



# **OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY**

*“Enhancing Public Trust in Government”*

## **ANNUAL REPORT**

*October 1, 2012 through September 30, 2013*

**Presented to the Citizens of Palm Beach County**

**December 9, 2013**



# Office of Inspector General Palm Beach County

Sheryl G. Steckler  
Inspector General

---

*“Enhancing Public Trust in Government”*

Citizens of Palm Beach County:

I am pleased to present the Fiscal Year 2013 Annual Report covering the activities of the Office of Inspector General (OIG) for the period of October 1, 2012 through September 30, 2013. This is the third annual report since the OIG doors opened in June 2010, and as you will see this has been an extraordinarily busy and effective year. The information provided summarizes our activities and highlights and our achieved results, which were designed to protect County taxpayers, assist government policymakers, and further the office’s mission of **“Enhancing Public Trust in Government”**.

This fiscal year, we responded to 1,603 telephone inquiries, providing informational assistance, and received 288 written correspondences containing 303 allegations of potential misconduct. The percentage of correspondences which were complaint driven rose from 75% (FY2012) to 89% (FY2013), demonstrating the citizens’, government officials’, and employees’ confidence and awareness of our office’s value. We issued a total of 31 reports resulting in \$3.98 million in Questioned<sup>1</sup> and Identified<sup>2</sup> Costs and determined \$5.5 million in Avoidable Costs<sup>3</sup>. A total of 108 Corrective Actions/Recommendations for improvements were made, of which 106 (98%) were implemented or are in the process of being implemented.

In our efforts toward prevention and reform, and in collaboration with our citizens and business stakeholders, we added the following strategies: the calculation of Avoidable Costs; the addition of summary narratives relating to prevention activities in our contract oversight unit, which focuses on our “value-added” services; the initiation of a quarterly publication of our activities and upcoming events; and, the delivery of 30 speeches/presentations/trainings to the public, business community, and County and municipal governments, reaching a total of 969 attendees. We also began bi-monthly meetings with city managers/staff as well as County department directors/staff to provide overviews of each OIG unit in addition to presenting case studies on recent issues discovered as a result of our reviews, audits, and investigations.

We continued to enhance our website as a tool for communicating with the citizens by adding information relating to Common Issues Found, Corrective Actions, Budget, Personnel, Good Guidance links and Customer Survey. For more detailed information about our operations and results, please visit our website at: <http://pbcgov.com/OIG/>.

---

<sup>1</sup> A cost is “Questioned” when the expenditure of funds for the intended purpose is or was unnecessary or unreasonable and/or lacks adequate documentation.

<sup>2</sup> “Identified Costs” are those funds that have the potential of being returned to offset the taxpayers’ burden.

<sup>3</sup> “Avoidable costs” are the funds an entity will not have to spend, and/or the increase in revenue, over the next three years if the OIG’s recommendations are implemented. If the entity does not implement the OIG recommendations, the entity will continue to incur the costs.

I recently announced that I will not seek another term as Inspector General of Palm Beach County. To go back to the beginning, on June 28, 2010, when I began serving as your first Inspector General, I had a desk, a chair, and a computer. Operational procedures needed to be put in place and staff needed to be hired. I have now staffed this Office to the extent permitted by available funding. I sought the best and brightest experienced personnel from Palm Beach County, across the state, and from the Inspector General community nationwide. Operational manuals were written and implemented, accreditation obtained in record time, and a culture of integrity, professionalism, and productivity adopted. Our jurisdiction went from one entity (the County) to 42 entities (38 Municipalities, Solid Waste Authority, Children's Services Council and Health Care District). Despite the obstacles this office has faced, we remained mission focused. Since inception, the OIG has received 1,028 written correspondences, released 87 reports with Questioned and Identified Costs of over \$10.68 million, and recommended 279 improvements of which 94% have been implemented or in process of being implemented. All specifics relating to these statistical data can be found on our website at <http://www.pbcgov.com/oig/>.

I would like to thank the members of the Inspector General Committee who selected me as their first Inspector General. To the citizens of the community who have remained steadfast in advocating for ethics reform, please continue the forward progress which you have made in this endeavor. As I have stated many times, changing a culture does not happen overnight, and it takes courage, tenacity, and commitment to make the difference. ***"Never doubt that a small group of thoughtful, concerned citizens can change the world. Indeed it is the only thing that ever has."***  
– Margaret Mead

In closing, I have endeavored to serve you well and provide an example of what should be expected from an Inspector General. As was stated by Max DePree – "The first responsibility of a leader is to define reality. The last is to say thank you. In between, the leader is a servant." It has been a pleasure to serve as your first Inspector General.

Thank you and respectfully submitted,



Sheryl G. Steckler  
Inspector General

*"Enhancing Public Trust in Government"*

---

P.O. Box 16568, West Palm Beach, FL 33416

**Email:** [inspector@pbcgov.org](mailto:inspector@pbcgov.org) **Website:** [www.pbcgov.com/oig](http://www.pbcgov.com/oig)

**Office:** (561) 233-2350 **Hotline:** (877) 283-7068 **FAX:** (561) 233-2375

# TABLE OF CONTENTS

<b>Section A: Introduction</b> .....	<b>1</b>
<b>Core Values</b> .....	<b>1</b>
<b>History</b> .....	<b>2</b>
<b>Building the Foundation</b> .....	<b>2</b>
<b>Inspector General Committee</b> .....	<b>4</b>
<b>Section B: Administration</b> .....	<b>8</b>
<b>Staffing the Office of Inspector General</b> .....	<b>8</b>
<b>Office of Inspector General Budget Fiscal Year 2013</b> .....	<b>9</b>
<b>Customer Feedback</b> .....	<b>10</b>
<b>Prevention &amp; Reform – Stakeholders</b> .....	<b>10</b>
<b>Outreach</b> .....	<b>11</b>
<b>Goals and Objectives</b> .....	<b>12</b>
<b>Corrective Actions and Recommendations</b> .....	<b>13</b>
<b>Section C: Office of Inspector General Activities</b> .....	<b>14</b>
<b>Investigations Process Flow Chart</b> .....	<b>14</b>
<b>Investigations Unit</b> .....	<b>15</b>
<b>Investigations Highlights</b> .....	<b>15</b>
<b>Other Investigative Activities and Outreach</b> .....	<b>15</b>
<b>Intake</b> .....	<b>16</b>
<b>Intake Process Flow Chart</b> .....	<b>16</b>
<b>Complaint Assessment Model</b> .....	<b>17</b>
<b>Public Records Requests</b> .....	<b>18</b>
<b>Correspondences</b> .....	<b>18</b>
<b>Correspondences by County Department (Top Eleven)</b> .....	<b>20</b>
<b>Correspondences by Municipalities (Top Ten)</b> .....	<b>20</b>
<b>Allegation Types</b> .....	<b>21</b>
<b>Investigative Dispositions</b> .....	<b>21</b>
<b>Audit Process Flow Chart</b> .....	<b>22</b>
<b>Audit Unit</b> .....	<b>23</b>

<b>Audit Highlights .....</b>	<b>23</b>
<b>Annual Audit Plan .....</b>	<b>25</b>
<b>Annual Risk Assessment.....</b>	<b>25</b>
<b>Audit Assessment Model .....</b>	<b>26</b>
<b>Audit Follow-Up .....</b>	<b>26</b>
<b>Other Audit Activities &amp; Outreach .....</b>	<b>26</b>
<b>Contract Oversight Process Flow Chart .....</b>	<b>27</b>
<b>Contract Oversight Unit.....</b>	<b>28</b>
<b>Contract Oversight Assessment Model .....</b>	<b>29</b>
<b>Contract Oversight Report Types .....</b>	<b>29</b>
<b>Contract Oversight Highlights .....</b>	<b>30</b>
<b>Other Contract Oversight Activities and Outreach.....</b>	<b>30</b>
<b>Areas Where Contract Oversight Activities Added Value.....</b>	<b>31</b>

**Section D: Appendices..... 33**

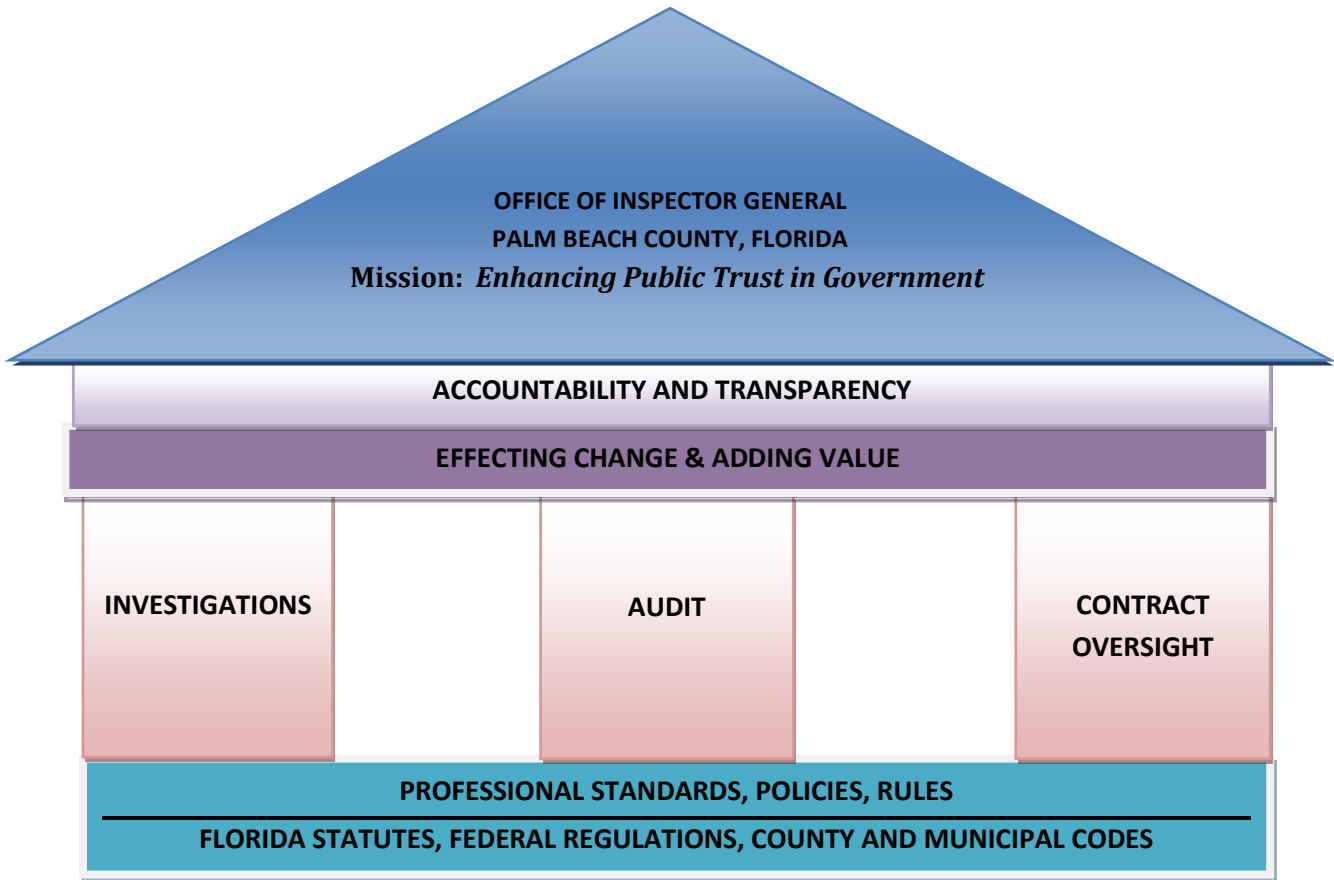
<b>Appendix 1: Investigation.....</b>	<b>33</b>
<b>Investigative Activities Completed – County Departments .....</b>	<b>33</b>
<b>Summary of IG Notifications Completed .....</b>	<b>33</b>
<b>Summary of Investigations Completed .....</b>	<b>33</b>
<b>Investigative Activities Completed – Municipalities.....</b>	<b>34</b>
<b>Summary of IG Notifications Completed .....</b>	<b>34</b>
<b>Summary of Management Reviews Completed.....</b>	<b>36</b>
<b>Summary of Investigations Completed .....</b>	<b>38</b>
<b>Investigative Activities Completed – Other Jurisdictions .....</b>	<b>39</b>
<b>Summary of IG Notifications Completed .....</b>	<b>39</b>
<b>Summary of Management Reviews Completed.....</b>	<b>39</b>
<b>Appendix 2: Audit .....</b>	<b>41</b>
<b>Audit Activities Completed - Municipalities.....</b>	<b>41</b>
<b>Summary of Audits Completed .....</b>	<b>41</b>
<b>Audit Activities Completed – Other Jurisdictions .....</b>	<b>49</b>
<b>Summary of Audits Completed .....</b>	<b>49</b>
<b>Summary of Notification Letters Completed.....</b>	<b>51</b>
<b>Audit Plan .....</b>	<b>52</b>

**Appendix 3: Contract Oversight .....53**  
**Contract Oversight Reports Completed – County Departments .....53**  
    **Summary of Observations Completed.....53**  
    **Summary of Notifications Completed .....53**  
**Contract Oversight Reports Completed – Municipalities.....54**  
    **Summary of Observations Completed .....54**  
    **Summary of Notifications Completed .....54**  
**Contract Oversight Reports Completed – Other Jurisdictions .....55**  
    **Summary of Observations Completed .....55**  
    **Summary of Notifications Completed .....56**

**Report Waste, Fraud or Abuse .....58**

## Section A: Introduction

---



### CORE VALUES:

Our core values contribute to the Office of Inspector General foundation:

- **Leadership:** We lead by example, demand excellence from ourselves, work with commitment to the mission, remain humble, and always treat people with dignity and respect.
- **Professionalism:** We are governed by standards and a code of ethics. We ensure high quality of service and conduct ourselves with honor and integrity.
- **Accountability:** Our commitment is to deliver value added service and to accept full responsibility for our actions.
- **Communication:** We convey our findings and recommendations clearly, concisely, and with fact finding support.
- **Sense of Urgency:** We recognize and act on issues that require immediate attention. We are proactive in our actions and flexible in our thinking.
- **Teamwork:** We challenge each other cooperatively to make progress every day. We work together at all levels in developing and continually improving our processes.
- **Innovative:** We strive to be creative and bring new ideas in performance of our duties.

## **HISTORY**

On May 21, 2009, a Grand Jury, in response to a number of high profile convictions of County and Municipal officials, issued a Presentment containing a number of recommendations intended to address public corruption and improve public governance in Palm Beach County. Among its numerous recommendations was that the County adopt an Ethics Ordinance, an Ethics Commission, and an “independent Office of Inspector General or Performance and Chief Compliance Officer.”

In response, on December 15, 2009, the Board of County Commissioners (BOCC) adopted its original Inspector General Ordinance (2009-049) providing for an Inspector General who was to be chosen by a “selection committee” comprised of the Commission on Ethics, the Public Defender, and the State Attorney. The Inspector General (IG) was to have jurisdiction over the operations of the BOCC and any special district or municipality which voluntarily chose to enter into a contract with the IG.

Approximately three weeks after IG Sheryl Steckler began her duties, the BOCC adopted Ordinance 2010-019 which placed on the November 2, 2010 ballot, a proposal to require an independent Inspector General in the County Charter and to extend the Office of Inspector General (OIG) authority and responsibility to oversee the government of any municipality in which a majority of the voters approved the amendment. In the November 2010 election, over 72% of the voters approved the ballot amendment, as did a majority of the voters in each of the county’s 38 municipalities. Three additional entities subsequently came under OIG jurisdiction via contract: Solid Waste Authority (November 2010-present), Health Care District (January 2012-June 2013); and Children’s Services Council (January 2012-present). OIG jurisdiction went from one entity (BOCC) to 42 entities.

