and best practices; red flags to assist in spotting fraud, waste, and abuse; and ways to contact our office. Our success depends on listening as much as speaking.

During FY2017, we delivered **84 speeches/presentations/training sessions** to the public, business community, and/or county and municipal governments, **reaching over 2,000 people**. Various media outlets contact the OIG on a regular basis. A total of **15 media interviews** were conducted with the IG during FY2017 resulting in numerous news articles and televised news features.

## TRAINING AND OUTREACH

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



### Social Media

Citizens can follow us on Facebook, Twitter, YouTube, or through our website and subscribe to receive emailed notices of OIG reports and other items of interest. Our website is continuously updated to include all recent OIG activity. An important feature on the website is a section labeled “Tips, Trends, and Training.” Here, we post briefings and information updates throughout the year along with other helpful information to the public and government employees. Please take the time to visit our website at: <http://www.pbcgov.com/OIG/>.

## Outreach/Coordination in Palm Beach County

Promoting integrity, accountability, and transparency in government is a “team sport” that goes beyond the bounds of the OIG. Accordingly, the IG attends and participates in several local forums including the Palm Beach Center for



Applied Ethics’ Ethics Partnership Council and the Palm Beach County Internal Auditor/Inspector General Forum. These forums facilitate coordination of related oversight programs and activities, information sharing on common issues observed throughout the County, promotion of best practices, and collaborate to pool resources for enhanced training for our teams. The IG continued to serve this year as a judge in the Palm Beach County high school ethics bowl.



Our Director of Audit serves on the Board of Directors as the Vice President for the Palm Beach County Institute of Internal Auditors Chapter. She manages the activities of chapter committees and has the primary responsibility for educational programs, seminars, and conferences. Additionally, she serves as the Chapter Liaison to help promote and build the chapter connections.

Our Deputy IG/General Counsel is a graduate of Leadership Palm Beach County’s flagship Leadership Program called “Leadership Engage.” **Leadership Palm Beach County (LPBC) was part of a community-wide ethics initiative formed in 2007 to help establish a Culture of Ethics in local government in Palm Beach County.** Each year, LPBC invites the IG to speak to Leadership Engage participants about the history of the OIG and its role in promoting ethics in government. Leadership Engage is a year-long leadership development program that exists to connect and educate Palm Beach County’s leaders on the history of the county and to strengthen the participants’ leadership skills and commitment to serving the community.





## Special Outreach to Government Managers

The OIG has continued to proactively reach out to government leaders through one-on-one meetings and by providing presentations on lessons learned from OIG projects. Additionally, we published three “*Tips and Trends*” reports designed to provide useful lessons from our OIG projects. This type of outreach pays great dividends by both preventing problems and sharing best practices.



## Outreach/Impact Beyond Palm Beach County



The OIG does not stop at the borders of Palm Beach County in promoting integrity, effectiveness, and efficiency in government. Of particular note, the IG continued in his second year as a member of the board of the national Association of Inspectors General. The Association is a non-profit organization to promote excellence in the



inspector general community by establishing and encouraging adherence to quality standards, sponsoring professional development, and certifying individuals in IG-specific disciplines. The IG is on the Association’s Professional Development Board and Training Committee. Additionally, this year the IG was selected to serve on the board of the Florida Chapter of the Association of Inspectors General.

Our Director of Audit serves on the National Internal Control and Fraud Prevention Technical Committee for the Association of Government Accountants. This committee develops quality technical programs for the annual National Internal Control and Fraud Prevention Conference. She specifically ensures the technical program is responsive to the needs of government financial management policy makers and leaders.



Our Deputy IG/General Counsel serves on The Florida Bar’s Professional Ethics Committee. The Professional Ethics committee issues formal advisory opinions to guide attorneys admitted to The Florida Bar in interpreting and applying the Ethics Rules governing the practice of law, answers ethics inquiries from members of The Bar concerning their own proposed conduct, and reviews informal advisory opinions issued by The Florida Bar ethics department attorneys.

## INVESTIGATIONS DIVISION

**The Investigations Division investigates allegations of fraud, waste, abuse, mismanagement, and misconduct. Additionally, it manages the OIG Hotline program.**

The investigative activity conducted by the Division strictly adheres to the *Principles and Standards for Offices of Inspectors General* (Green Book) as developed by the Association of Inspectors General and the Inspector General Accreditation Standards issued by the Commission for Florida Law Enforcement Accreditation, Inc. These principles are most important as they ensure the quality of our investigations.



While OIG investigations are administrative in nature, criminal violations are sometimes discovered during the investigative process. When a determination has been made, that the subject of an investigation has potentially committed a criminal violation, those findings are discussed with local law enforcement agencies or are referred directly to the State Attorney's Office or the U.S. Attorney's Office for potential criminal investigation and prosecution.

### INVESTIGATIONS HIGHLIGHTS

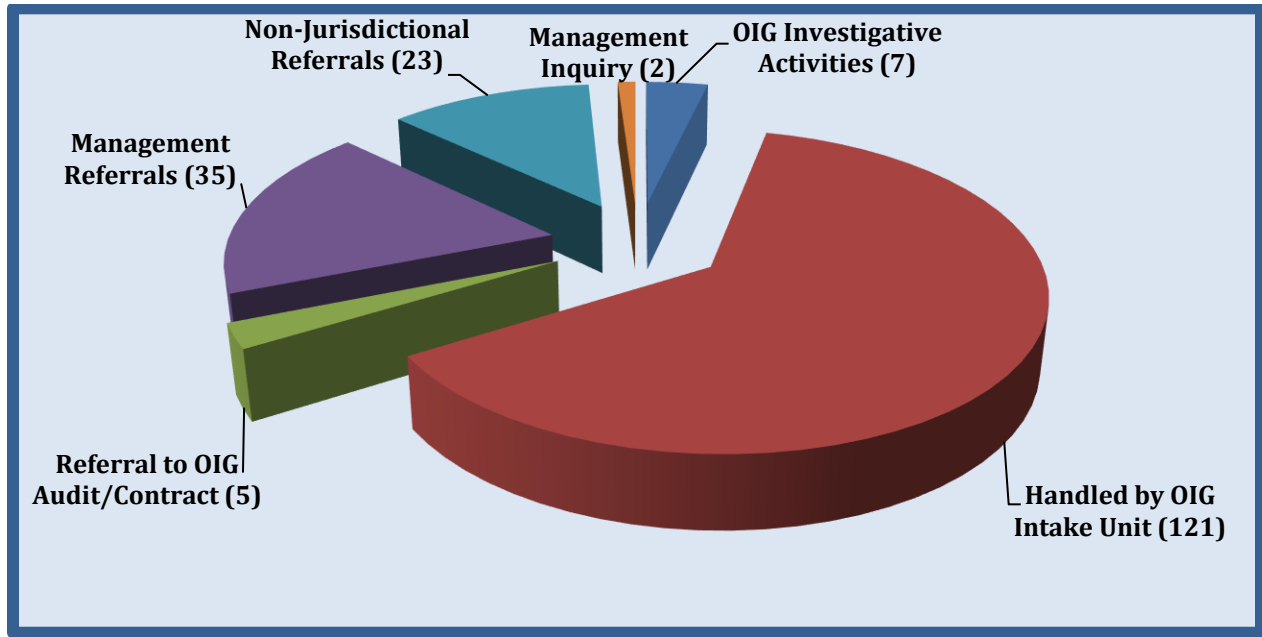
During FY2017, the Investigations Division issued **three** reports containing a total of **seven** allegations. Questioned Costs for these reports totaled **\$3,305** and Identified Costs totaled **\$159,649**. Where allegations were substantiated, we referred administrative or disciplinary actions to County, Municipal, and/or Contracted entities. Additionally, we referred **eight** allegations for possible criminal investigation and/or prosecution. The reports and management responses can be found at <http://www.pbcgov.com/OIG/reports.htm>.