## **BUILDING THE FOUNDATION**

### **OIG Legal Authority**

The OIG enabling legislation, known as the Inspector General Ordinance, was drafted in 2011, by the IG Drafting Committee comprised of two representatives appointed by the Palm Beach County League of Cities, a designee of counsel to the League of Cities, two representatives appointed by the BOCC, a designee of the County Attorney, and the IG. Once completed, the draft IG Ordinance was unanimously approved by the BOCC with an effective date of June 1, 2011. The duties and responsibilities of the IG, County and municipal officials and employees, contractors, and others are outlined in the Inspector General Ordinance which is available on our website at: <http://www.pbcgov.com/OIG/>. Some of the functions, authority, powers, and mandated requirements include:

- **The Inspector General (IG)**

The IG has the authority to make investigations and publish the results; review and audit past, present and proposed county or municipal programs, accounts, records, contracts, change orders and transactions; and, prepare reports and recommendations to the boards of entities within the IG’s jurisdiction. The IG’s jurisdiction includes all projects, programs, contracts, or transactions funded in whole or in part by the county or any municipality or other public entity under IG



## *Section A: Introduction*

---

jurisdiction. The IG can require the production of documents from, and receive full and unrestricted access to records. The IG can require affected parties to provide statements, produce documents, records, and other information. The IG has the power to subpoena witnesses and administer oaths, and to enforce these subpoenas in court.

The IG is required to notify the appropriate law enforcement agency when he/she suspects a possible violation of any state, federal, or local law. The IG has the power to receive, review, and investigate any complaints regarding any municipal or county funded projects, programs, contracts, or transactions. The IG is required to establish a “hotline” to receive complaints. The IG is “an appropriate local official” for purposes of whistleblower 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 municipality and/or receiving County or municipal funds are required to fully cooperate with the IG in the exercise of the IG’s functions, authority, and powers.

The County Administrator and each municipal manager, or administrator, or mayor where the mayor serves as chief executive officer, are required to: 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.

### **Transparency**

Transparency is what the public expects from their governments. It is a fundamental principle in good governance. To further our mission of *“Enhancing Public Trust in Government”*, the OIG strives to ensure that all relevant information is made available to the County, municipalities, other covered entities, and the public in a reader/user-friendly manner. Our website is continuously updated to include recent OIG activity, all Reports issued, Corrective Actions & Recommendations, and the OIG statistical Dashboard. The website contains a wealth of information and provides an accountability of our work product. Please take the time to visit our website at: <http://www.pbcgov.com/OIG/>.

### **OIG Automation**

The Inspector General Information Management System (IGIMS) is an automated, paperless case management system that incorporates the OIG’s three sections (Investigations, Audit and Contract Oversight) in addition to Payroll. Each of the three unit modules streamlines the entry of data and provides OIG management with an enhanced tool to track OIG activity. The Investigative module includes an intake process that enhances our ability to track the volume and nature of the correspondences received. The Audit module provides the capability of performing our audit work in an automated environment. It provides for audit planning, staff assignments, and tracking of audit milestone dates as well as creation of automated work papers. The Contract Oversight module provides for improved efficiency in the management of contract oversight activities and projects in addition to a paperless workflow environment.

## *Section A: Introduction*

---

### **Who Watches the Office of Inspector General?**

On February 23, 2012, the OIG's Investigation Unit received accreditation through the Commission for Florida Law Enforcement Accreditation, Inc. (CFLEA). Every three years, the OIG's Investigation Unit will undergo an onsite assessment to maintain its accreditation status. This program has been recognized as a means of maintaining the highest standards of professionalism for Inspector General's offices in Florida. The OIG will be preparing this upcoming year for the on-site re-accreditation from the CFLEA.

In addition, the OIG will be preparing for the upcoming peer review which will be conducted by the Association of Inspectors General (AIG) in early 2015. A peer review is a process performed by an independent body of one's peers to ensure that the entity being reviewed meets specific criteria. The Audit Unit will be evaluated to determine whether OIG audits are performed in accordance with Generally Accepted Government Audit Standards (Yellow Book) and the Investigations Unit's review will be based on the AIG Green Book Standards. Although no specific standards exist for contract oversight, the Contract Oversight Unit's review will be based on "the spirit" of the AIG Green Book Standards.

### **Expansion of OIG Jurisdiction**

In addition to the County and the 38 municipalities, the OIG has entered into voluntary agreements with the Solid Waste Authority (November 2010) and Children's Services Council (January 2012). The Children's Services Council, with an annual budget of \$114 million, plans, develops, funds, and evaluates programs which benefit children. The Solid Waste Authority, with an annual budget of \$269 million, is responsible for solid waste management for the County.

## **INSPECTOR GENERAL COMMITTEE**

**(Current Members and Members Seated During Fiscal Year 2013)**

The Inspector General (IG) Committee, authorized by Palm Beach County Charter, is comprised of the five members of the Commission on Ethics, the State Attorney and the Public Defender. The IG meets with the IG Committee every six months to review activities, plans, and objectives. The individuals comprising the IG Committee are:

### ***Robin N. Fiore, Ph.D., Chair***

Dr. Fiore joined the University of Miami Ethics Program at the University of Miami Miller School of Medicine in 2010. Previously, she served as the Adelaide R. Snyder Professor of Ethics at Florida Atlantic University. Dr. Fiore specializes in biomedical ethics and professional ethics. Dr. Fiore has served as an ethics consultant or ethics advisory committee member for a number of governmental agencies, including the Florida Public Service Commission, Florida Department of Health, Florida Department of Corrections Bioethics Committee, Florida Department of Children and Families and Florida Developmental Disabilities Council. Dr. Fiore earned her Doctorate in Philosophy from Georgetown University in Washington, DC, after post-baccalaureate studies in religion and ethics at Drew University Graduate and Theological School in Madison, New Jersey.

### ***Patricia L. Archer, Vice Chair***

Ms. Archer is a former Vice Mayor of Delray Beach and served as a Delray Beach City Commissioner from 1999-2006. Ms. Archer has been a member of, or served on, the following boards: the Delray Beach Planning & Zoning Board, the Parking Management Advisory Board

## *Section A: Introduction*

---

(founding member), the South County Regional Wastewater Treatment Board (former chair), the Regional Transportation Authority Citizens Advisory Committee (former vice chair), the Palm Beach County Metropolitan Planning Organization, the Florida League of Cities Inter-Government Affairs Committee, the Delray Beach Chamber of Commerce (former board of directors member), Chamber Government Affairs Committee (former co-chair), Rotary Club of Delray Beach (past president & member), AVDA (past president & member), Delray Beach Sister City Tanzania Committee (former member, lead first delegation to Tanzania), and the Sherwood Forest Home Owner's Association (former vice president). Ms. Archer is a graduate of the following municipal programs: Florida League of Cities Municipal Leadership, the Delray Beach Citizens Police Academy, Leadership Delray, and Palm Beach County World Class Schools.

### ***Daniel T. Galo, Esq.***

Mr. Galo was an Assistant State Attorney with the 15th Judicial Circuit in and for Palm Beach County for over twenty one years. As an Assistant State Attorney Mr. Galo tried numerous high profile felonies, white collar crimes and homicide cases and held several supervisory positions. The recipient of the Palm Beach County School Board's 2006 Gold Medal Award as a Community Leader, Mr. Galo has also been a member of the Village of Wellington Planning, Zoning and Adjustment Board from 2006 to 2008; a member of School Advisory Committees for Binks Forest Elementary School and Wellington Landings Middle School where he held the positions of Chairman and Vice Chairman; a board member of Meadow Wood Home Owners Association; and the Treasurer for the Craig S. Barnard Inn of Court. A 1981 graduate with honors of the University of Florida with a BA degree in Economics, Mr. Galo received his Law Degree from the University of Florida College Of Law with honors in 1986.

### ***Salesia V. Smith-Gordon, Esq.***

Ms. Smith-Gordon is proudly a second generation lawyer. She completed her pharmacy studies at Florida A & M University College of Pharmacy & Pharmaceutical Sciences in 1989 and became a registered pharmacist. In 1992, Ms. Smith-Gordon graduated from Florida State University College of Law and opened her law practice in 1993. For over 20 years as a lawyer, she has zealously represented clients with competence, integrity, professional courtesy, and civility. She has won multimillion dollar awards for clients through verdict and settlement. Twice the firm has been awarded the Christian Business of the Year Award. Ms. Smith-Gordon is an active member of several professional and civic organizations to include F. Malcolm Cunningham Sr., Florida Bar Association - President (2012-2013), National Bar Association-Life Member, and The Florida Bar Grievance Committee for the Fifteenth Judicial Circuit Division D (chair 2010-2011), Palm Beach County Bar Association, Palm Beach Justice Association, Florida Pharmacy Association, and the American Society for Pharmacy Law. Her community service includes active participation in the West Palm Beach Chapter, The Links, Inc., Zeta Tau Omega Chapter, Alpha Kappa Alpha Sorority, Inc., Street Beat Inc. - Board of Directors (2009-present), League of Women Voters of Florida and the Urban League of Palm Beach County. Ms. Smith-Gordon has received various honors including "25 Most Prominent & Influential Black Women in 2007" by Success South Florida magazine and named "25 of the most powerful & influential black business leaders of 2012" by Legacy Palm Beach. Ms. Smith-Gordon filled the seat vacated by Mr. Farach.

### ***Michael S. Kridel, CPA, CFF, CITP, CFA***

Mr. Kridel has practiced public accounting in South Florida since graduation from George Washington University. Prior to joining Rehmann Robson in 2013, he was a partner with a large

## *Section A: Introduction*

---

Palm Beach County accounting firm for nearly 17 years. Since 1974, Mr. Kridel has provided litigation services in a broad range of matters including family law, stockholder actions, financial damages, fraud detection, criminal and civil tax matters, wrongful discharge, and professional malpractice. Mr. Kridel is a frequent speaker, garnering numerous awards, at national and local conferences for accountants and attorneys on topics such as litigation services, professional ethics, eDiscovery, practice management, information technology, and human resources. He is a certified ethics instructor in Florida and is an online instructor in fraud courses for the University of North Carolina at Charlotte. He is a longtime member of the Editorial Review Panels of the Journal of Accountancy and Florida CPA Today. He is also active in several community service organizations and is a Partner in Education at numerous Broward County high schools. For more than twenty years, Mr. Kridel has facilitated an award-winning seminar, Ethical Decision Making in the Workplace and Society, for Broward County high schools, positively influencing nearly 1,500 students annually. He is also the profession's representative member of the Education Advisory Committee of the Florida Board of Accountancy. Mr. Kridel filled the seat vacated by Mr. Harbison.

### ***Carey Haughwout, Public Defender***

Ms. Haughwout is serving her third term as Public Defender of Florida's Fifteenth Judicial Circuit. She took office in January of 2001 after working as a private criminal defense attorney in Tallahassee and Palm Beach County for 17 years. From 1985 to 1990, Ms. Haughwout worked as Assistant Public Defender in Tallahassee and Palm Beach County working her way from misdemeanor to capital cases. Ms. Haughwout started her career as an associate with a Tallahassee trial firm. Ms. Haughwout has been a member of the Palm Beach County, state and national Association of Criminal Defense Lawyers, the Criminal Justice Commission, Legal Aid Society, and the Florida Association of Women Lawyers. In 1979, Ms. Haughwout earned a degree in economics and sociology from New College in Sarasota and graduated with High Honors from Florida State University College of Law in 1983. As Public Defender, Ms. Haughwout represents the community on the following committees: the Criminal Justice Commission, the Community Alliance, Judicial Information Systems, the Fifteenth Judicial Circuit Professionalism Committee, the Florida Public Defenders Association, and the IG Committee.

### ***Dave Aronberg, State Attorney***

Mr. Aronberg was elected State Attorney for the Florida's Fifteenth Judicial Circuit in November 2012. Mr. Aronberg graduated with honors from Harvard College and Harvard Law School. In 1999, Mr. Aronberg became a Florida Assistant Attorney General for economic crimes, leading one of the country's first investigations of Purdue Pharma, the manufacturer of the prescription drug Oxycontin, for its marketing practices. He also headed the State's lawsuit against "Miss Cleo," the "Jamaican Shango Shaman Psychic" who had become an international celebrity among late-night television viewers. In 2000, Mr. Aronberg was selected to be one of 15 White House Fellows from across the country. In this non-partisan position, he served in two presidential administrations as a Special Assistant to the Secretary of the Treasury Department for international money laundering, including the laundering of terrorist assets. He was elected to the State Senate in 2002 and served until 2010. Focusing on criminal justice and consumer protection issues, Mr. Aronberg passed major identity theft and port security legislation and received national attention for his work to close loopholes in our sex offender laws. In 2010, he returned to the Florida Attorney General's Office as a Special Prosecutor for Prescription Drug Trafficking. In his role as the Attorney General's "Drug Czar," Mr. Aronberg led Attorney General Pam Bondi's anti-pill mill

## *Section A: Introduction*

---

initiative that helped clean up the pain clinic industry and reduced the record number of people dying each day from oxycodone abuse.

### ***Peter Antonacci, State Attorney – Interim March 2012-December 2012***

In March 2012, Governor Scott appointed Mr. Antonacci State Attorney of the Fifteenth Judicial Circuit. Mr. Antonacci began his legal career in Tallahassee. He was later appointed as an Assistant State Attorney in the Second Circuit. Mr. Antonacci prosecuted numerous cases across North Florida, was twice appointed Special Assistant United States Attorney, and was appointed by Governor Graham as a specially assigned prosecutor throughout the State. During this period, Mr. Antonacci served on the Supreme Court's Rules of Criminal Procedure Committee and chaired the Forfeiture Law Committee of the Florida Bar. In 1988, Mr. Antonacci was appointed Florida's Statewide Prosecutor where he focused on complex white collar crimes including securities and insurance fraud, ponzi schemes, and pyramid marketing schemes. From 1991 to 1997, Mr. Antonacci served as Deputy Attorney General of Florida. In addition, he was responsible for coordinating the State's legal representation with the Governor's Office, the Florida Legislature, and Cabinet officers.

### ***Manuel Farach, Esq., Former Chair - Resigned Effective September 2013***

Mr. Farach is a real estate and business lawyer practicing in West Palm Beach. Mr. Farach is Board Certified by The Florida Bar in both Real Estate Law and Business Litigation. Mr. Farach has served as an arbitrator for the American Arbitration Association for over twenty years. Mr. Farach has also served in different capacities regarding the ethical practice of law, including Chair of the Fourth District Court of Appeal Judicial Nominating Commission, President of the Craig S. Barnard Inn of Court, President of the Palm Beach County Bar Association, and as an expert witness for The Florida Bar in lawyer disciplinary matters. Mr. Farach graduated from the Florida State University College of Law cum laude. He graduated from Stetson University in 1981 with a dual major in English and Business.

### ***Ronald E. Harbison, CPA – Resigned Effective August 2013***

Mr. Harbison is the founder of Valuation Analysts, LLC; a business valuation and financial forensics firm, focusing on estate and gift, commercial litigation, and family law. Mr. Harbison has provided forensic accounting services, been a consultant on mergers and acquisitions, and has served as an Agent for the United States Internal Revenue Service, where he conducted tax examinations of corporations, partnerships, and high net worth individuals. He also has served as an Adjunct Professor of Accounting for Palm Beach Atlantic University and is currently the Chairman of the Ethics and Disciplinary Committee of the Institute of Business Appraisers. Mr. Harbison graduated from Florida State University with a Bachelor of Arts in Government/Pre-Law, and earned a Master of Science in Management/Accounting from Rollins College.

## **Former Inspector General Committee Members**

***Michael F. McAuliffe, State Attorney***  
***Judge Edward Rodgers (Ret), Chair***  
***Bruce Reinhart***

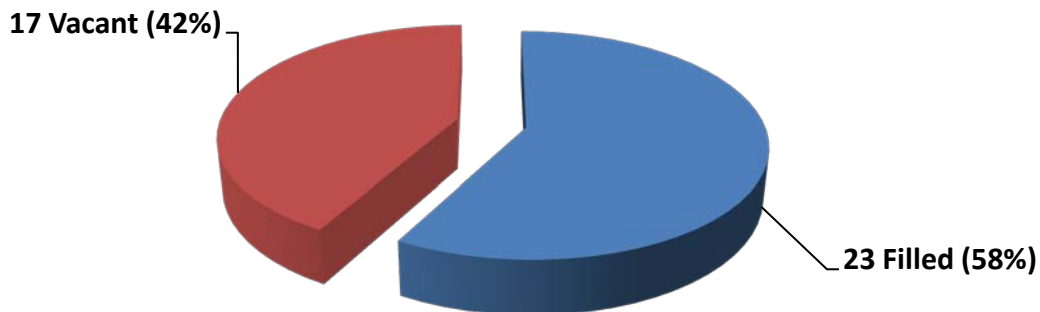
***February 2010-March 2012***  
***February 2010-July 2012***  
***February 2010-February 2011***

## STAFFING THE OFFICE OF INSPECTOR GENERAL

To ensure success in accomplishing the mission of *“Enhancing Public Trust in Government”*, the OIG hires qualified individuals who not only reflect the diversity of the community, but also have the appropriate level of skills, abilities, and experience necessary for their position on the OIG team. Staff members have backgrounds and/or academic degrees in accounting, auditing, financial analysis, financial administration, grant administration, business administration, engineering, law, public administration, law enforcement, and investigations. Employee professional backgrounds include Federal, State, County, local and private sectors. Staff members bring an array of experiences from Federal and State Inspector General Communities, Internal Revenue Service, Secret Service, Homeland Security, US Postal Inspection Service, not-for-profit community based organizations, state, county and municipal government, banking industry, public and private accounting firms, and the construction industry.

The various certifications and licensures held by staff are as follows: Certified Inspector General(s), Certified Inspector General Auditor(s), Certified Inspector General Investigator(s), Certified Fraud Examiner(s), Certified Public Accountant(s), Certified Internal Auditor, Certified Information Systems Auditor, Member of the Florida Bar, Certified Government Finance Officer, Chartered Global Management Accountant, Certified Protection Professional, Certified Building Contractor, Certified General Contractor, Certified Plans Examiner, Civil Engineer, and LEED AP Building Design & Construction Designation.

### OIG Personnel Complement 40 Approved Positions



The allocation of staff resources to Investigations, Audit, or Contract Oversight is based on the demonstration of need within the 41 entities (Palm Beach County, 38 Municipalities, Solid Waste Authority, and Children’s Services Council) under the OIG’s jurisdiction. Due to the funding shortfall associated with the municipal lawsuit, the OIG requested and the BOCC approved funding the 23 existing positions that were filled as of August 2013. For fiscal year 2014, unless the funding by the municipalities becomes available, the OIG will only be able to employ **23** (58%) of the **40** authorized positions.

OFFICE OF INSPECTOR GENERAL BUDGET FISCAL YEAR 2013

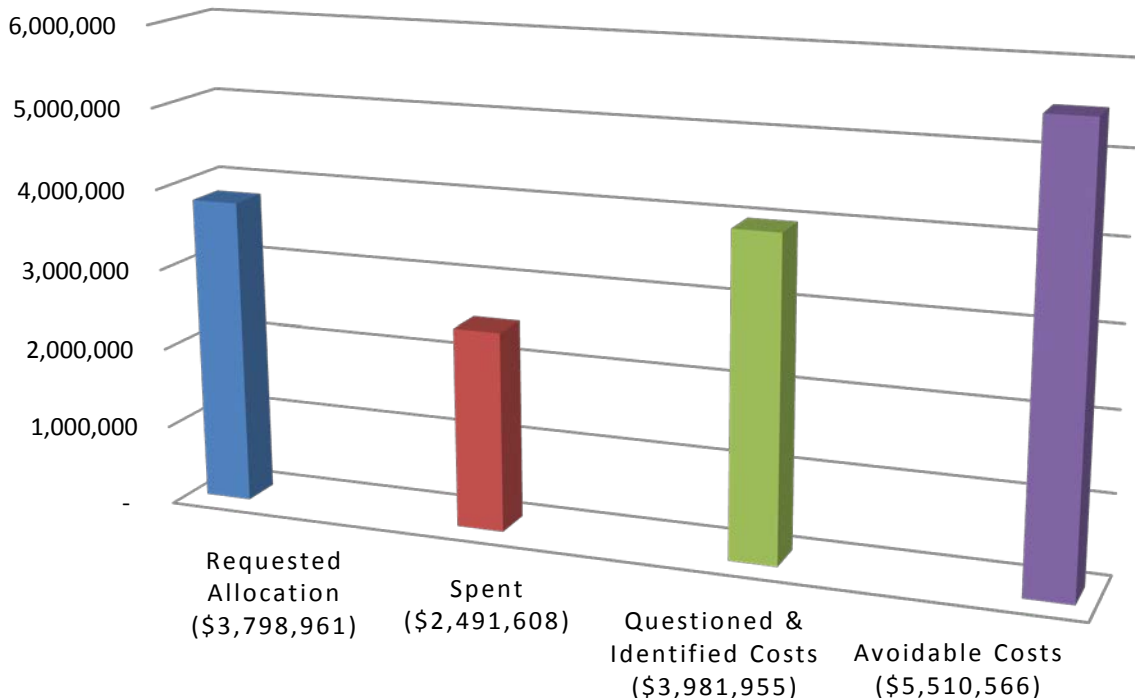
**Comparison of OIG Operating Cost per Citizen**

The OIG expended **\$2.49 million** (66%) of the approved fiscal year 2013 budget of \$3.79 million. Compared to the county population of 1.35 million citizens, the cost to operate our office was **\$1.85** per citizen. This does not take into account our value added services which includes Questioned, Identified, and Avoidable Costs as seen below.

When the OIG exposes costs where the intended purpose is unnecessary or unreasonable and/or lacks adequate documentation, those costs will be reported as Questioned. When the OIG exposes costs that have the potential of being returned, those costs will be reported as Identified. Not all OIG activity results in the detection of Questioned and Identified costs; however, where applicable and determinable, those costs are included in OIG reports. OIG reports issued during fiscal year 2013 disclosed Questioned and Identified Costs of **\$3.98 million**. Since inception (June 2010), we have disclosed Questioned and Identified Costs of **\$10.68 million**.

Another measure of how the OIG adds value to the entities under our jurisdiction is Avoidable Costs. Where applicable, OIG reports will identify Avoidable Costs which is a value that represents the dollars an entity will not have to spend, and/or increase in revenue, over the next three years if the OIG's recommendations are implemented. If the entity does not implement the OIG recommendations, the entity will continue to incur the costs. OIG reports issued during fiscal year 2013 disclosed Avoidable Costs of **\$5.5 million**.

**OIG Budget Allocation, Expenditures,  
Questioned & Identified Costs, and Avoidable Costs  
FY 2013**



## *Section B - Administration*

---

The OIG's funding methodology was developed by the IG Drafting Committee and approved by the BOCC. The source of funds, as specified in the OIG's enabling legislation, was to have been provided by the County and Municipalities based on their contract activity. Additionally, the OIG has entered into contracts with the Children's Services Council, Health Care District<sup>4</sup> and Solid Waste Authority.

### **Jurisdictional Entity Budgets**

County	\$3.9 Billion
Municipalities	\$2.0 Billion
<u>Other Entities</u>	<u>\$1.3 Billion</u>
<b>TOTAL</b>	<b>\$7.2 Billion</b>

### **OIG Budget**

Allocated Budget	\$ 3.8 Million
Spent	<b><u>\$ 2.5 Million</u></b>
Under Budget	\$ 1.3 Million

Due to the pending lawsuit between the County and 14 Municipalities (City of West Palm Beach, City of Boca Raton, City of Delray Beach, City of Riviera Beach, City of Palm Beach Gardens, Town of Lake Park, Town of Jupiter, Town of Highland Beach, Town of Manalapan, Town of Gulf Stream, Town of Mangonia Park, Town of Palm Beach Shores, Town of Ocean Ridge, and Village of Tequesta), and the Clerk of the Court's decision to not bill any Municipalities or permit the expenditure of any municipal funds until the lawsuit is resolved, in fiscal year 2013, the OIG was unable to spend 34% of its original allocated budget.

## **CUSTOMER FEEDBACK**

In order to seek feedback on an on-going basis on our office, our Home Page (<http://www.pbcgov.com/oig/index.htm>) has an IG Comment link that goes directly to the IG. In addition, this year we initiated a customer feedback process, whereby all written responses to individuals (generated by our Intake Unit) contain a link to the Customer Feedback Survey (in both English and Spanish) on the OIG website (<http://www.pbcgov.com/oig/CustFeedback.htm>). The Customer Feedback Survey assists the OIG in determining the quality and effectiveness of the services we provide. Audit and Contract Oversight units have also recently implemented a customer feedback survey.

## **PREVENTION & REFORM - STAKEHOLDERS**

The OIG has formed and expanded several stakeholder groups. Beginning with the Citizens' Initiative, this training program is designed to assist citizens who are interested in becoming more engaged in their local government's policy and decision making processes. We host a two hour class where we discuss the structure and laws governing local governments in the sunshine, council/commission meeting formats, key terminology as it relates to contracts, amendments and change orders, and the role of the OIG. Any citizens interested in participating in this initiative can

---

<sup>4</sup> The Health Care District voluntarily terminated their contract with the OIG effective June 21, 2013.



## *Section B - Administration*

---

contact our office at (561) 233-2350 or sign up via our website at: <http://www.pbcgov.com/oig/docs/forms/CitizensInitiativeForm.pdf>.

A second stakeholders' group is with the Business Community. This group is comprised of individuals from the Legal, Economic, Education, Leadership, and Small Business/Corporate sectors. We meet quarterly and discuss how to inform the business community of our role, function and achievements as well as providing a mechanism for feedback on improving our operations. Our overarching strategy has been focused on Transparency, Prevention, and Reform.

The third stakeholders' group was formed this year with a core group of City Managers who meet with the IG bi-monthly. This group provides open discussions on how our office has helped and can continue to add value to the Municipalities. Shared ideas are discussed, and where appropriate, further action is taken. Results from these meetings include our "Common Issues Found" section displayed on our website. This section lists the most common issues identified in our activities to date, and links them with the corresponding Investigations, Audits, and/or Contract Oversight reports issued and posted to our website. The list can be found at: <http://www.pbcgov.com/oig/comissues.htm>. An additional outcome is the creation of a training course designed to highlight and discuss the *Do's and Don'ts of Piggy Back Purchasing*. On alternate bi-monthly meetings, all City Managers and staff are invited to topic sessions with our office. To date, presentations have been made by each of our three units (Contract Oversight, Audit and Investigations) as well as beginning our "case study" sessions where we discuss the findings and recommendations on a specific report and what safeguards should be in place to avoid pitfalls. We also began offering these bi-monthly topic meetings to all County Department Directors, Children Services Council Directors and Solid Waste Authority Directors.

### **OUTREACH**

The IG and staff take every opportunity to make public speaking appearances in an effort to increase public awareness of the activities of our office. Our staff attend meetings and make presentations to the business and citizen communities in addition to several government groups throughout the year to further the OIG's goal of informing and educating persons and entities as to the role, benefit, and value of the OIG. In addition, we continue to present an OIG orientation session to the County's Leadership, Excellence in Supervision, and Preparing to Lead classes. Additionally, OIG staff made similar presentations to several municipalities throughout the County during the fiscal year and will continue this outreach effort. During fiscal year 2013, OIG staff delivered **30** speeches/presentations/trainings to the public, business community, and/or County and municipal governments, reaching a total of **969** attendees. Various media outlets contact the OIG on a regular basis. A total of **88** (news print- 68; and television- 20) media contacts were made to the OIG this reporting year.

During fiscal year 2013, with the assistance of our Business Stakeholders' group, the OIG created its first Quarterly Publication titled *A Local Report on Accountability & Transparency*. The Publication includes sections on our Quarterly Dashboard statistics, Upcoming Speaking Engagements, What's Happening, our Report Center and Reporting Back to You. We welcome feedback on how we can continue to improve and inform the citizens of Palm Beach County. The Fall Edition can be found at: <http://www.pbcgov.com/oig/docs/Newsletter/FallEdition2013.pdf>.

## GOALS AND OBJECTIVES

The OIG Strategic Plan for the five year period of fiscal year 2012 through 2016 was completed and published on January 31, 2012. An annual update of the Plan was released on April 9, 2013. Both Plans can be found on our website under the category *Additional Information* at the bottom of the web page at: <http://www.pbcgov.com/oig/archreports.htm>. Notably, the Plan includes prevention and reform related strategies and measures developed in collaboration with citizens and members of the Palm Beach County Ethics Initiative. The four OIG goals are:

- 1. Conduct independent audits, reviews, and investigations that detect, deter, and prevent fraud, waste, mismanagement, misconduct, and other abuses; that increase efficiency and effectiveness; and strengthen internal controls in entities under OIG jurisdiction.*
- 2. Maintain a high quality, effective, and objective organization.*
- 3. Provide OIG staff with the support and direction necessary to achieve the OIG mission.*
- 4. Inform and educate all affected persons and entities as to the role, benefit, and value of the OIG.*

Strategies, action steps and anticipated completion dates to achieve these goals, and related performance measures are outlined in the OIG Strategic Plan. Successful attainment of the goals is measured by the following related performance measures:

**Goal 1** Questioned and Identified Costs: **\$3,981,955**

Number of Reports Issued: **31**

Number of Recommendations Implemented Compared to Number Issued: **74/75 (99%)\***

Number of Corrective Actions Implemented Compared to Number Issued: **32/33 (97%)\***

\* Recommendations and Corrective Actions in the process of being implemented are reported as implemented.

**Goal 2** Assessment of Employee Annual Performance Review: **100%**

OIG Staff Survey: **Somewhat Satisfied**

**Goal 3** Percentage of Staff Completing Annual Ethics Training: **100%**

Number of Supplemental Budget Requests Made: **0**

Percentage of Time Networks and/or OIG System Unavailable: **1%**

**Goal 4** Number of Presentations and Trainings Provided: **30**

Increase/(Decrease) in Number of Contacts/Interactions with Citizen Groups: **(44%)**

Increase/(Decrease) in Citizens' Understanding of OIG's Value: **13%**

## **CORRECTIVE ACTIONS AND RECOMMENDATIONS**

Corrective Action Plans (CAPs) and Recommendations are important elements to every Investigation, Management Review, Audit and Contract Oversight report. As underlying causes of issues being looked into are revealed, the OIG will make suggested improvements to reduce the risk. CAPs and Recommendations typically include taking appropriate personnel action; changing and/or creating policies and procedures in an effort to tighten controls; and adhering to existing policy. Although the OIG cannot force management to take the appropriate corrective actions/recommendations made by our office, entities under our jurisdiction, as a whole, are actively taking appropriate action (see data below).

Recommended CAPs and Recommendations, which stem from an Investigation, Management Review, Audit, or Contract Oversight Activity, are forwarded to the appropriate manager or administrator for their review and consideration. For Investigations and Audits, a response is requested from management, due within twenty (20) days, identifying what actions have or will be taken. Subsequent follow-up occurs on an as-needed basis. As with Investigations and Audits, subsequent follow up of Contract Oversight Recommendations occurs on a quarterly basis.