**15**

*Referrals to law enforcement or the County or State Commissions on Ethics.*

**CORRESPONDENCES**

Correspondences to the OIG include letters and emails that cover a wide variety of areas from comments, suggestions, questions, and complaints. The **193** correspondences received during FY2017 were processed as follows:

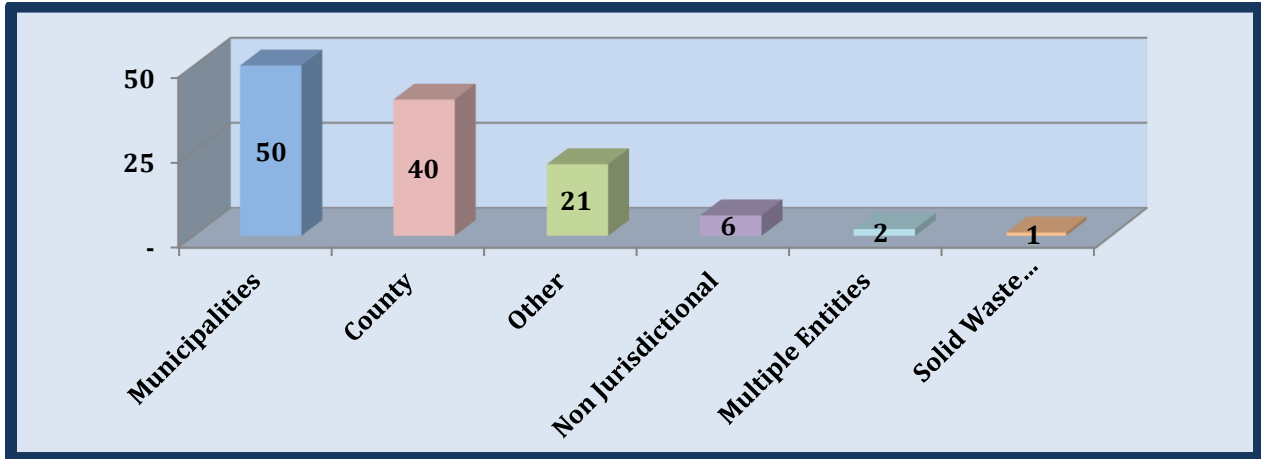


- **Handled by OIG Intake Division (121 or 63%):** Correspondences that are handled by the OIG, Information Only, and/or Closed with No Action.
- **Management Referrals (35 or 18%):** Correspondences forwarded to respective management for handling. No response to the OIG is required.
- **Non-Jurisdictional Referrals (23 or 12%):** Correspondences that do not fall within the jurisdiction of the OIG.<sup>3</sup>
- **OIG Investigative Activities (7 or 4%):** Correspondences that are assigned to the Investigations Division.
- **Referral to OIG Audit or Contract Oversight (5 or 2%):** Correspondences forwarded to OIG Audit and/or Contract Oversight Divisions for further review.
- **Management Inquiries (2 or 1%):** Correspondences forwarded to respective management for handling. A response to the OIG is required.

<sup>3</sup> During FY2017, the OIG received a total of 56 Correspondences related to entities not within the jurisdiction of the OIG (6-Commission on Ethics; 6-Federal Agencies; 1-School Board; 7-State Agencies; 1-Supervisor of Elections; 1-Tax Collector; and, 34 whose dispositions are yet to be determined as of the date of this report).

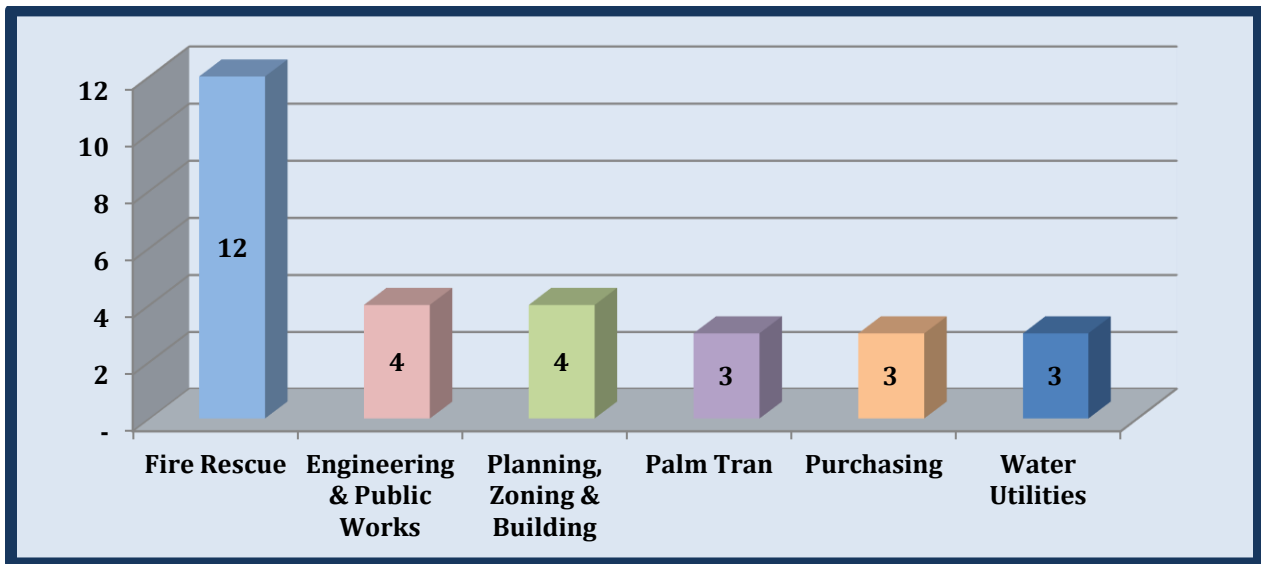
**COMPLAINTS BY ENTITY**

Of the **591** telephone calls and **193** correspondences processed in FY2017, we received **120** complaints. The **120** complaints processed related to the following entities<sup>4</sup>:



**COMPLAINTS BY COUNTY DEPARTMENT (TOP 6)**

The following is a breakdown of complaints by the **Top 6** County Departments.

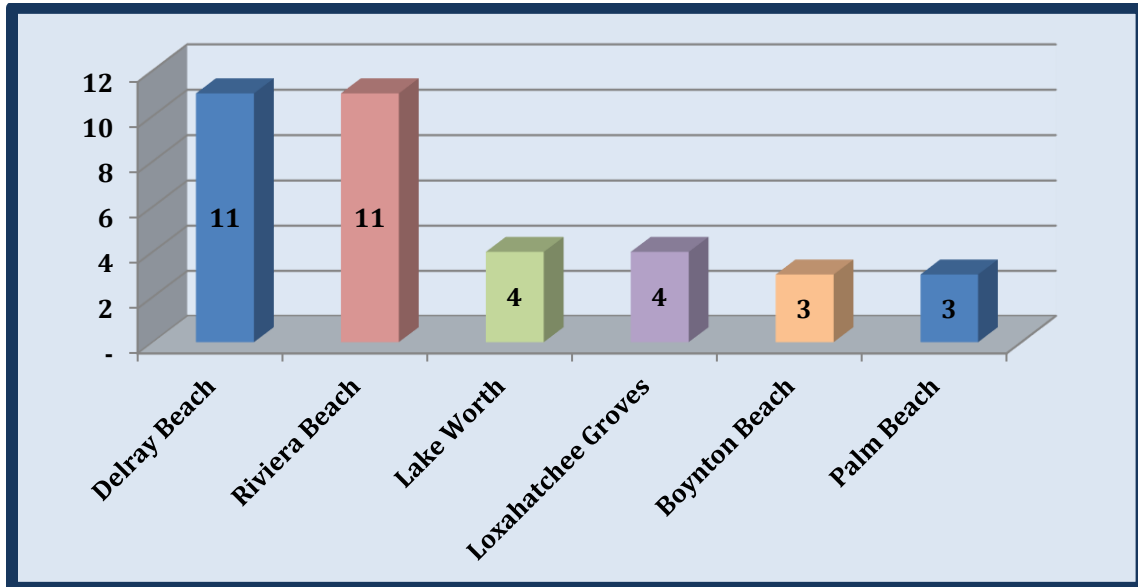


<sup>4</sup> "Non-Jurisdictional" refers to correspondences concerning government entities not under the jurisdiction of the OIG. "Other" includes correspondences related to other entities such as private organizations, homeowner's associations, etc.