During this reporting period a total of **108** CAPs/Recommendations were issued: Investigations recommended **33** CAPs, Audit issued **61** Recommendations, and Contract Oversight issued **14** Recommendations. The status of those CAPs/Recommendations is as follows:

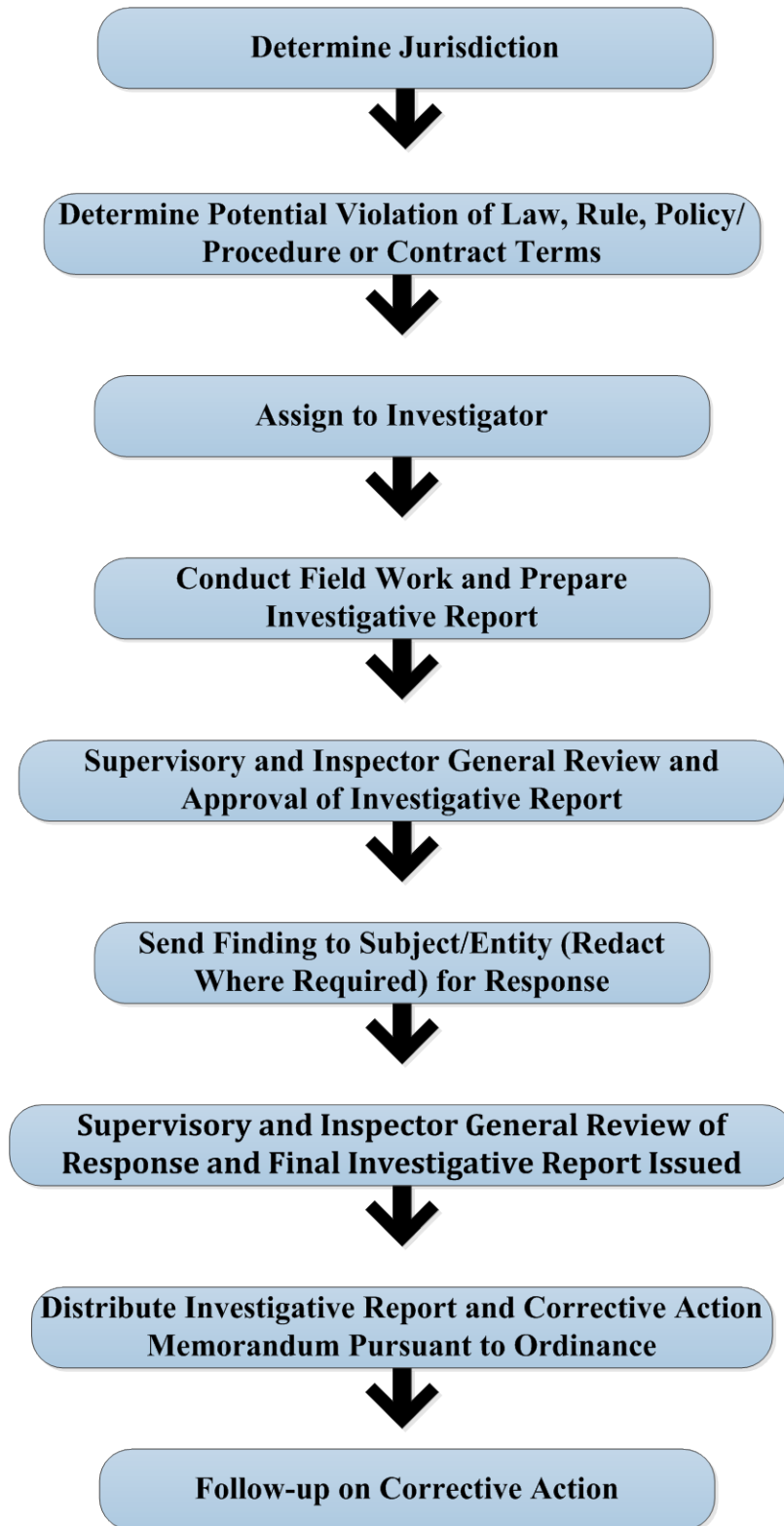
- **106**, or **98%**<sup>5</sup> of CAPs/Recommendations were either implemented or in the process of being implemented. Examples of CAPs/Recommendations include:
  - Amend or develop policies and procedures
  - Recapture expended funds or collect revenue
  - Adhere to existing policy and procedures
  - Take personnel action
- **2**, or **2%** of CAPs/Recommendations were not implemented (Investigation #2013-0005), (Audit #2013-A-0001).

All CAPs and Recommendations and the status of each can be found in Section D of this report where the results of OIG reports issued during fiscal year 2013 are summarized.

---

<sup>5</sup> 89 implemented, 17 pending, (82%)

## **The Investigations Process**



## INVESTIGATIONS UNIT

***Vision Statement: Conduct objective investigations and reviews that result in accurate and timely reports that identify misconduct and/or internal control deficiencies, as well as make recommendations that prevent or mitigate employee wrongdoing and the risk of future losses.***



We conduct our investigative work in accordance with the Principles and Standards for Offices of Inspectors General (Green Book) as developed and approved by the Association of Inspectors General (May 2004 revision) and the Inspector General Accreditation Standards issued by the Commission for Florida Law Enforcement Accreditation, Inc. (CLFEA). These principles are important as they guide the quality of our investigations.

While OIG investigations are administrative in nature, potential 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 coordinated with local law enforcement agencies or are referred directly to the State Attorney's Office or the US Attorney's Office for criminal investigation and prosecution.

## INVESTIGATIONS HIGHLIGHTS

In fiscal year 2013, the Investigations Unit issued thirteen (13) reports which include: four (4) Investigations, three (3) Management Reviews, and six (6) IG Notifications resulting in a total of **\$1,877,807** in Identified and Questioned Costs, of which **\$12,850** in restitution has been recovered. In addition, where management implements our recommendations, a total of **\$496,858** in Avoidable Costs would be saved. Collectively these 13 reports contain **33** recommendations to strengthen processes and improve the efficiency and effectiveness of operations. Management has implemented or is in the process of implementing **32** (97%) of our recommendations. The reports and management responses can be found at <http://www.pbcgov.com/OIG/reports.htm>. A brief summary of the findings and recommendations are also contained in Appendix 1 of this report.

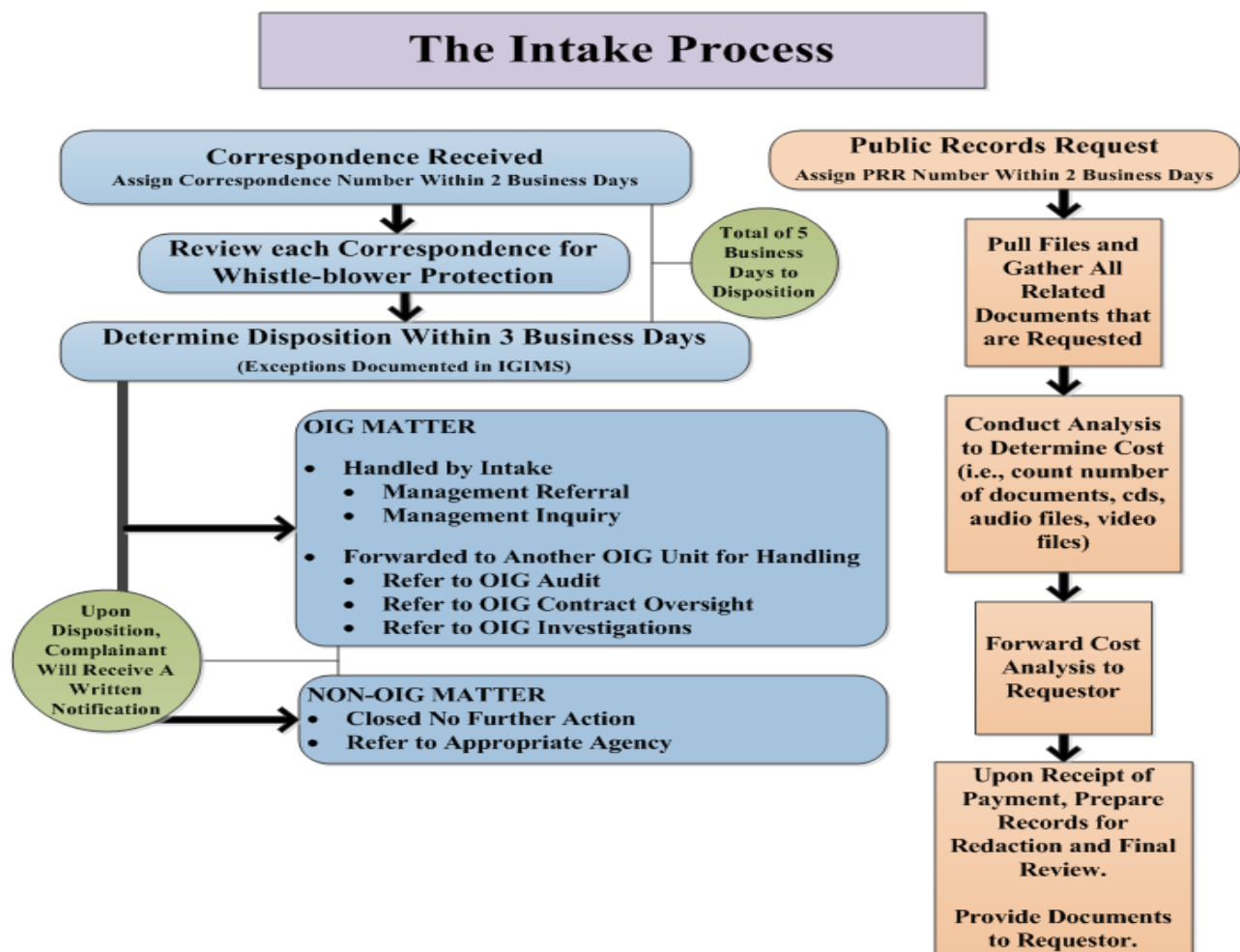
## OTHER INVESTIGATIVE ACTIVITIES & OUTREACH

Staff initiated a customer feedback process, whereby all written responses to individuals contain a link to the Customer Feedback Survey (in both English and Spanish) on the OIG website. The Customer Feedback Survey assists the OIG in determining the quality and effectiveness of the services we provide. In addition to participating in five of the County's Human Resource trainings for *Excellence in Supervision* and *Preparing to Lead* series during fiscal year 2013, the Investigations Unit also conducted three Outreach trainings for County Department Heads, City Managers and staff, and one provider agency. The Investigations Unit continues to make its Outreach program available to the County, Municipalities, Solid Waste Authority and the Children's Services Council. For additional information concerning the Outreach program or to schedule a session, please contact the Office of Inspector General, Investigations Unit.

## INTAKE

Intake staff is responsible for handling all incoming calls, including those from the OIG Hotline, and reviewing all other correspondences received by the OIG. The OIG Hotline encourages all individuals to report instances of waste, fraud, or abuse. Each correspondence received by Intake is processed within five business days of being received and all identifiable individuals receive a written response regarding the disposition of their correspondence.

In coordination with the Director of Investigations, correspondence dispositions may result in a Management Referral or Management Inquiry to the affected entity’s management staff; referral to OIG Audit or Contract Oversight Unit; referral to other jurisdictions; filed as Information Only; or, opened as an Investigation or Management Review.



Any individual may file a complaint with the OIG and may do so in person, by telephone, fax, mail, or by completing the electronic complaint form found on our website. If desired, a complaint may be filed anonymously.

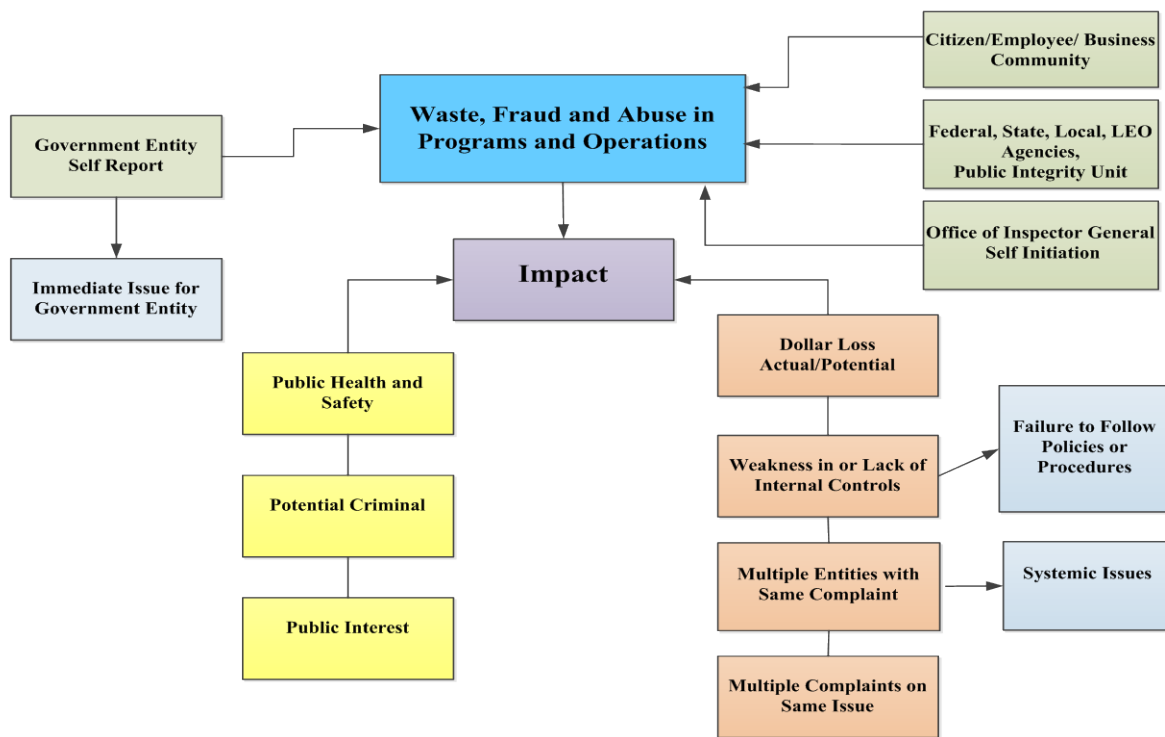
## Section C – Office of Inspector General Activities

The office’s contact information is as follows:

Office Mailing Address	Office of Inspector General, Palm Beach County P.O. Box 16568 West Palm Beach, Florida 33416
Telephone	Toll Free Hotline (877) 283-7068
Fax	(561) 233-2375
Email Address	Inspector@pbcgov.org
Internet	<a href="http://www.pbcgov.com/OIG">http://www.pbcgov.com/OIG</a>

Complaint forms are available on line in English and Spanish <http://pbcgov.com/OIG/rwfa.htm>.

### COMPLAINT ASSESSMENT MODEL



During fiscal year 2013, the Intake Unit handled **1,603** telephone calls and processed **288** correspondences containing **303** written allegations concerning a person(s) and/or entity or other miscellaneous information. The Intake Unit also provided a written notification to all identifiable persons who corresponded with our office. Ten of the 288 Correspondences processed by the Intake Unit were self-reported<sup>6</sup> by the entity. Although the number of Correspondences is down from the prior year when **433** were received, the percentage of Correspondences that included complaints within our jurisdiction increased from **75%** to **89%**. This increase can be partially attributed to the OIG’s Outreach activities.