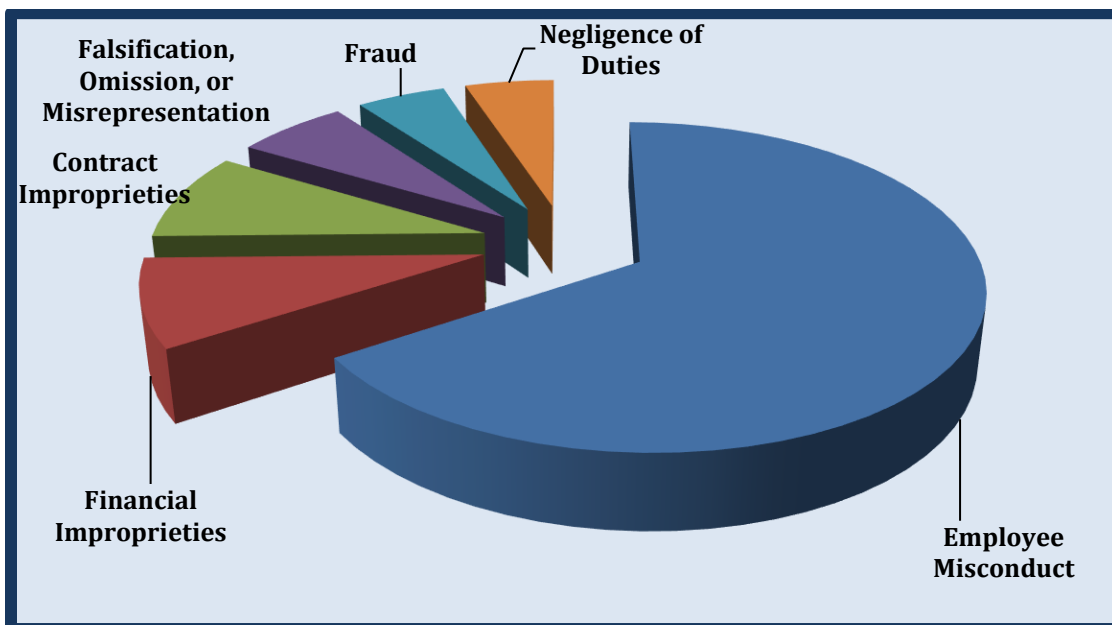
**COMPLAINTS BY MUNICIPALITIES (TOP 6)**

Of the **120** complaints received, **52** involved Municipalities. The following is a breakdown of complaints by the **Top 6** Municipalities.



**ALLEGATION TYPES**

Of the **120** complaints, a total of **89** allegations of potential wrongdoing were made. Of those **89** allegations, **79** were identified in the following top six categories:



## INVESTIGATIVE ACTIVITIES

The following are highlights of our cases in FY2017:

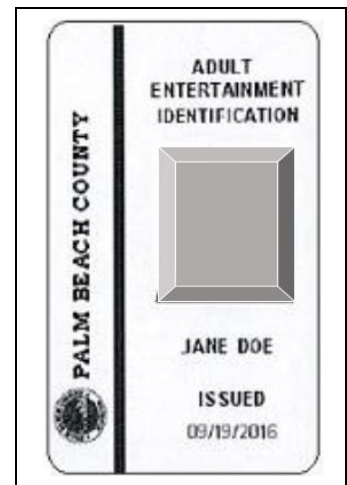
### **Public Safety Department - Theft**

The OIG received a complaint from the Palm Beach County Public Safety Department alleging an Administrative Assistant diverted funds from the Public Safety Department's Adult Entertainment Work Identification Card fees to her personal use. As the allegation contained potential criminal activity, pursuant to Inspector General Ordinance, the information was provided to the Palm Beach County State Attorney's Office, Public Corruption Unit (PCU). PCU agreed that the OIG would conduct the initial investigation.

Our investigation determined that the Administrative Assistant:

- Diverted approximately \$32,180 of Public Safety Department funds to her personal use.
- Routinely altered, recreated, and submitted Daily Payment Activity reports that included inaccurate and understated information.

**As a result of the OIG investigation, the Palm Beach County Public Safety Department implemented new standards and oversight for the submission and approval of fees, attempted to reduce cash transactions, and restricted the ability to alter submitted licensing documentation. The Administrative Assistant confessed and was prosecuted by the State Attorney's Office.**



We made five recommendations, all of which were implemented.

### **Riviera Beach City Council and Mayoral Vehicle Use – Improper Use of Government Property**

The OIG received a complaint that the Riviera Beach, Florida City Council Members and Mayor, each of whom receive a \$750 per month car allowance, nevertheless improperly utilized city-provided vehicles and received improper additional vehicle reimbursement. The complaint alleged that mileage reimbursement was claimed beyond the monthly car allowance, and that city-owned vehicles were signed out by council members and the mayor for Thursday council meetings but were not returned until after weekends.



Our investigation determined that:

- A lack of sufficient City of Riviera Beach record keeping impeded the conduct of a full investigation into the allegations.
- On multiple occasions, city-owned vehicles were signed out on Thursdays and improperly not returned until after the weekend.
- Riviera Beach does not insure that drivers of city-owned vehicles have required insurance, nor did they insure that drivers were taking required defensive driving courses.
- There was little enforcement of, nor understanding by city council members and the mayor of city vehicle policies and requirements.
- Despite receiving a \$500-750 stipend, some council members used City owned vehicles to drive to events within 50 miles of City Hall in violation of City policy.

We made nine recommendations, many of them related to the development and implementation of effective communication and monitoring of vehicle use by council members and the mayor. **The City of Riviera Beach has not responded to any of these recommendations.**

#### **Delray Beach – Barwick Road – Use of County Funds**



The OIG received a complaint that the City of Delray Beach received \$134,000 from Palm Beach County to assume responsibility for a portion of Barwick Road. This funding was to be used for road maintenance and the construction of a traffic separator.

As a result of our inquiry:

- The City of Delray Beach acknowledged the receipt of \$134,000 from Palm Beach County in 2007, but the expenditure of only \$3,225.68 on the Barwick Road project.
- Palm Beach County was encouraged to recoup the amount of \$130,774.32, which was not used for the maintenance of Barwick Road.

**IG HOTLINE**  
**1-877-283-7068**

## AUDIT DIVISION

**The Audit Division conducts audits intended to add value by helping management strengthen internal controls; prevent fraud, waste, and abuse; and identify opportunities to operate more efficiently and effectively.**

All audits are performed in accordance with *Government Auditing Standards (Yellow Book)*.

### AUDIT HIGHLIGHTS

During FY2017, we issued three reports with total Identified and Questioned Costs of **\$10,721,698** and Identified Costs of **\$9,300.99** with \$9,300.99 being recovered. Collectively, these three reports contain 30 recommendations to strengthen internal controls and improve the efficiency and effectiveness of operations. Management has implemented or is in the process of implementing 30 (100%) of our recommendations. The reports and management responses can be found at <http://www.pbcgov.com/oig/reports.htm>. A brief summary of the recommendations is also contained in Section D Appendix 1 of this report.

#### **Audit of the Solid Waste Authority of Palm Beach County – Fuel and Maintenance**

We conducted an audit of the fuel and maintenance programs of the Solid Waste Authority of Palm Beach County (SWA). The audit was included in the Annual Audit Plan and conducted to take a broad look at fuel and fleet programs and operations to determine whether controls were in place and operating efficiently and effectively to ensure that SWA adequately safeguarded; and appropriately used fuel, vehicles, and parts. We found that physical controls appeared to be adequate; however, we identified several internal control weaknesses related to:



- Not verifying the amount of fuel received at the time of delivery;
- Not showing fuel adjustment calculations on the invoices as required by contract;
- Not recording all fuel transaction data in the automated fuel system;
- Sharing of user names and passwords;
- Lack of procedures for the maintenance work order process; and
- Credit card procedures that lacked guidance for card issuance/cancellation, handling disputed charges, or for requiring employees to sign a cardholder agreement.

Credit card procedures that lacked guidance for card issuance/cancellation, handling disputed charges, or for requiring employees to sign a cardholder agreement.

Our report contained 8 findings and 13 recommendations to help ensure that the fleet and fuel assets of SWA are adequately safeguarded, and to assist in improving internal controls. SWA concurred with all 13 recommendations, and has taken steps to implement the majority of them.

### **Audit of Village of Tequesta - Fuel and Vehicle Maintenance**



We conducted an audit of the fuel and vehicle maintenance programs of the Village of Tequesta (Tequesta). The audit was included in the Annual Audit Plan and in response to a citizen complaint. The audit was conducted to take a broad look at fuel and fleet programs and operations to determine whether controls were in place and operating efficiently and effectively to ensure that Tequesta adequately safeguarded, and appropriately used fuel and vehicles.

We found minor control weaknesses related to the Tequesta's fuel and vehicle maintenance programs. Our report contained one finding and four recommendations to assist the Village in improving internal controls. We found that Tequesta lacked consistent application of policies, procedures, and guidelines, and we identified the following areas that lacked consistency:

- Reviewing consistency of vendor proposals information;
- Recording fuel dipstick readings; and
- Maintaining fuel transaction logs.

Tequesta concurred with all four of our recommendations and has completed corrective action to address them.

### **Audit of Palm Beach County Palm Tran Connection - Fuel Reimbursement Process**

We conducted an audit of Palm Beach County Palm Tran Connection's fuel reimbursement process. This audit was performed as part of the Office of Inspector General's 2016 Annual Audit Plan and carried over into the 2017 Annual Audit Plan. The audit focused on determining whether controls were adequate for the reimbursement of paratransit service providers' (contractors) fuel expenditures. Based on exceptions noted during the testing phase, the scope was expanded to include the County's process for reviewing the contractors' invoices and supporting documentation prior to approving payments.



We found that the controls for the reimbursement of fuel expenditures were satisfactory overall, but noted some weaknesses. Our report contained three findings and thirteen

## *Section B – Activities*

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recommendations to assist Palm Tran Connection in strengthening internal controls. We found that Palm Tran Connection lacked consistent application of contract requirements for:

- Review and approval process of contractor invoices;
- Reimbursement process for fuel expenses; and
- Alternative fuel credits.

Palm Tran Connection concurred and accepted all of our thirteen recommendations and has taken corrective actions to resolve the recommendations.

### **AUDIT FOLLOW-UP**

During the year, we continued to perform quarterly follow-up on the status of all pending audit recommendations. We use an Audit Recommendation Tracking Report, which assists us in planning future audit work, as well as, monitoring management’s progress in taking corrective action on our audit findings. Our follow-up process has helped ensure timely corrective action on our audit recommendations. Since the inception of the OIG, of the 373 audit recommendation made, 355 (95%) have been implemented.



**AUDIT RISK ASSESSMENT AND ANNUAL AUDIT PLAN**

Our “audit universe” is comprised of the County, 39 municipalities, Solid Waste Authority, and Children’s Services Council. Our goal is to make the most effective use of our resources focusing on areas of high risk for fraud, waste, and abuse, as well as, areas where costs can be reduced or revenue increased. To this end, we conducted a comprehensive risk assessment in order to best utilize our limited resources in FY 2018.

The risk assessment process was conducted using a combination of several methods of research and information gathering in order to create an overview of the risks for entities within the OIG’s jurisdiction. Additional risks were included drawing upon the professional expertise and experience of the OIG staff. Risks were assessed based on their global area of significance and impact. Our FY2018 Annual Audit Plan (Appendix 3) was created using this risk assessment methodology.





## **CONTRACT OVERSIGHT DIVISION**

**The Contract Oversight Division reviews procurement and contracting activities to promote competition, transparency, accountability, integrity, and efficiency throughout the procurement and contracting process.**

To that end, we:

- Initiate, conduct, supervise, and coordinate oversight activities to detect, deter, prevent and eliminate fraud, waste, and abuse in county and municipal government procurement;
- Periodically attend contract selection, oral presentation, interview, and negotiation meetings and provide feedback, where appropriate;
- Conduct contract oversight reviews of an entity’s procurement process, which may result in recommendations to address shortcomings, irregularities, and opportunities for improvement;
- Conduct contract monitoring reviews at any point in the implementation of a contract to determine if appropriate policies and procedures were followed;
- Provide County and municipal entities with relevant data that supports effective procurement practices;
- Conduct procurement and fraud awareness training for County and municipal employees and vendors/contractors; and,
- Promote full and open competition and arm’s-length negotiations with vendors and contractors so that public funds are used in the most efficient and effective manner.

The Contract Oversight Division (COD) also reviews meeting agendas and minutes to identify areas or situations where the integrity of the procurement process may be at risk. When an indication of such risk occurs, our staff reviews the situation to determine the significance and probability of the risk. The COD also responds to requests for assistance from entities under our jurisdiction and to citizen and vendor complaints.

The County Code, Article XII, Section 2-423(8) requires the IG to be “notified in writing prior to any duly noticed public meeting of a procurement selection committee [sealed bids, proposals, or negotiations] where any matter relating to the procurement of goods or services by the county or any municipality is to be discussed.” Notifications are sent to [igcontracts@pbcgov.org](mailto:igcontracts@pbcgov.org).

## CONTRACT OVERSIGHT HIGHLIGHTS

During FY2017, we issued **four** reports with total Questioned Costs of **\$601,437**. Collectively, these **four** reports included **six** recommendations for improvements, **three** of which have been accepted by management. The Town of Loxahatchee Groves did not respond to the report issued about the RFP they issued for a Solid Waste Assessment Program Study & Report, which contained **three** recommendations. All **three** accepted recommendations are pending full implementation. The recommendations generally included creating needed policies and procedures, and completing contract monitoring activities. The detailed reports and management’s responses can be found at <http://www.pbcgov.com/OIG/archreports.htm>.

### **City of Lake Worth – Municipality Contract Monitoring Follow Up**

We completed a review, which included a survey of the contract monitoring policies and procedures for all Palm Beach County municipalities in 2014. The City of Lake Worth did not respond to the survey. As a result, we completed an on-site review and issued a report regarding the City’s policies and procedures. We found that the City did not have any documented policy or procedure for contract monitoring, and there was no formal citywide process for monitoring contracts.



We issued three recommendations; (1) that the City implement a citywide contract monitoring policy and procedures and provide staff training and included the minimum components that should be included in the policy and procedures; (2) that the City address in a policy and procedure a uniform method by which contract files are maintained; and (3) that the City develop and implement a contract monitoring risk assessment tool. The City accepted the three recommendations.