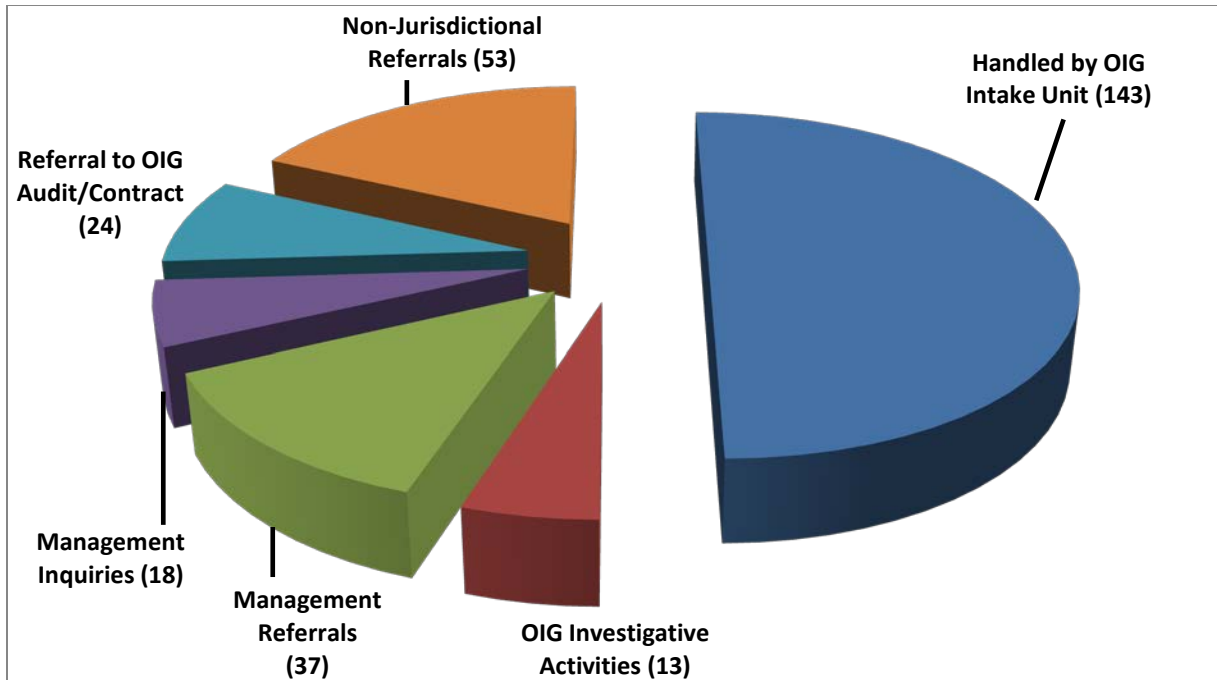
<sup>6</sup> Article XII, Section 2-423 (4) The county administrator and each municipal manager, or administrator, or mayor where the mayor serves as chief executive officer, shall promptly notify the inspector general of possible mismanagement of a contract (misuse or loss exceeding \$5,000 in public funds), fraud, theft, bribery, or other violation of law which appears to fall within the jurisdiction of the inspector general, and may notify the inspector general of any other conduct which may fall within the inspector general’s jurisdiction.

## PUBLIC RECORDS REQUESTS

The Intake staff process all public records requests for the OIG. During fiscal year 2013 a total of **49** public records requests were processed. A total of **\$98** was collected from the requestors to offset the costs of complying with the public records requests.

## CORRESPONDENCES

The 288 Correspondences received during fiscal year 2013 were processed as follows:



- **Handled by OIG Intake Unit (50%):** Correspondences that are handled by the OIG, Information Only, and/or Closed with No Action.<sup>7</sup>
- **OIG Investigative Activities (5%):** Correspondences that are assigned to the Investigations.
- **Management Referrals (13%):** Correspondences forwarded to respective Management for handling. No response to the OIG is required.
- **Management Inquiries (6%):** Correspondences forwarded to respective Management for review. Response to the OIG is required.
- **Referral to OIG Audit or Contract Oversight (8%):** Correspondences forwarded to OIG Audit and/or Contract Oversight Units for further review.
- **Non-Jurisdictional Referrals (18%):** Correspondences that do not fall within the jurisdiction of the OIG, and are referred to the appropriate entity.<sup>8</sup>

<sup>7</sup> This number includes 18 Correspondences whose dispositions are yet to be determined as of September 30, 2013.

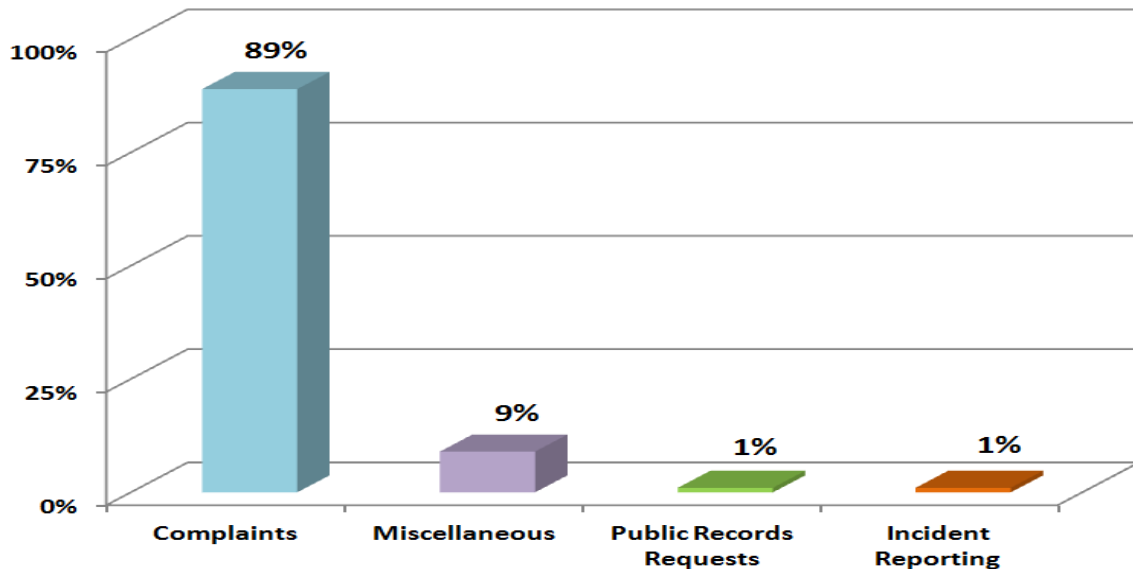
<sup>8</sup> During fiscal year 2013, the OIG received a total of 53 Correspondences related to entities not within the jurisdiction of the OIG (1-Property Appraiser; 3-Clerk of Court; 3-Federal Agencies; 4-School Board; 5-Commission on Ethics; 6-State Attorney's Office; 9-State Agencies; 22-Other [i.e., private organizations, homeowner's associations]).



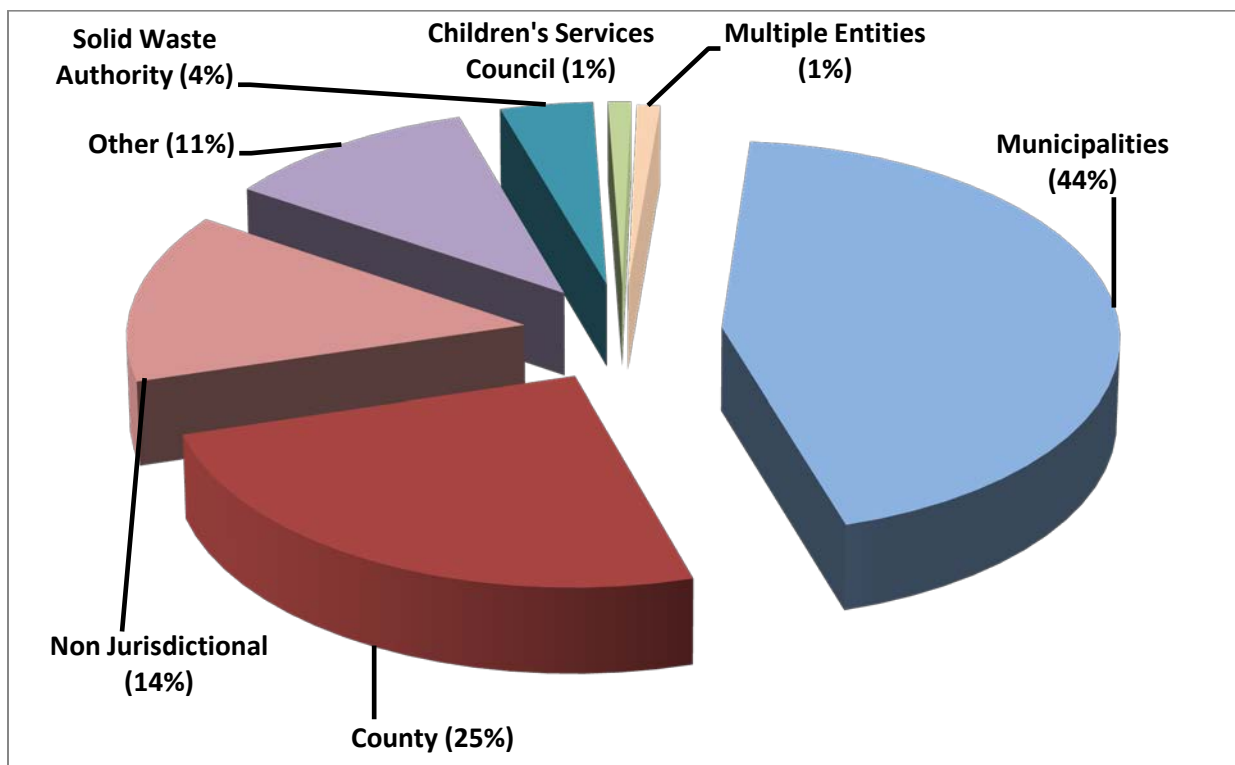
## Section C – Office of Inspector General Activities

The 288 Correspondences processed are categorized as follows:

- **255** Complaints
- **1** Incident Report
- **28** Miscellaneous
- **4** Public Records Requests<sup>9</sup>



The 288 Correspondences processed related to the following entities<sup>10</sup>:

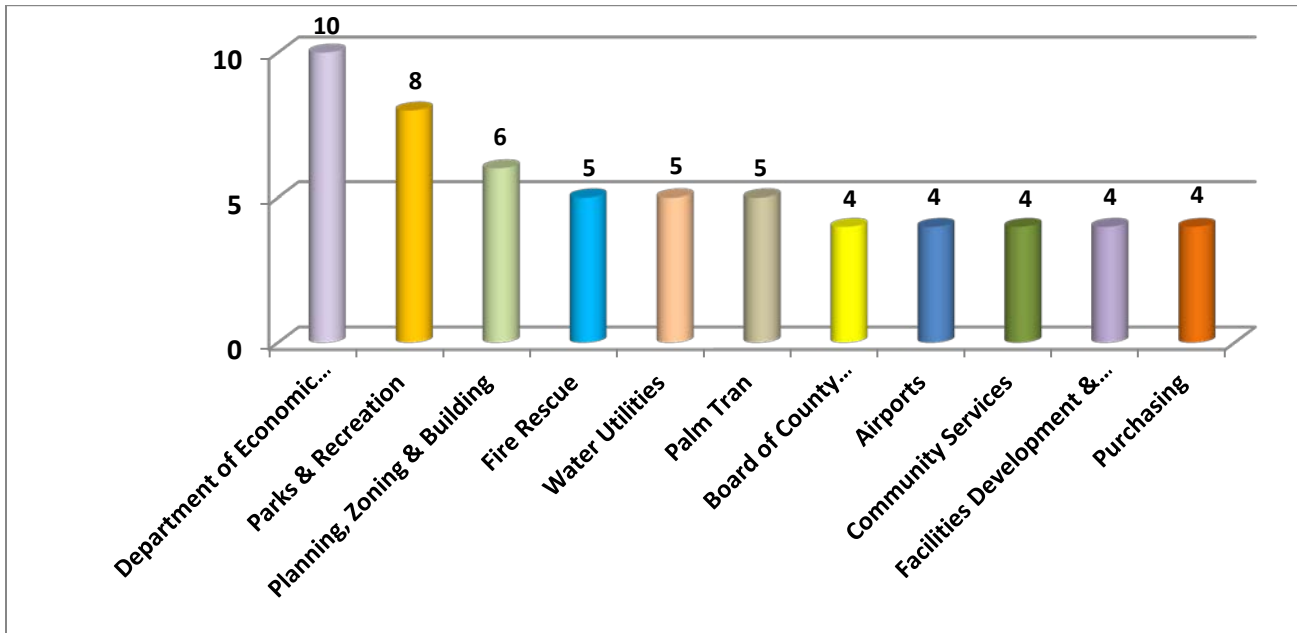


<sup>9</sup> It should be noted that the Public Records Request category was separated from the general Correspondence category in fiscal year 2013. Therefore, the total number of Public Records Requests is addressed under the Public Records Section of this report.

<sup>10</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.

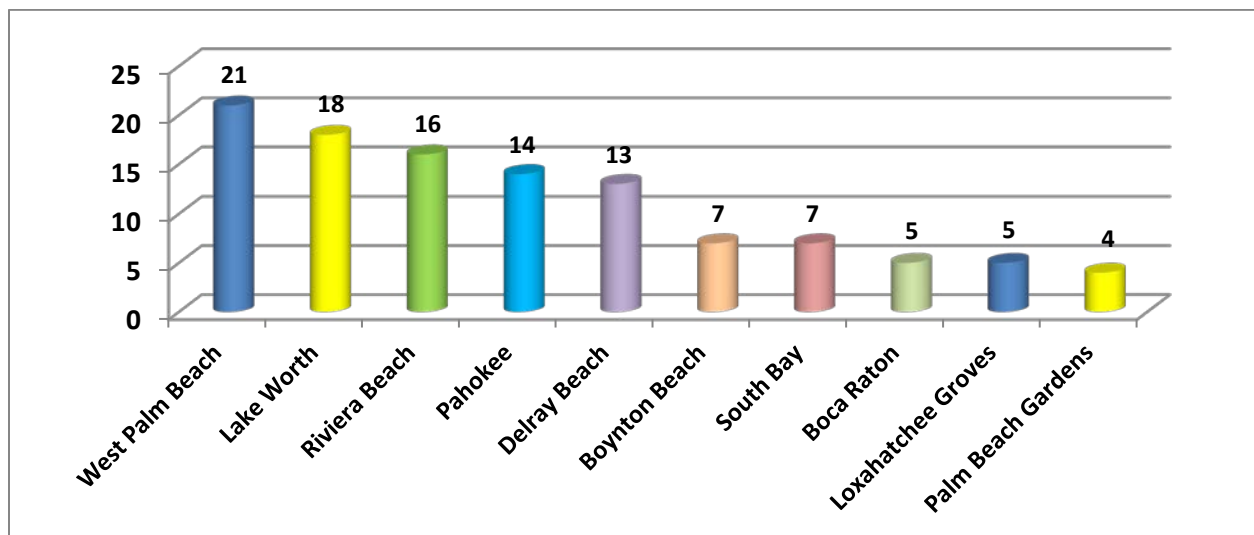
## CORRESPONDENCES BY COUNTY DEPARTMENT (TOP 11)

Of the **288** Correspondences processed, **72** involved County Departments. Three of the 72 (4%) Correspondences were self-reported<sup>11</sup> by the Department. The following is a breakdown of Correspondences by the **Top 11** County Departments.



## CORRESPONDENCES BY MUNICIPALITIES (TOP 10)

Of the **288** Correspondences processed, **128** involved Municipalities. Six of the 128 (5%) Correspondences were self-reported by the Municipality. The following is a breakdown of Correspondences by the **Top 10** Municipalities.



<sup>11</sup> A tenth Correspondence was self-reported by Children’s Services Council.