### **Municipality Insurance Survey**

We responded to questions raised by a municipality regarding the process and procedure for procuring group health insurance for its employees. Our office directed the municipality to section 112.08, Florida Statutes, which specifies that a municipality must advertise for competitive bids for life, health, accident, hospitalization, legal expense or annuity insurance for employees. The statute also allows a municipality to self-insure any plan for health, accident, and hospitalization coverage and enter into a risk management consortium to provide such coverage.



## *Section B – Activities*

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As a result of these questions, we completed a survey asking all municipalities what types of insurance they provided employees and the method of procurement. Thirty-eight of thirty-nine municipalities responded, and we found that the procurement methods used by municipalities appear to comply with statutory requirements. We provided guidance and suggestions regarding usage of the data compiled in the report for employee recruitment and retention.

### **Office of Small Business Assistance (OSBA) Disparity Study**

We responded to a complaint that the County's award of a Request For Proposal (RFP) was unfair and improper because it allowed one proposer to offer more services in its proposal than other proposers, the contract award paid for additional services not requested, and the County did not allow the other proposers to submit new or revised proposals for the additional services.



After conducting a thorough review of the RFP and award process, we found that the County followed its policies and procedures relating to this procurement process; therefore, no recommendations were made.

### **Town of Loxahatchee Groves - Solid Waste Assessment Program Study & Report**

The Town of Loxahatchee Groves issued Request for Proposals (RFP) #2017-03 for the procurement of a Solid Waste Assessment Program Study and Report. The Town Manager recommended the award be made to Public Resource Management Group, Inc. based on it being the lowest price proposal. The RFP defined the evaluation criteria by which the proposals would be reviewed, evaluated and ranked by the Town Manager. We found that the Town Manager did not properly document the evaluation process.

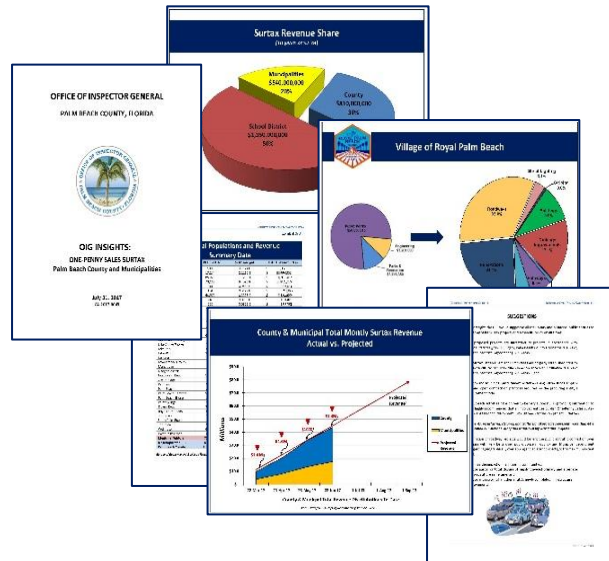


We issued three recommendations; (1) the Town should evaluate proposals in accordance with evaluation criteria specified in the RFP; (2) the Town Manager should properly document the evaluation process; and (3) the Town should consider using a selection committee for the evaluation of competitive solicitations **The Town did not respond to the report.** Therefore, the recommendations were neither accepted or rejected.

**One-Penny Sales Surtax**

During FY2017 COD staff completed a new type of report about the One-Penny Sales Surtax.

We published *OIG Insights: One-Penny Sales Surtax* - a 191 page guide for the citizens, leaders, and employees of Palm Beach County and Municipal governments with important information about the One-Penny Sales Surtax that went into effect on January 1, 2017.



The guide provided an overview of the One-Penny Sales Surtax, detailed information on intended infrastructure projects by jurisdiction, revenue distributions, information on Surtax Oversight Committees, and suggestions to the County and municipalities to better monitor surtax projects.

We also informed the citizenry about what the OIG is specifically doing to guard taxpayer surtax dollars by continuing our vigilance in monitoring County and municipal infrastructure project bids, contract awards, and expenditures for compliance with applicable ordinances, laws and regulations, including the surtax ordinance. We are observing Surtax Citizen Oversight Committee meetings, reviewing monthly surtax revenue distributions, and reporting the results of our contract oversight activities to the public.

**OTHER CONTRACT OVERSIGHT ACTIVITIES & OUTREACH**

Procurement personnel working for the entities within OIG jurisdiction have articulated that OIG presence helps to ensure the integrity of the selection process and assists them in facilitating more efficient and equitable selections. During FY2017, we proactively observed **184** procurement/contracting related activities. These activities included selection committee meetings, contract review committee meetings, pre-construction meetings, construction site visits, and meetings with municipal officials.

• County Selection Committees	27
• County Contract Review Committees	19
• County Meetings	11
• Municipal Selection Committees	81
• Municipal Meetings	18
• Other Covered Entities – Selection Committees	18
• Other Covered Entities – Meetings	<u>10</u>
<b>TOTAL</b>	<b>184</b>

## *Section B – Activities*

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In terms of outreach completed by COD staff during the above referenced meetings, the number of people in attendance is as follows:

• County Selection Committees	639
• County Contract Review Committees	182
• County Meetings	429
• Municipal Selection Committees	1,032
• Municipal Meetings	108
• Other Covered Entities – Selection Committees	177
• Other Covered Entities – Meetings	<u>436</u>
<b>TOTAL</b>	<b>3,003</b>

In the course of these meetings, COD staff is routinely asked to provide guidance to County and municipal staff in an effort to enhance efficiencies. This guidance has resulted in policy and procedure changes by the County and municipalities on how to score and rate proposals, refinement of determinations of responsiveness reviews, and developing evaluation criteria. Occasionally, COD staff identifies issues with either the solicitation document or the selection process and advises County or municipal staff of the error so corrections can be made as soon as possible in the solicitation process. Some examples of corrections include identifying errors or omissions in solicitation documents, scoring sheet not being signed by the selection committee member, miscalculation of selection committee scores, and engaging in activities that do not comply with statutory requirements.

The COD continues to coordinate its activities with the other OIG divisions, and where applicable, with the internal audit staff of the entities under OIG jurisdiction. One important element of the Contract Oversight risk assessment process includes determining whether or not other oversight/investigation/audit activity is currently underway regarding a contract, procurement, or monitoring process.

The COD serves as a resource for sharing information between the municipalities. The COD has shared information as well as provided references to resource materials provided by organizations such as the National Institute of Governmental Purchasing.

### **ADDITIONAL AREAS WHERE CONTRACT OVERSIGHT ACTIVITIES ADD VALUE**



The COD engages in an array of oversight activities that promote an open and competitive business environment and enhance public confidence that contracts are being awarded equitably and economically. The following highlights the division's positive impact:



**OIG Tips and Trends #2017-0002 Prompt Payment Act: July 2017**

The One-Penny Sales Surtax in Palm Beach County will fund an estimated 1,625 new infrastructure projects totaling \$1.35B for the County and municipalities over the next 10 years. It is important to ensure timely payment of all undisputed amounts owed to vendors in accordance with the Prompt Payment Act.



*Section 218.70 et seq., Florida Statutes, Local Government Prompt Payment Act*, requires local governmental entities to:

- Provide prompt vendor payments;
- Provide interest on late payments; and
- Provide a dispute resolution process for payment of obligations.

We recommended that local governments review their policies, and practices in light of this information and take appropriate actions.

**OIG Tips and Trends #2017-0003 Decisions, decisions, decisions: RFP or ITB? August 2017**

The COD provided insight regarding the difference between two commonly used types of solicitations, the Request for Proposal (RFP) and Invitation to Bid (ITB). Decision makers responsible for determining which method of procurement would be most appropriate received the following suggestions:



- Develop the scope of work early in the procurement process in order to determine whether an ITB or RFP will best meet the needs of your agency.
- Disclose in the RFP the exact weights for the price and non-price criteria that will be used to evaluate proposer’s proposals. Selection committee members should quantify in writing the weight assigned to each evaluation criteria when evaluating proposals.