### **ALLEGATION TYPES**

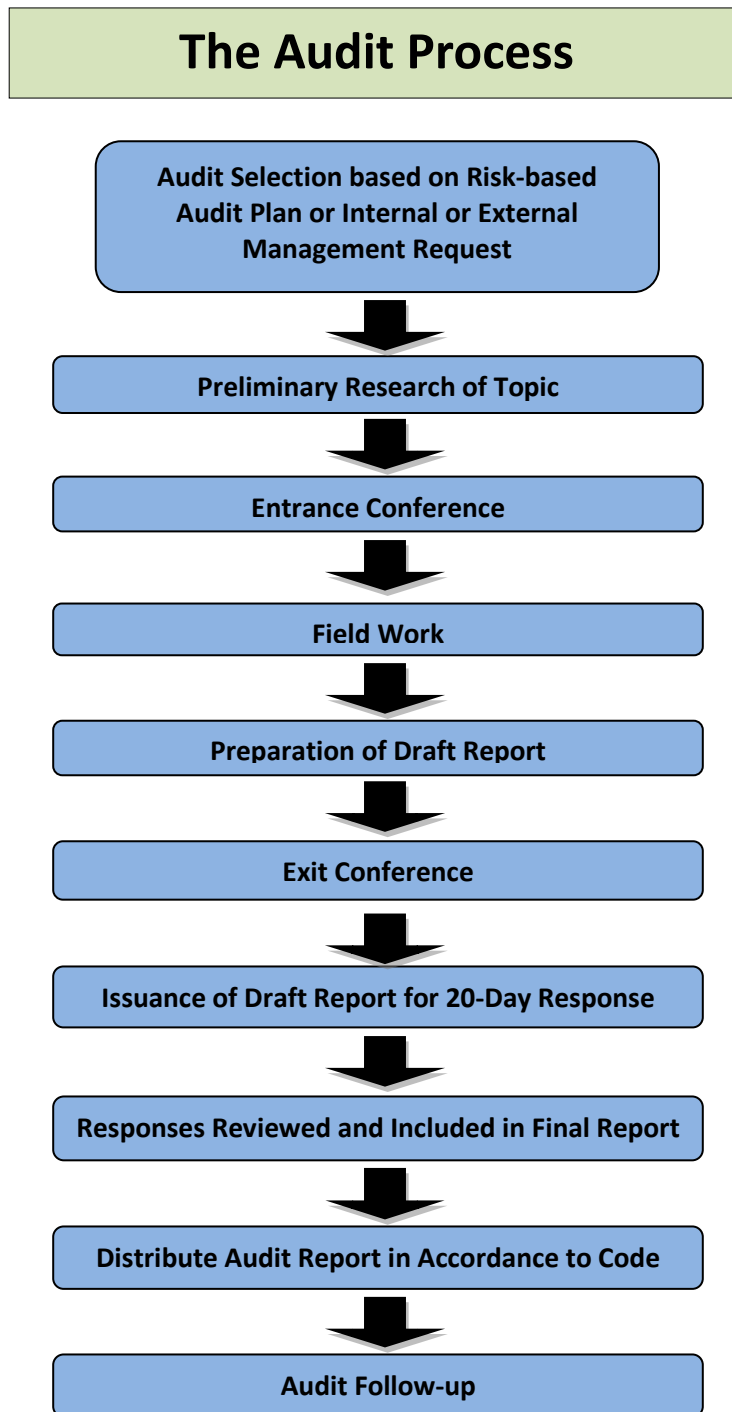
Of the 288 Correspondences processed, 255 were complaints containing a total of 303 allegations of potential wrongdoing. Of those 303 allegations, 152 were identified in the following top ten categories:

<b>ALLEGATION TYPES</b>			
Employee Misconduct	<b>73</b>	Theft	<b>4</b>
Contract Improprieties	<b>41</b>	Fraud	<b>2</b>
Financial Improprieties	<b>14</b>	Misuse of Property or Personnel (Non-Computer)	<b>2</b>
Falsification, Omission, or Misrepresentation	<b>7</b>	Breach of Information	<b>1</b>
Failure to Release Public Records	<b>7</b>	Personnel Improprieties	<b>1</b>

### **INVESTIGATIVE DISPOSITIONS**

When there is reason to believe that a law, rule, policy, or procedure may have been violated, an Investigation or Management Review is initiated. When potential criminal violations are discovered, the OIG coordinates with local law enforcement agencies, the State Attorney's Office, or the US Attorney's Office. The four (4) Investigations, three (3) Management Reviews, and six (6) IG Notifications issued in fiscal year 2013 disclosed a total of **\$1,877,807** in Identified and Questioned Costs, of which **\$12,850** in restitution has been recovered, and **\$496,858** in Avoidable Costs.

Summaries of the OIG reports issued and corrective actions implemented can be found in Appendix 1 of this report. Issued reports, in their entirety, and subject responses are all posted to the OIG website at: <http://www.pbcgov.com/OIG/reports.htm>.



## AUDIT UNIT

***Vision Statement: Conduct risk based, independent audits that will focus on helping management strengthen controls in areas most susceptible to fraud, waste and abuse and improve the economy and efficiency of operations in areas where there are opportunities for significant cost savings.***



The Audit Unit conducts comprehensive, independent and objective performance audits and activities and is committed to providing timely, useful, and reliable information. The Unit identifies opportunities to improve government operations of the County, Municipalities and other government entities within the OIG's jurisdiction. Our audits are 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 Generally Accepted Government Audit Standards (Yellow Book).

## AUDIT HIGHLIGHTS

During fiscal year 2013, we issued six (6) reports, and one letter identifying **\$707,430** in Questioned and Identified Costs, **\$1,233,684** in Avoidable Costs and recovered **\$118,033**. Collectively these reports contain **61** recommendations to strengthen internal controls and improve the efficiency and effectiveness of operations. Management has implemented or is in the process of implementing **60** (98%) of our recommendations. The reports and management responses can be found at <http://www.pbcgov.com/OIG/reports.htm>. A brief summary of the findings and recommendations is also contained in Appendix 2 of this report.

### **Audit of OpenSky**

We conducted an audit of the OpenSky Public Safety Radio System following media reports of concerns raised by the City of West Palm Beach (WPB) regarding the cost and performance of OpenSky. Acquisition and implementation of OpenSky has been managed by the Municipal Public Safety Communications Consortium (MPSCC). OpenSky took almost a decade to become operational and originally encompassed 33 Municipalities and the School Board Police. We were uniquely positioned to perform this audit with jurisdiction over both County and Municipal governments.

Our audit was a comprehensive assessment of the planning, acquisition, and implementation of OpenSky going all the way back to the year 2000. We reviewed extensive records and spoke with numerous individuals including County and Municipal officials, MPSCC officials, contractors and outside radio consultants. In addition, we conducted our own independent survey of police officers in three Municipalities. We also deployed a team of OIG staff to observe a three day acceptance test performed in two Municipalities as our audit was ongoing.

The audit identified a number of significant findings and answered a number of questions regarding the performance of OpenSky. We reported weaknesses in planning and project management, contracting, administrative, and accounting procedures and controls. With regard to the performance of OpenSky, we reported that the MPSCC worked effectively with the vendor, Harris Corporation, to overcome early detected problems and had OpenSky operational in five of the six Municipalities. However, our survey of 165 police officers using OpenSky revealed mixed

## *Section C – Office of Inspector General Activities*

---

results. Most significantly, **69%** agreed that they experienced radio problems that could impact officer and public safety, indicating that even where OpenSky is operational, problems exist that the MPSCC must address.

With regard to the performance of OpenSky in West Palm Beach (WPB), we reported that this remains an unresolved issue. We found that the final acceptance test that failed in WPB was not well planned and managed and the problems encountered were not fully identified or resolved. Since WPB has never passed a full acceptance test, additional testing would be needed to determine how well the current OpenSky configuration would perform. We also reported that for OpenSky to meet the needs of WPB, and mitigate officer and public safety risks, the system needs to perform better than current contract specifications.

Our report contained 18 findings, 26 recommendations and Questioned Costs of \$253,863. Our recommendations will help the MPSCC to improve management of OpenSky as well as the administrative and accounting operations of the Consortium. Our results have also provided WPB with an objective and independent assessment of OpenSky to use in making decisions on whether to deploy OpenSky or pursue other alternatives. The MPSCC and WPB have completed actions on 20 (77%) recommendations and have pending actions on 5 (19%). One recommendation was not implemented. Our recommendations related to contracting, project management, and acceptance testing, if properly implemented, can help ensure that any future acquisition of an alternative system, is effectively managed, tested, and implemented.

### **Audit of South Bay Cash Disbursements**

On December 13, 2012, three City of South Bay Commissioners were charged with a “Sunshine Law” violation and the City Manager was charged with grand theft in connection with his alleged improper vacation leave payout. Subsequently, the OIG initiated an audit of the financial operations of the City. As a result of the serious conditions identified at the City, we accelerated our reporting by issuing this report as the first of two audits that will be issued on City operations.

During the course of this audit we referred several questionable transactions to the State Attorney’s Office. Overall, we found that internal controls were seriously deficient. More specifically, the lack of sufficient oversight and scrutiny of the City’s financial activities by the Commission contributed to this condition. In addition, we identified numerous deficiencies within the basic operations of the Finance Department leaving cash and other assets highly vulnerable to fraud, waste, and abuse. The conditions identified in the audit report pose a significant threat to the financial stability of the City of South Bay. We reported Questioned Costs of **\$306,377** and made 23 recommendations to correct the conditions identified in this first audit report. The City has implemented 21 (91%) recommendations and has pending action on 2 (9%) recommendations.

### **Solid Waste Authority Republic Source Separated Recovered Material**

The SWA contacted the OIG stating that as part of a routine field audit they became aware that some waste which was contractually required to be delivered to a SWA disposal facility was being delivered to the contractor’s facility in Broward County. We performed an audit of the contractor’s records in order to determine the total amount of diverted material and the associated lost revenue based on SWA’s tipping fees. Our audit revealed lost tipping fee revenue of **\$111,814** and **\$9,359** in overcharges, resulting in total Identified Costs of **\$121, 170**. The SWA

## *Section C – Office of Inspector General Activities*

---

implemented all of our recommendations which resulted in SWA receiving full settlement of **\$118,033**.

### **Audits of Purchase Cards**

We conducted audits of purchasing card (p-card) programs in two cities, Boca Raton and Palm Beach Gardens. In both audits we found that adequate controls were in place and operating effectively. We did identify p-card expenditures that we questioned as to the public purpose and public benefit. In Boca Raton these expenditures totaled **\$15,882** and in Palm Beach Gardens they totaled **\$4,218**. We made recommendations in both audits to improve each City's monitoring of p-card expenditures to avoid expenditures that have a questionable public purpose. In our audit of Palm Beach Gardens, we complimented their p-card policy which restricted spending in categories often seen as allowable in other cities. We noted that this reflected management's efforts to reduce such spending. Palm Beach Gardens has completed actions on our recommendations and Boca Raton has completed actions on one (1) recommendation and has two (2) in process.

### **Audit of The Health Care District Eligibility Determination**

We conducted an audit to review the Health Care District's (HCD) policy and procedures for eligibility determinations in the Coordinated Care Program. We found that the HCD Eligibility Department adheres to policy and procedures and performs due diligence in the eligibility verification process. We identified several opportunities to further improve the eligibility determination process including improvements in how eligibility files are sampled for review and development of fraud awareness training for eligibility staff. We made three (3) recommendations to improve the eligibility process. HCD has implemented all three recommendations.

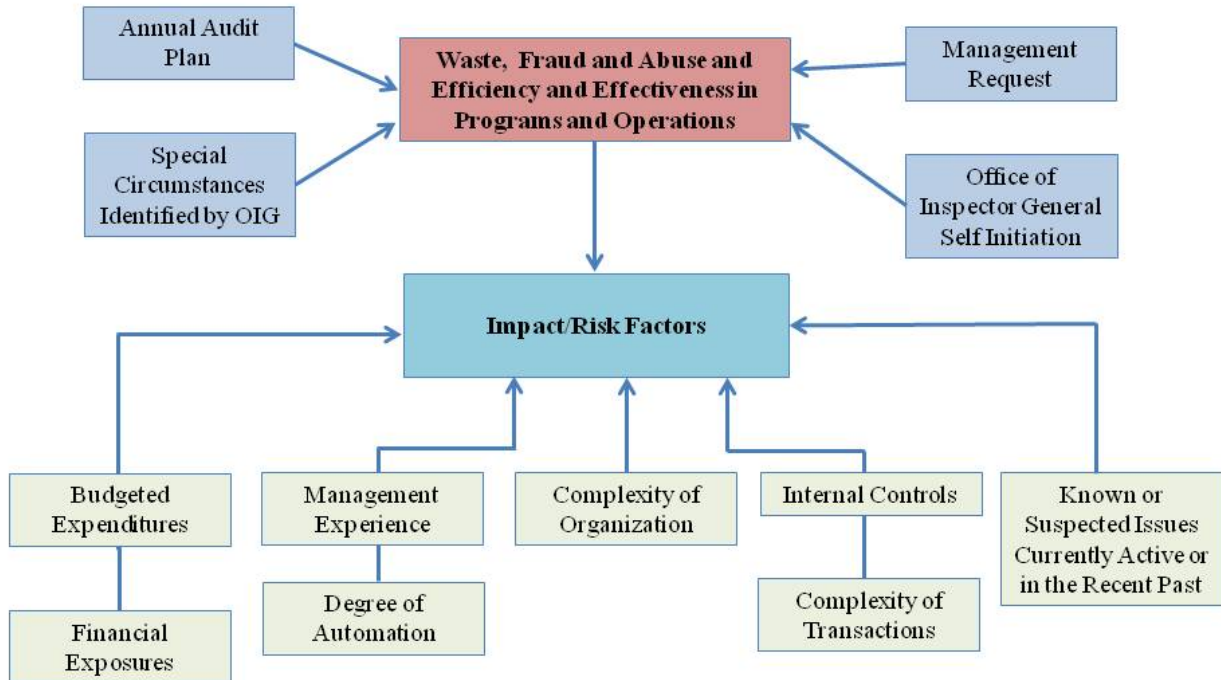
## **ANNUAL AUDIT PLAN**

In addition to completing the audits in process we will continue to focus our audit resources on areas of high risk for fraud, waste, and abuse, as well as areas where costs can be reduced or revenue increased. Our goal is to make the most effective use of our resources. The audit universe is comprised of thirty-eight (38) Municipalities, Palm Beach County, Solid Waste Authority and Children's Services Council with 763 identified auditable units. The fiscal year 2014 Annual Audit Plan (Appendix 2) includes ten (10) new audits, two (2) in process audits and two (2) follow up audits.

## **AUDIT RISK ASSESSMENT**

We are developing an extensive audit risk assessment profile of each program and operation under the County, Municipalities, Solid Waste Authority, and Children's Services Council. As part of that process, we established a risk assessment model that guides our assessment of audit risks and will assist us in establishing priorities for our Annual Audit Plan. We have updated and refined the Impact Risk Factors as a result of our increased knowledge and experience with the operations under our jurisdiction. The following flow chart depicts our current risk model:

## OIG AUDIT ASSESSMENT MODEL



### AUDIT FOLLOW-UP

During the fiscal year, we formalized our audit follow-up process. We developed an Audit Recommendation Tracking Report which lists all audit recommendations by audit report number and the current status of each recommendation. The report is used to conduct quarterly follow ups on the status of all pending recommendations. The report will also enable us to plan future audit work and to monitor corrective actions.

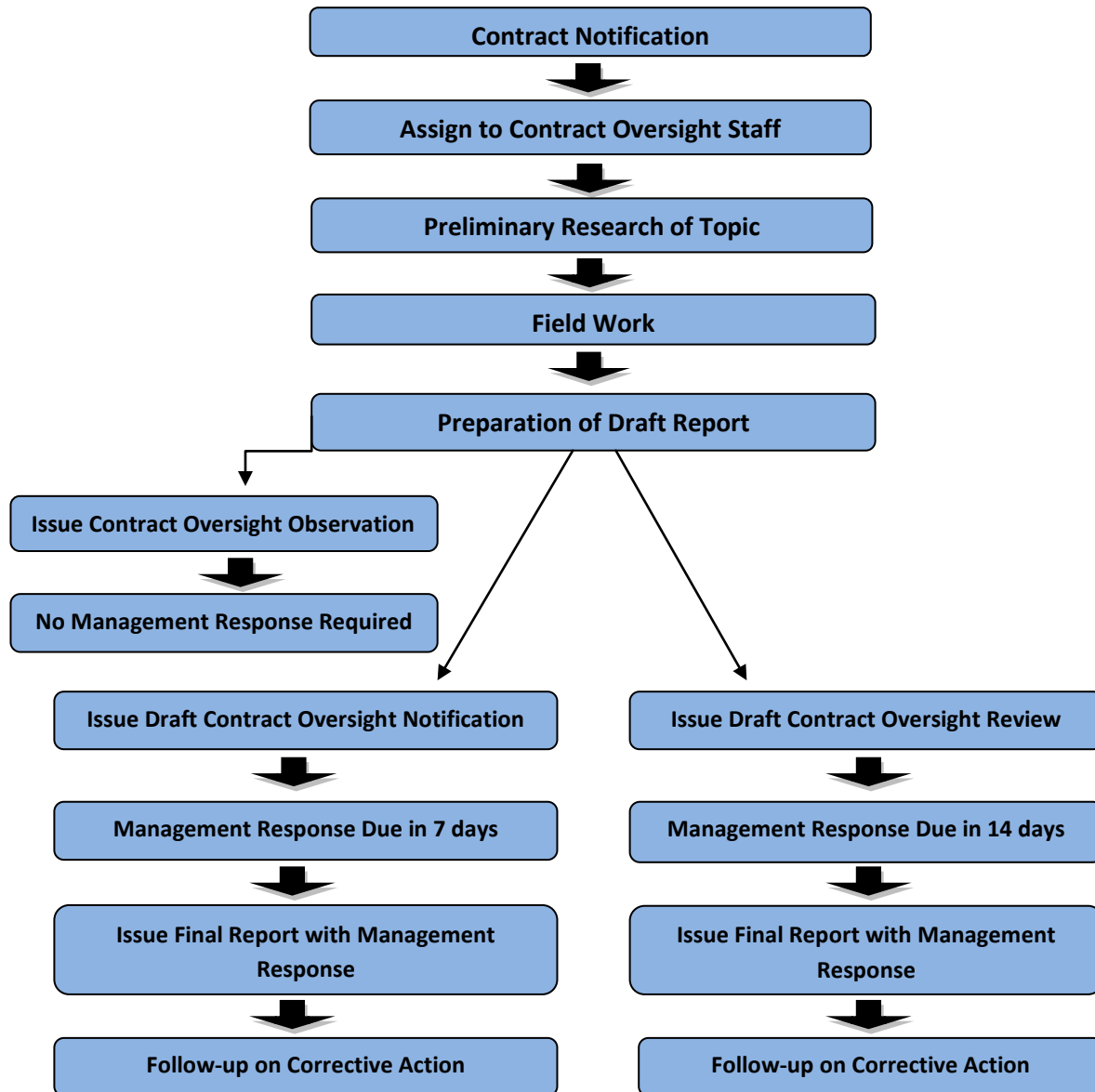
### OTHER AUDIT ACTIVITIES & OUTREACH

The Audit Unit continues to coordinate their audit activity with the Palm Beach County Internal Auditor and attends the quarterly Audit Committee meetings. In 2013, the Audit Unit made a presentation to a group of Palm Beach County City Managers. The presentation introduced the group to the Audit staff, our audit processes, and the types of audits performed.

Currently, the Director of Audit is working with Palm Beach State College, which is developing an internal auditing course to be offered in the Spring of 2014. The course is designed to provide students with knowledge on how to perform audits under Generally Accepted Government Auditing Standards (Yellow Book) and the International Standards for the Professional Practice of Internal Auditing (Red Book). The goal is to increase interest in the profession of internal auditing and increase the pool of eligible hires in the Palm Beach County area with knowledge of these auditing standards.



## The Contract Oversight Process



## **CONTRACT OVERSIGHT UNIT**

***Vision Statement: Conduct contract oversight activities that enhance a business friendly procurement environment that is open, competitive and contracts are awarded equitably and economically.***

The Contract Oversight unit is responsible for reviewing procurement and contracting activities of the County, all 38 municipalities, and other government entities within the OIG's jurisdiction. The goal of the Contract Oversight Unit is to promote accountability, integrity, and efficiency throughout the procurement and contracting processes. 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 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/or opportunities for improvement;
- 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.

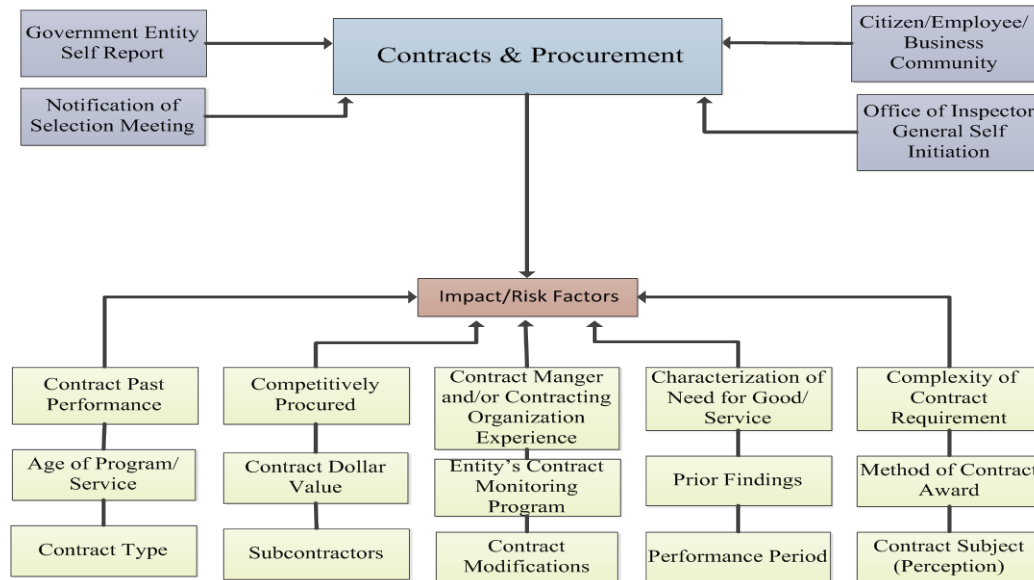
The Contract Oversight Unit conducts its activities in the "spirit" of the Principles and Standards for Offices of Inspectors General (Green Book). These principles are important as they guide the quality of the unit's work products.

The County Code, Article XII, Sec 2-423 (8) requires the Inspector General to be "notified in writing prior to any duly noticed public meeting of a procurement selection committee [sealed bids 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).

In addition to being notified of procurement selection committee meetings that have been publicly noticed, the Contract Oversight Unit 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, staff reviews the situation to determine the significance and probability of the risk.

The following Contract Oversight Assessment Model outlines the factors that are considered:

## Contract Oversight Assessment Model



### CONTRACT OVERSIGHT REPORT TYPES

Contract Oversight results are reported to management in one of the following formats:

- **Contract Oversight Observation** – a letter to management identifying activities in the procurement process that do not comply with established policy and procedures. A response to the OIG is not required as OIG recommendations are not made.
- **Contract Oversight Notification** – an official notification to management identifying material weaknesses in the procurement process that may, or may not, comply with law or with established policy and procedures. The OIG will make recommendations and request a response from management.
- **Contract Oversight Review** – a detailed report based on an in-depth review of one or more procurement processes/activities/areas that identify risk(s), irregularities, and opportunities for improvements. These may be initiated in response to a complaint or expressed concern; at the request of management as a tool for program improvement; or, as a result OIG staff's risk assessment. The OIG will make recommendations and request a response from management.

## CONTRACT OVERSIGHT HIGHLIGHTS

The Contract Oversight Unit issued **11** reports during fiscal year 2013 – **4** Observations, **6** Notifications, and **1** Letter. The **11** reports disclosed Questioned Costs of **\$1,396,718**, Avoidable Costs of **\$3,780,024**, and included **14** recommendations for improvements, of which, **14** (100%) have been implemented or are being implemented. The most frequent recommendation, occurring 7 out of 12 times, was for establishing or amending policy and procedures pertaining to procurement of goods and/or services. The detailed reports and management’s responses can be found at <http://www.pbcgov.com/OIG/reports.htm>. A brief summary of the findings and recommendations are also contained in Appendix 3 of this report.

## 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 fiscal year 2013, we proactively observed **169** procurement/contracting related activities. These activities included such things as: selection committee meetings, contract review committee meetings, pre-construction meetings and construction site visits.

• County Selection Committees	19
• County Contract Review Committees	32
• County Meetings	38
• Municipal Selection Committees	17
• Municipal Meetings	24
• Other Covered Entities – Selection Committees	10
• Other Covered Entities – Meetings	<u>29</u>
<b>TOTAL</b>	<b>169</b>

The Contract Oversight Unit continues to coordinate its activities with the other OIG units and where applicable, with internal audit staff of the entities under OIG jurisdiction. One important element of the Contract Oversight risk assessment process is determining whether or not other oversight/investigation/audit activity is currently underway regarding a contract, procurement or monitoring process. In addition to the aforementioned meeting attendance, the Contract Oversight staff made a presentation to a group of Municipal Managers and their staff.

The OIG Chief of Operations worked with staff from Florida Atlantic University to implement an OIG Internship Program during fiscal year 2013. The Contract Oversight Unit hosted our first intern from the Florida Atlantic University, Master of Public Administration program. The intern was on site four days each week from January through April 2013 and was instrumental in issuing the Contract Oversight Observation of SWA’s Franchise Agreement ITB. Additional applicants for all three units are considered throughout the year. To read our intern’s profile, go to <http://www.pbcgov.com/oig/archreports.htm>, under the category *Additional Information* at the bottom of the web page.

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

The Contract Oversight Unit engages in an array of oversight activities that promote an open and competitive business environment and enhance public confidence that contracts are awarded equitably and economically. Staff are involved in various oversight activities in addition to issuing Oversight, Notification, and Review reports.

The following examples highlight situations where the Contract Oversight Unit has had a positive impact on a member of the public, a business entity, and/or an entity under OIG jurisdiction:

**Civil Engineer Selection Committee Meeting** – The owner of a local engineering firm stated to the OIG staff that he was pleased the OIG was present at the selection committee meeting. He stated because of the OIG’s presence he felt like he had a fair opportunity at being selected. That firm was subsequently selected for the first time. Subsequently, at a separate selection committee meeting attended by the OIG, while discussing the proposals a city staff member stated the engineering firm was performing very well. **Value Added** – A qualified vendor received fair and equitable consideration for his bid and his trust in local government was enhanced.

**Purchasing Department** – An entity’s Purchasing Department manager requested that OIG Contract Oversight staff attend the selection meeting for a specific solicitation. The OIG staff reviewed documents and attended the selection meeting. **Value Added** – The City staff stated that OIG presence makes their job easier in that it removes some of the external pressure they feel during the procurement process, thus allowing them to procure goods and services on a fair and equitable basis.

**Professional General Engineering and Architectural Services** – While reviewing an entity’s Request for Proposal solicitation and related documentation, OIG staff determined that multiple selection committee evaluation scoring sheets were not authenticated (signed) by the selection committee member(s). By authenticating the scoring sheets, the entity would reduce the risk of a bid protest. Entity staff was informed of the missing signatures. **Value Added** – Entity staff promptly had the scoring sheets authenticated; provided the OIG with a copy of same; and, stated they appreciated our efforts.

**Custodial Services Contract** – Contract Oversight staff observed that an entity’s monitoring of a custodial services contract overlooked the vendor’s improper withholding of employees’ pay. **Value Added** – The vendor discontinued the practice of withholding employee’s pay.

**Bid Protest** – Contract Oversight staff reviewed a complaint alleging a violation of the city’s procurement policy. After a review of documents, meeting minutes, and policies, OIG staff determined that no violations of policy had occurred. However, OIG staff did observe that the City Commission may not have provided the public with an adequate disclosure of their intent to waive a minor irregularity in the procurement process. **Value Added** – The City Commission readdressed and waived the minor irregularity at the subsequent regular commission meeting; thus providing an open and transparent government process.

## *Section C – Office of Inspector General Activities*

---

**Land Lease** – Contract Oversight staff reviewed a complaint alleging that an entity failed to follow established policies/procedures concerning the lease/sale of a piece of owned property. After reviewing the documentation and established policies/procedures, it was determined there was no violation. **Value Added** – The citizen who made the complaint was satisfied with the OIG’s review of the matter and stated their trust of his/her local government was enhanced.

**Insurance Broker Services** – Contract Oversight staff reviewed a complaint alleging that an entity’s procurement practice was improper. After reviewing solicitation documentation, meeting minutes, and established policies/procedures, it was determined that no violations of established policies or procedures had occurred. **Value Added** – The citizen who made the complaint was satisfied with the OIG’s review of the matter.

**Engineering Procurement & Construction (EPC) Schedule** – Contract Oversight staff observed that the project contractor changed the method of calculating the project progress as reported on the monthly EPC schedule, without informing entity staff of the change. The revised calculation method resulted in a change to the cumulative project progress calculation, which could effect the timing of payments made to the contractor. **Value Added** – Locking in the calculation method for the remaining project phases is a benefit to the entity in that: (1) they are not advancing funds to the contractor before they are fully earned; and, (2) they are receiving an accurate project process report.

**Change Orders** – At the request of an entity’s manager, Contract Oversight staff reviewed a contractor’s change orders for utility underground work to the entity’s utility infrastructure located in Palm Beach County’s right-of-way. The manager was concerned about certain costs charged by the contractor. A review of multiple contracts in conjunction with the change orders revealed that the costs invoiced to the entity were negotiable items. OIG staff offered suggestions as to how the entity could minimize its exposure to increased costs while at the same time providing a benefit to the contractors. **Value Added** – If implemented, OIG suggestion could result in a financial benefit for the entity, at no additional cost, and for the contractor as well.

**HOME Program** – Contract Oversight staff received information that an award of funds to an entity located in a non-entitlement area had been pre-determined prior to the competitive selection process. OIG staff reviewed documentation and attended the selection committee meetings. **Value Added** – The award of funds went to a project within the entitlement area in compliance with federal grant regulations.

---

---

**INVESTIGATIVE ACTIVITIES COMPLETED – COUNTY DEPARTMENTS  
(October 1, 2012 thru September 30, 2013)**

**Summary of IG Notifications Completed**

**Case Number**

**2012-0025      Fire Rescue Department – Misconduct and Safety**

A Whistle-blower complaint was received regarding misconduct and safety concerns at the Communications Center. Upon further review by the OIG, it was determined that the matters involved personnel-related issues.

**Corrective Actions:**

1. Ensure policies and procedures are uniformly distributed and enforced.

*The Chief implemented several new processes to ensure compliance, which include reviews by Supervisors, the Communications Manager, and the Policy Review Committee. The processes also include communication methods to all employees.*

2. Ensure employees receive appropriate training that not only focuses on the policy and procedure itself, but PBCFR’s expectations of each policy or procedure.

*The Chief advised that prior to employees receiving direction regarding new policies or procedures all supervisors will receive appropriate guidance as to the Department’s expectations.*

3. Continue to monitor CAD and ensure that all components are properly functioning to assist dispatchers in their daily duties.

*Prior to the completion of the OIG’s review, the CAD system’s issues were resolved and the Chief has implemented additional monitoring services.*

**Summary of Investigations Completed**

**Case Number**

**2012-0026      Parks and Recreation Department – Timesheets**

A Supervisor falsified the payroll records of her subordinates in order to circumvent hourly caps for non-permanent employees. **Supported**

**Corrective Actions:**

1. Take immediate corrective personnel action.

*As of October 23, 2012, the Supervisor was no longer employed by the County.*

2. Take immediate action to determine if any retroactive

## Section D – Appendix 1

---

employment benefits and/or IRS income adjustments are warranted.

*This was reviewed in coordination with the County Clerk and Comptroller's office and no further action is warranted.*

3. Review the current scheduling and payroll documentation process in place and determine whether or not additional controls should be implemented.

*Upon the initiation of the OIG's investigation, the Department took immediate corrective action and implemented a daily sign in/out sheet, which all employees are required to initial and attest to their hours worked. Additionally, the sign in/out sheet will be used to validate payroll documentation. The Department also advised the OIG that they are in the process of initiating an electronic identification system for time-clocking purposes.*

### **2013-0004 Community Services Department – Procurement**

A Department Director circumvented County procurement policies to direct a contract to a nonprofit organization owned by a friend. **Supported**

#### **Corrective Actions:**

1. Take appropriate personnel action.

*The Director "has received counseling..."*

2. Review the Emergency/Confirming Request form and determine whether or not additional justification and/or review(s) are necessary to ensure adequate information is being provided to the Purchasing Department.