**Other Proactive/Preventative COD Activities**

The COD has also issued specific guidance to the County and/or the municipalities in the following areas:



**Request for Proposals (RFPs)** – In observing the procurement process of a municipality, it was found that two RFPs were awarded to the lowest, responsive, and responsible bidder. The solicitation documents were titled as Request for Proposals, but included language that made them an Invitation to Bid. The documents did not have evaluation criteria for a selection committee to evaluate and **score** proposals. The basis of award was price only,

instead of considering multiple evaluation criteria. The municipality has since changed procurement procedures and has a better understanding of which solicitation method to use for a procurement.

**Recording of Meetings** – A municipal employee was providing information about scheduled negotiation meetings for a complex contract award when COD staff asked if he/she knew that negotiation strategy and negotiation meetings were required to be recorded to be in compliance with section 286.0113, Florida Statutes. The employee was not aware of this requirement so COD staff sent the employee Contract Oversight Report, CA-2016-0047 about the Design Build of the New Golf Clubhouse in Palm Beach Gardens, which outlined the recording requirements. This assistance ensured compliance with Florida statutory requirements.

**Sunshine Law as applicable to selection committee meetings** – Two County departments issued RFPs for which the evaluation criteria and the award recommendation process was complex. COD staff discussed the requirement that any committee meetings, the purpose of which was to develop award recommendations, had to be held in the Sunshine. Department staff understood and complied with Sunshine requirements.

**Audit Requirements** – Section 218.391, Florida Statutes contains directions a municipality must follow when completing a solicitation for audit services. A municipality formed the audit committee after the RFP was developed, and therefore, the audit committee had no input into establishing evaluation criteria. The audit committee also did not publicly announce the issuance of the RFP or provide interested firms with a copy of the RFP. Therefore, COD staff notified the municipality that the process used was flawed and any subsequent contract would be null and void. The municipality revised the RFP process following the statutory requirements.

**Contract Language is Important** – A municipality issued a contract and various amendments and a restatement for needed services to be provided. During the length of the contract, the original vendor assigned the contract to another vendor, which was approved by the municipality. The contract was extended and other changes were made. We reminded the municipality that it is very important that procurement officials engage in sufficient planning to ensure that the solicitation document accurately reflects the technical requirements and material terms relevant to the purchase, that the parties monitor and follow the contractual terms in effect, that the parties' contract does not materially deviate from the RFP, and that documents relating to contracts are retained pursuant to the municipality's records retention requirements.

**Municipality Needs to Require Relevant Licenses in any Solicitation** – A municipality issued a RFP for a proposer to sell and serve alcohol at a monthly municipal event. The RFP did require the proposer to have all applicable licenses, however, it did not specify a liquor license or the type(s) of liquor license that would be acceptable. COD staff discussed with the municipality the importance of the solicitation document containing necessary specifications or critical business requirements. In this case, greater specificity in the type of license required was needed to limit the municipality's liability. Additionally, COD staff



also recommended that the municipality consider requiring the vendor to have additional liquor liability insurance in addition to general liability insurance.

**Importance of Record Maintenance and Retention** – COD staff reviewed the system used by a County Department to manage and retain necessary documents for a program it managed. Also reviewed were documents submitted by applicants to document their eligibility to participate in the program. We found that all necessary documents were not in the digital record keeping system and that there was no process in place to ensure that original documents were in the digital system before being returned to the applicant. We also found that in some instances, application criteria had not been met. We recommended the Department review its procedures to ensure the documentation received is complete and properly scanned into the digital record keeping system before being returned to the applicant.

**Protest Response** – Two vendors expressed concern over the response they received from a municipality as a result of their bid protest regarding the award of a multi-year service contract. At issue was a municipal committee meeting, held three months prior to the RFP's release, at which a competitor was allowed to present information about their services. This competitor was eventually selected as the awardee for the RFP. After reviewing documents and recordings, the COD determined there was no code, bid, or procedural violation that precluded an award to this competitor. The COD found that the contract presentation to the committee was allowable by municipal procedures, and that the opportunity to present at this, or any other public committee meeting, was not restricted. Both vendors were extremely grateful for the OIG's assistance in reviewing the matter and the detailed explanation addressing their concerns.

**Procedures for Administering Grant Funded Procurements** – A County department is responsible for a federally funded grant program, and uses a procurement process to distribute these funds. Completing the procurement process and monitoring the resultant contracts requires a significant amount of knowledge and understanding in order to successfully comply with federal regulations. During the review of the procurement process for the grant program, COD staff identified a lack of policy and procedures outlining the grant requirements. COD staff met with the management of the department to discuss the benefit of establishing documented policies, procedures, and guidelines that identify the required procedural steps and include special notes about important requirements for the specific grant program. The benefits of establishing documented policy and procedures for administering the grant funded program include minimizing risk and providing direction to a new employee who does not have the level of experience and knowledge of current staff.

**Contract Manager At Risk (CMAR)** – A municipality asked COD staff if a hybrid approach could be used to award a CMAR contract, wherein price would be considered in the award evaluation. The Consultants' Competitive Negotiation Act (CCNA) in section 287.055 of the Florida Statutes states that Professional Services (such as CMAR projects) shall be selected

## *Section B – Activities*

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for award based on qualifications only, followed by price negotiations. Price cannot be used as an evaluation factor for award. However, the municipality was seeking to negotiate for Construction Management services at risk only; no architect and engineering was required. Based on the analysis by COD staff and Attorney General Opinions provided by OIG Counsel, the municipality agreed that CCNA is applicable to the CMAR process and that price would not be considered in the award evaluation.

**Scoring Evaluation Criteria** – A County department issued an RFP for a new grant program. The RFP included evaluation criteria, each of which were assigned a maximum number of points. The Department created a Comment Form Review that was to be completed for each proposal by each selection committee member. The form included a space for points for each of the evaluation criteria, which would then be added to determine the total points for a proposal. When selection committee members were trained, Department staff told them that they only needed to provide a total score for each proposal. This direction was given to reduce the work required of selection committee members. COD staff advised the Department Director that when evaluation criteria are in the RFP and maximum scores for each of the evaluation criteria is specified, then it is a good practice to have selection committee members report their score for each evaluation criteria that then adds up to the total score for the proposal. In this instance, evaluation committee members included sufficient narrative in their review form to justify total scores. Management was agreeable to implementing this recommendation in future solicitations.

## OUTLOOK AND THE WAY AHEAD

Our OIG Strategic Plan looking out to 2022 sets out the following goals:

- Promote integrity, accountability, and transparency in government while improving the efficiency and effectiveness of operations.
- Promote sound government procurement practices.
- Expand and improve communications and engagement between the OIG, government officials and employees, and the public.
- Achieve organizational excellence in carrying out the mission of the OIG.



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

We will continue to center audit and contract oversight activities on risk/opportunity assessment models to ensure we are focusing on the major risks. We will focus our outreach and training programs on proactively sharing lessons learned, best practices, activities to avoid, and red flags that may indicate fraud, waste, or mismanagement with those to whom we provide our OIG services.

*Appendix 1 – FY2017 Recommendations*

**INVESTIGATIVE ACTIVITIES COMPLETED  
(October 1, 2016-September 20, 2017)**

**Date**  
**03/28/17**  
**Number**  
**2017-0004**

**Public Safety Department (PSD) - Theft**

**Recommendations:**

1. Take appropriate personnel actions.

*Implemented-Subject resigned after being placed on administrative leave*

2. Consider only accepting checks, money order, or debit/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.

*Implemented*

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.

*Implemented*

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

*Implemented*

5. Consider establishing a Standard Operating 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.

*Attempting Implementation*

## *Section D – Appendices*

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**Date**

**08/14/17**

**Number**

**2015-0009**

**Riviera Beach City Council Vehicle Use**

**Recommendations:**

1. Develop and implement a procedure to ensure that Council Members, and other City personnel who receive a car allowance, do not use City-owned vehicles for travel within the County or within 50 miles of City Hall.
2. Create and implement a clear, specific, enforceable system for tracking vehicle use by Council Members and City employees.
3. Create a new policy, or revise the existing policy, delineating the process and procedure for City-owned vehicle use to ensure said usage is for a public purpose.
4. Implement a policy requiring all incoming Council Members to undergo an orientation process, which includes a review of existing policies, with emphasis on policies impacting the performance of their duties.
5. Review its process, policy, and procedures regarding distribution of both new and revised policies and make whatever adjustments it deems necessary to ensure accurate and effective dissemination of policies and procedures to all employees. This should include language requiring that all new and revised policies be distributed to Council Members.
6. Verify that Council Members and employees who receive a monthly car allowance purchase and maintain at least the minimum liability insurance required by the City's existing Motor Vehicle Policy.
7. Require and verify that persons who operate City-owned vehicles complete a defensive driving course, as stated in the City's Motor Vehicle Policy.
8. Require that if no official business is being conducted outside the county or beyond 50 miles of City Hall over the weekends, City-owned vehicles should be returned to their designated parking locations.
9. Require all drivers of City-owned vehicles to provide an annual attestation/certification that their Florida Driver's License was not suspended or revoked within the previous 12 months. This attestation/certification should include verbiage that if their Florida Driver's License becomes suspended or revoked at any time during the next 12 months, that they will notify the appropriate City official as required by City policy.

**The City of Riviera Beach has not responded to any of these recommendations.**

**AUDIT REPORTS COMPLETED  
(October 1, 2016 – September 30, 2017)**

**Date**

3/13/2017

**Report Number**

2017-A-0001

**Solid Waste Authority – Fuel and Maintenance**

**Recommendations:**

1. Develop written policies and procedures for the issuance, maintenance, activation, and deactivation of fuel keys.

*Implemented*

2. Restrict the setting used in the Petro Vend system to ensure that the system only delivers the intended fuel type through key control.

*Implemented*

3. Assign new fuel keys for vehicles upon receipt of the vehicle or equipment.

*Implemented*

4. Immediately deactivate fuel keys for vehicles/equipment no longer utilized, auctioned or sold.

*Implemented*

5. Utilize the security features available within the fuel system software by providing each employee with a unique username/password.

*Implemented*

6. Develop and implement written procedures requiring employees to utilize their own unique password when accessing the fuel management software, and communicate the new procedures to employees.

*Implemented*

7. If cost feasible, find a technological solution that would maintain communications between the fuel pumps at the Belle Glade site and the Petro Vend system server to allow for automated recording and accounting of fuel usage.

*Implemented*

8. The staff responsible for receiving fuel deliveries verify the amount of fuel delivered either by measuring the fuel tanks before and after the delivery, or observing and recording the fuel meter readings for the starting and ending



## Section D – Appendices

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amounts on the shipping paper. Employees responsible for receiving fuel deliveries should also sign the shipping paper to promote accountability.

*Implemented*

9. Require FPL to include the fuel adjustment calculation "to 60 degrees" on each fuel delivery invoice as required by the fuel contract.

*Pending Implementation*

10. Require staff adhere to Section 2.8 D.4 of the Purchasing Manual and require that the appropriate employees sign on the designated lines for receiving, verifying, and authorizing purchases.

*Implemented*

11. Develop written procedures for the work order maintenance process to document key controls, establish expectations, and provide overall guidance to staff. In addition, developed procedures should be communicated to employees.

*Implemented*

12. Update the credit card procedures to provide clear guidance on: (a) issuance and cancellation of credit cards, replacement of lost or stolen cards, cancellation of cards after employee termination, (b) handling of disputed charges, and (c) the requirement of a signed employee cardholder agreement attesting to an understating of the use of the credit card including penalties for misuse.

*Implemented*

13. Communicate updated procedures to employees.

*Implemented*

**3/20/2017**  
**Report Number**  
**2017-A-0002**

### **Village of Tequesta – Fuel and Vehicle Maintenance**

#### **Recommendations:**

1. Ensure selection criteria is clear and uniform, and consistent information is obtained, when seeking and evaluating vendor proposals.

*Implemented*

2. Establish written policies, procedures, and forms for the Public Works Department operations to include, but not limited to: fuel and vehicle operations, dipstick readings and fuel transaction logs.

*Implemented*

## *Section D – Appendices*

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3. Create a standard form to document fuel dipstick readings to include, but not be limited to: date of the reading, employee performing the reading, current amount of fuel in the tank, and amount of fuel ordered and delivered.

*Implemented*

4. Communicate and train Village staff regarding the above implemented written policies, procedures, and forms.

*Implemented*

**9/25/2017**  
**Report Number**  
**2017-A-0003**

### **Palm Beach County Palm Tran Connection – Fuel Reimbursement Process**

#### **Recommendations:**

1. Ensure that staff does not approve invoices for payment without all the proper supporting documentation required by the contracts.

*Implemented*

2. Provide additional training to staff and the contractors to ensure they comply with the contractual requirements for supporting documentation.

*Implemented*

3. The contracts should accurately reflect the proof of payment documentation the County is willing to accept to approve invoices for payment.

*Pending implementation*

4. PTC should continue to ensure that invoices submitted by contractors have actual receipts or credit card reports with sufficient detail for fuel expenditures, as required by the contracts, and document the review of all submitted documentation prior to approval of reimbursement for such expenses.

*Implemented*

5. Complete reconciliations of all supporting documentation and retain the reconciliation.

*Implemented*

6. Consider developing more detailed written procedures and consider creating a checklist for the review and approval process for invoices.

*Implemented*

## *Section D – Appendices*

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7. Seek independent legal and/or tax advice to determine if the County is eligible to file a claim with the IRS for the alternative fuel credit, either directly or through its contractors. If the contractors file on behalf of the County, the contract should be amended to provide that the contractors must provide PTC with copies of any and all IRS forms and supporting documentation needed to validate the amount of the alternative fuel credit.

*Pending Implementation*

8. Seek payment from MV Transportation for the alternative fuel credit for the fourth quarter of 2016.

*Implemented*

9. Seek payment from MV Transportation for the \$9,300.99 processing fee deducted from the payment to PTC for alternative fuel credit.

*Implemented*

10. Obtain copies of the IRS claim forms and supporting documentation submitted by the contractors to validate the remittance received by the contractors for the 2015 and 2016 IRS claims. PTC should complete a reconciliation of the documents used by the contractors to submit the alternative fuel credit claim to ensure that the County receives the full amount of the claim.

*Implemented*

11. If First Transit receives a remittance from the IRS for the alternative fuel tax credit for fuel used for Palm Beach County vehicles, ensure that 100% of the funds are remitted to PTC.

*Implemented*

12. Explore opportunities to save funds through direct payment to subcontractors for the purchase of fuel and/or explore additional tax savings programs offered by the IRS and the State of Florida.

*Pending implementation*

13. Monitor legislative action for approval of alternative fuel credits and participate in programs that it is eligible to participate in to reduce the taxpayers' burden.

*Implemented*

**CONTRACT OVERSIGHT REPORTS COMPLETED  
(October 1, 2016 – September 30, 2017)**

**Date**

**3/22/2016**

**City of West Palm Beach – Contract Monitoring Follow Up**

**Report Number**

**2016-R-0001**

**Recommendations:**

1. Implement a citywide contract monitoring policy/procedure and provide staff training.

*Pending implementation*

2. Address in a policy and/or procedure a uniform method by which contract files are maintained.

*Pending implementation*

3. Develop and implement a contract monitoring risk assessment tool.

*Pending implementation*

**11/30/2016**

**City of Lake Worth – Municipality Contract Monitoring Follow Up**

**Report Number**

**CA-2015-0076**

**Recommendations:**

1. Implement a citywide contract monitoring policy/procedure and provide staff training.

*Pending Implementation*

2. Address in a policy and/or procedure a uniform method by which contract files are maintained.

*Pending Implementation*

3. Develop and implement a contract monitoring risk assessment tool.

*Pending implementation*

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**8/1/2017**  
**Report Number**  
**CA-2015-0076**

**Town of Loxahatchee Groves – Solid Waste Assessment Program Study & Report**  
**Recommendations:**

1. The Town should evaluate proposals in accordance with evaluation criteria specified within the RFP.

*Recommendation neither accepted or rejected*

2. The Town Manager should properly document the evaluation to evidence that the proposals were reviewed and evaluated in accordance with the criteria and weight given to each criteria.

*Recommendation neither accepted or rejected.*

3. The Town should consider using a selection committee for competitive solicitations.

**The Town has not responded to any of these recommendations.**

*Recommendation neither accepted or rejected.*

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### *Appendix 2 – Prior Years’ Significant Open Recommendations*

The OIG has issued hundreds of recommendations since its creation in 2010 with an overall 95% of these having been accepted or pending implementation by management. This high acceptance/implementation rate reflects well upon the OIG staff working with management to develop realistic and achievable recommendations that make good business sense to improve government operations. The IG Ordinance requires the IG to report on *significant* recommendations described in previous annual reports on which corrective action has not been completed. The following lists these significant recommendations.

**Date**

7/27/2016

**Report Number**

2016-A-0003

**Palm Beach County Department of Economic Sustainability - Grants**

**Management**

**Recommendations:**

17. We recommend City of Riviera Beach Management consider seeking reimbursement from the resident for any unjustified relocation payments paid on behalf of the DRI grant participant.

*Pending Implementation*

18. We recommend the City of Riviera Beach continue its efforts in the recovery of the \$191 overpayment made to the contractor.

*Pending implementation*

9/23/2016

**Report Number**

2016-A-0004

**Town of Loxahatchee Groves - Contracts, Vendors, and Fixed Assets**

**Recommendations:**

2. We recommend the Town Manager ensure that all contractors have an executed contract on file prior to conducting business and making any payments.

*Pending implementation*

3. We recommend the Town Manager review insurance requirements on a consistent basis (at least annually), and request updated insurance documents from contractors as needed to ensure required coverage is maintained.

*Pending implementation*



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5. We recommend the Town Council separate the financial, clerk, and Town management duties to ensure segregation of duties over key government functions, or create other mitigating controls to address the risks associated with contracting all key functions under one entity.

*Management did not accept the recommendation*

9. We recommend the Town Council consider recouping the \$1,765 in identified costs.

*Management did not accept the recommendation*

*Section D – Appendices*

*Appendix 3 – FY2018 Audit Plan at a Glance*

Audit	Possible Objectives
<b>Carryover Audits</b>	
<b>Multiple Entities: Utilities</b> <ul style="list-style-type: none"> <li>• City of Lake Worth</li> <li>• Town of Manalapan</li> </ul>	<ul style="list-style-type: none"> <li>• Are utilities using proper billing, collections and rate setting practices?</li> <li>• Are municipalities conducting utilities activities in accordance with interlocal agreements and Florida statutes?</li> </ul>
<b>Contracts &amp; Vendors - Palm Beach County Facilities (FDO)</b>	<ul style="list-style-type: none"> <li>• Are appropriate procurement policies and procedures being followed?</li> <li>• Are invoices and purchases being properly documented and approved to avoid fraud, waste, and abuse?</li> <li>• Are vendor contracts being effectively managed?</li> <li>• Are contractors complying with contract terms and conditions?</li> </ul>
<b>Planned Audits</b>	
<b>Multiple Entities – Capital Assets</b>	<ul style="list-style-type: none"> <li>• Are controls adequate to safeguard government resources?</li> <li>• Are capital assets properly reported and recorded in the financial system?</li> <li>• Are capital asset processes working efficiently and effectively?</li> </ul>
<b>Multiple Entities – Grants</b>	<ul style="list-style-type: none"> <li>• Are grant programs operating as intended?</li> <li>• Are there adequate controls: for the program, over receipt and distribution of funds, and to ensure eligibility of expenditures?</li> <li>• Are grants managed according to regulations and requirements?</li> </ul>
<b>Multiple Entities – Revenue / Cash Intake</b>	<ul style="list-style-type: none"> <li>• Are received revenues recorded accurately and appropriately in compliance with financial requirements?</li> <li>• Are cash receipts recorded accurately with timely deposits?</li> <li>• Are there adequate controls for the receipt of revenue and/or cash intake / receipt activities?</li> </ul>
<b>Multiple Entities – Purchasing Cards</b>	<ul style="list-style-type: none"> <li>• Are internal controls in place and adequate to appropriately govern purchasing card use, including controls to prevent and detect fraud, waste, and misuse?</li> <li>• Are purchasing card expenditures in compliance with policies and do those expenditures serve a valid public purpose?</li> </ul>

*Section D – Appendices*

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*Appendix 3 – FY2018 Audit Plan at a Glance continued*

<b>Planned Audits Continued</b>	
<b>Multiple Entities – Infrastructure Surtax</b>	<ul style="list-style-type: none"> <li>• Are internal controls adequate to effectively safeguard infrastructure surtax projects and construction?</li> <li>• Are control procedures adequate to ensure that infrastructure surtax construction contracts are competitively procured and allocated to appropriate projects?</li> <li>• Are invoices properly reviewed and approved prior to payment?</li> </ul>
<b>Multiple Entities – Contracts</b>	<ul style="list-style-type: none"> <li>• Are internal controls adequate to effectively manage contracts and related activities?</li> <li>• Are control procedures adequate to ensure that contracts are competitively procured, allocated to appropriate activities?</li> <li>• Are invoices properly reviewed and approved prior to payment?</li> <li>• Are purchases and invoices properly documented and approved?</li> <li>• Are vendor contracts effectively managed?</li> <li>• Were agreed upon deliverables received?</li> </ul>
<b>Multiple Entities – Travel Reimbursements</b>	<ul style="list-style-type: none"> <li>• Are internal controls adequate for travel reimbursement programs and activities?</li> <li>• Are control procedures adequate to ensure that reimbursements are for appropriate activities, submissions are properly reviewed, and proper approval is received for travel reimbursements?</li> <li>• Are travel reimbursements being properly documented and approved to avoid possible fraud, waste, and abuse?</li> <li>• Are rates submitted in compliance with policies and procedures?</li> </ul>
<b>Multiple Entities – Accounts Payable and Expenditures</b>	<ul style="list-style-type: none"> <li>• Are internal controls adequate for accounts payable and expenditures activities?</li> <li>• Are control procedures adequate to ensure that expenditures are in compliance with contract requirements and allocated to appropriate activities?</li> <li>• Are invoices properly reviewed and approved prior to payment?</li> <li>• Are expenditure purchases and invoices being properly documented and approved to avoid possible fraud, waste, and abuse?</li> </ul>

*\*IG / Management Request audits, due to their nature, are not included.*

Palm Beach County  
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*A copy of this report has been made available for public inspection at the Office of the Inspector General, at County and municipal libraries, and is posted on the Office of Inspector General, Palm Beach County website. If you need any assistance relative to this report, please contact our office.*