*The Department is in the process of conducting the recommended review.*

## **INVESTIGATIVE ACTIVITIES COMPLETED – MUNICIPALITIES (October 1, 2012 thru September 30, 2013)**

### **Summary of IG Notifications Completed**

#### **Case Number**

**2013-0002 West Palm Beach – City Expenditures**

Attorney General Opinion #90-37 states that "municipal funds may be used only for a municipal purpose, and only when properly budgeted for such purpose...The determination of what constitutes a valid public purpose for the expenditure of public funds is a factual determination for the legislative and governing body involved...Such a determination must be made by the City Commission and cannot



## Section D – Appendix 1

---

be delegated...” Although no “factual determination” or vote to expend public funds, the City, through the City Attorney’s office, spent a total of \$3,509.75 for t-shirts, sticker labels, and charter buses for individuals attending a public hearing without any specific City Commission Authorization.

**Corrective Action:**

None

**2013-0011 Pahokee – Parks and Recreation Department**

A complaint indicated that the City’s After School Program mismanaged funds received from the Early Learning Coalition (ELC) and Children’s Services Council (CSC) for providing after school services. The OIG did not find any information to suggest fraudulent activity by the City and/or its Program staff.

**Corrective Actions:**

1. ELC should take appropriate action regarding their agreement with the City.

*ELC entered into a compliance plan with the City for corrective action; however, during a Post Audit Monitoring, the City was unable to achieve the attendance verification accuracy rate and on July 22, 2013, the City was advised that their agreement with ELC would be revoked.*

2. CSC and ELC should ensure that all overpayment of funds are collected and refunded to the appropriate entities.

*\$6,116.10 has been repaid; however, \$18,498.49 remains outstanding.*

**2013-0014 West Palm Beach – Commissioner Reimbursement for Attorney’s Fees**

The City reimbursed a City Commissioner \$7,325.00 for attorney’s fees incurred while defending herself against a Palm Beach County Commission on Ethics (COE) complaint. The City Attorney’s office cited “the common law right of a public official to reimbursement” in its recommendation to the City Commission. Furthermore, during their oral presentation, the City Attorney’s office advised that the legal standard for granting the City Commissioner’s request was based on the common law standard, which permits reimbursement **if** “the public official was acting in their public capacity for a public purpose.” Throughout the OIG’s interviews of City Commissioners and Legal Counsel, no facts were provided that could reasonably be viewed as supporting the City Commission’s decision. Additionally, Ms. Mitchell’s own testimony to the COE, when considered in view of the applicable legal standard, indicates that reimbursement of Ms. Mitchell’s attorney fees was not justified.

**Corrective Actions:**

1. The City Commission should be re-presented with all of the facts in order to

## Section D – Appendix 1

make a determination as to whether or not the reimbursement of legal fees totaling \$7,325.00 to Ms. Mitchell met the legal standard.

*The City indicated that it would “take the recommendations under advisement.”*

2. If the City Commission determines that the legal standard for reimbursement was not met, the City should move to recoup those funds.

*The City indicated that it would “take the recommendations under advisement.”*

### Summary of Management Reviews Completed

#### Case Number

2012-0021

#### **Delray Beach – Consultant’s Competitive Negotiation Act**

Although Request for Qualifications (RFQ) #2012-06 outlined five criteria used in ranking prospective bidders, the City of Delray Beach Commission disregarded the rankings and selected the top five bidders, as well as the 15<sup>th</sup> ranked firm, Craig A. Smith & Associates, Inc.

A Consultant was believed to have violated RFQ #2012-06’s Cone of Silence, an OIG review developed no information indicating that the Consultant violated the Cone of Silence.

#### **Corrective Action:**

1. The City Commission should adhere to criteria set forth in an RFQ. In the event that the City Commission disagrees with such criteria or subsequent rankings, the City Commission should request City staff to re-issue the RFQ prior to an award.

*The City amended its Purchasing Manual to allow the City Commission to approve the Selection Committee’s recommendation for award; however, despite the OIG’s recommendation to strengthen their procurement process, the City’s amendment added the caveat that the City Commission could change the ranking of the firms or add additional firms to the list.*

2012-0027

#### **Riviera Beach – Tiki Bar**

Although the City entered into a contract with a Special Appraiser who estimated the monthly rental value of the Tiki Bar at \$19,075.00, the City renewed the Tiki Bar’s lease for \$6,500.00 per month, resulting in \$653,900.00 in lost revenue to the City.

The City failed to enforce the terms of its lease agreements with the Tiki Bar regarding escalator clauses, rent and utility payments, and boat slips, resulting in \$254,458.33 in lost revenue to the City.

The City allowed the Tiki Bar to use City property as its office space without

## Section D – Appendix 1

---

receiving and/or arranging for compensation of rent and/or utilities, resulting in lost revenue to the City.

A City employee gave unauthorized approval to the Tiki Bar to make improvements to City property without obtaining the proper permits or inspections. Additionally, the same City employee failed to notify the County's Property Appraiser of such improvements for proper tax assessments.

### **Corrective Actions:**

1. Consider implementing a written policy addressing disagreements with appraisals regarding the leasing of City property.

*All appraisals for lease purposes and construction will follow the established policy and procedures including permitting.*

2. Ensure appropriate oversight of all lease agreements in the City and consider utilizing a centralized location for doing such.

*During the course of the OIG review, the City notified the OIG that it had made recommendations to create a new position that would be responsible for the management and oversight of all the City's contracts and lease agreements.*

3. Review this report and recoup all allowable costs pertaining to the following: Escalator Clauses, Rent and Utility Payments, and Boat Slips.

*The City has recouped a total of \$6,734.25 for the escalator clauses. Recoupment of Rent and Utility Payments and Boat Slips remain pending.*

4. Determine whether or not the City should be reimbursed for any and all expenses (rent and utilities) associated with the Tiki Bar's previous and continuous use of a portion of Newcomb Hall as its office space.

*Pending*

5. Determine whether additional measures should be taken to address the unpermitted structures at the Tiki Bar and that those measures are in accordance with City Ordinances, as well as Florida Building Codes.

*City staff are working closely with the CRA to facilitate compliance with state procurement and construction statutes and city ordinances.*

6. Implement a formal reporting process to ensure that the appropriate parties within the City Departments are notified prior to the initiation of any improvements to City property and that the Palm Beach County Property Appraiser is notified upon the completion of any improvements to City property. Further, the City needs to ensure that all staff are aware of such requirements.

*Department directors have been directed to ensure all projects on city property go through the normal established procedures.*

---

---

**Summary of Investigations Completed**

**Case Number**

**2013-0005**

**West Palm Beach – Affordable Housing Advisory Committee**

The Mayor appointed members to the City’s Affordable Housing Advisory Committee even though Florida Statutes require that the appointments are to be made by the “governing board” of a municipality by “resolution. **Supported**

**Corrective Action:**

1. Since the Affordable Housing Advisory Committee is no longer active, implement a procedure to ensure that any new Committee appointments are done in accordance with law.

*The City disagreed and indicated that the City has a process in place “created by resolution of the City Commission that complies with state law.”*

**2013-0007**

**Delray Beach – Fire Rescue Union Pool Time**

The Fire Chief, after directing the misuse of Union Time Pool to cease, continued to allow City Firefighters belonging to the Union to misuse the Union Time Pool. **Not Supported**

**Corrective Actions:**

1. Although administrative procedures have been enacted regarding the use of Union Time Pool in accordance with the Collective Bargaining Agreement, a written policy should be implemented for those procedures.

*During the course of the OIG Investigation, Chief Connor implemented a written policy outlining the procedures for use and approval of Union Time Pool.*

2. Review the current methodologies for the verification and approval of Union Time Pool and determine whether additional safeguards are necessary.

*During the course of the OIG Investigation, Chief Connor advised that in addition to the process she implemented for the verification and approval of Union Time Pool, she has instituted an annual review of such hours and authorizations.*

---

---

**INVESTIGATIVE ACTIVITIES COMPLETED – OTHER JURISDICTIONS  
(October 1, 2012 thru September 30, 2013)**

**Summary of IG Notifications Completed**

**Case Number**

**2013-0003 Children’s Services Council – Competitive Procurement**

A complaint alleged that CSC failed to follow their own internal procedures and did not competitively procure a series of sole source contracts with a Consulting firm. The OIG review determined that at the time those contracts were entered into, the appropriate procedures were followed. It was also determined that not only were the procedures followed, the CEO took additional steps to ensure the consideration of other organizations in the contracting determination.

**Corrective Action:**

1. While CSC has implemented the Contract Request Form and legal review to their purchasing procedures, CSC should make these forms/procedures part of their written Purchasing Policies.

*CSC amended their Purchasing Policies to include the OIG’s recommendation.*

**2013-0001 Solid Waste Authority – Central County Transfer Station**

A Whistle-blower complaint was received regarding gross mismanagement of the Contract, resulting in monetary losses to SWA. The OIG review determined that although there were deficiencies by the original Contractor, those deficiencies were not attributed to gross mismanagement by SWA.

**Corrective Actions:**

1. Determine whether any additional safeguards are necessary to minimize financial losses when a contractor is unable to fulfill its contractual obligations.

*The OIG was advised that additional safeguards have been implemented.*

2. Continue to seek recoupment of all allowable costs.

*The OIG was advised that SWA is currently in the process of doing so.*

**Summary of Management Reviews Completed**

**Case Number**

**2012-0019 Solid Waste Authority – Waste Management, Inc. of Florida Hauling Services**

Waste Management, Inc. of Florida diverted trash belonging to the Solid Waste Authority, to its own facilities, resulting in estimated financial losses of \$1,120,905.36.

**Corrective Actions:**

**Waste Management, Inc. of Florida**

1. Ensure that all Drivers are aware of the proper dump locations for all types of waste collected in Palm Beach County.

*WMIF notified the OIG that as a result of the SWA audit, WMIF has taken extensive steps to insure [sic] that the issues that were discovered will not occur again.*

2. Ensure that written authorizations are obtained from the SWA prior to deviating from any previously designated dump locations. Additionally, ensure that Drivers are aware that written authorizations must be in place prior to any such deviation.

*WMIF has had meetings with the drivers to ensure they are reviewing their tickets daily for accurate disposal locations and if there is an error they bring it to management's attention for either approval or to have the ticket changed to reflect the proper disposal location. There are periodic updates of this training at the driver's safety meetings as well as through reinforcement from managers and supervisors. Finally all accounts have been reviewed to insure [sic] that the driver's ticket reflects the appropriate disposal site.*

**Solid Waste Authority**

1. Review the estimated revenue losses identified in the OIG Review and recoup any and all losses allowable.

*Pending.*

2. Review the 2,033 records identified by the OIG and ensure that SWA has been properly compensated by WMIF.

*SWA notified the OIG that it has located 1,493 of the 2,033 missing dump records.*

3. Develop and/or enhance a quality assurance process (e.g., exception reporting) that timely assists SWA in identifying abnormalities, such as the one in which initiated the audit and the OIG's subsequent Management Review.

*SWA has developed and implemented procedures to help identify problems in the future.*

**AUDIT ACTIVITIES COMPLETED - MUNICIPALITIES  
(October 1, 2012 thru September 30, 2013)**

**Summary of Audits Completed**

**Audit Report**

**2013-A-0001 OpenSky Public Safety Radio System**

We performed a comprehensive review of the acquisition and implementation of OpenSky going back ten years. We found weaknesses in planning, project management contracting, and accounting controls by the Municipal Public Safety Communications Consortium (MPSCC) We found that the MPSCC worked effectively with the vendor to get OpenSky operational in five municipalities. However, our independent survey of police officers also found that 69% reported problems with OpenSky that can impact officer and public safety. We also found that the MPSCC has not resolved the question of whether OpenSky can operate effectively in West Palm Beach, and more testing would be needed. Our report included 18 findings and 26 recommendations to improve the management and implementation of OpenSky. In addition, WPB has decided not to deploy OpenSky and is currently working through the MPSCC to pursue acquisition of a newer Harris Corporation P-25 digital radio communication system.

The audit resulted in Questioned Costs of \$253,863.

**Recommendations:**

1. The MPSCC should ensure that sufficient funding exists before proceeding with any procurement and especially before awarding a contract.

*Implemented*

2. The MPSCC and WPB management should work together to determine whether OpenSky can provide the most cost effective solution for WPB's non-public safety radio communication needs.

*Implemented*

3. WPB should work with the MPSCC to plan and schedule another System Reliability test utilizing the standard Harris equipment configuration.

*Implemented*

4. The MPSCC needs to ensure for future acquisitions or any expansion of the current OpenSky system, that all acceptance testing required by contract is completely and fully documented.

*Implemented*

5. For all future contracts MPSCC should ensure contract terms and conditions are sufficient to adequately protect public funds.

*Implemented*

## *Section D – Appendix 2*

---

6. When contract deliverables are changed during the execution of a contract, a contract amendment or change order must be issued and a determination made whether contract costs should be adjusted.

*Implemented*

7. The MPSCC must ensure that they receive adequate supporting documentation of all contract deliverables before contract payments are made.

*Implemented*

8. All MPSCC purchases made for additional OpenSky Hardware and/or Software should follow the terms of the contract with M/A-COM (Harris) and be purchased by a contract Change Order.

*Implemented*

9. The MPSCC should establish a process to document and evaluate all failed indoor test locations even those that exceed contract specifications to determine if they pose a significant officer and/or public safety risk that needs to be resolved. Officers should be periodically reminded to document and report locations where radio communication failures occur so that they can be recorded, mapped and evaluated to determine if additional fixes are needed.

*Implemented*

10. The MPSCC needs to focus on identifying the cause(s) and resolving the three major problem areas identified by users in this survey as dead spots, audio quality, and dropped calls. Additional system testing may be needed in these three municipalities to determine if additional radio infrastructure is needed to improve coverage.

*Implemented*

11. The MPSCC needs to implement a formal incident resolution system (help desk) to address any concerns raised by the users of OpenSky. This system should follow a standard set of technical systems guideline (such as ITIL<sup>12</sup>) to document and resolve all incidents and/or problems. This system should include mapping of any reported coverage problems to determine if certain locations or structures are chronic problem areas that need to be corrected.

*Pending*

12. Before deciding whether to proceed with deploying OpenSky in WPB, the MPSCC and WPB need to perform a full DAQ test with sufficient test points to identify all buildings that have a loss fact greater than 12dB and determine what level of signal strength is needed to penetrate those denser buildings.

*Implemented*

---

<sup>12</sup> ITIL® is the International Technology Infrastructure Library standards and guidelines for technology service management support.



## *Section D – Appendix 2*

---

13. If the MPSCC and WPB decide to move forward with OpenSky or another Harris system, a separate contract with Harris should be executed that includes specifications that meet WPB's more challenging infrastructure. The contract should also provide adequate protections for the MPSCC and WPB if system performance does not meet contract specifications.

*Implemented*

14. WPB should carefully consider each of their options. To assist in making the best decision, WPB should consider using an independent radio system consultant to thoroughly evaluate the City's needs, including their unique and more challenging infrastructure needs.

*Implemented*

15. WPB should have their radio Technical Team assess the timeframe left for replacing their current aging system so that can be factored into any decision on moving forward with any of their available options.

*Not Implemented*

16. The MPSCC should begin planning for system replacement and consider collecting additional funds from members to establish a separate reserve account to adequately fund future system replacement costs.

*Implemented*

17. We recommend that MPSCC arrange for an annual financial audit. The annual audit is an essential component to show MPSCC's accountability for contributions and expenditures according to the mission of the organization. The annual audit should be conducted by an independent audit firm and audit fees should be budgeted accordingly.

*Pending*

18. The MPSCC Board should also consider hiring professional accounting personnel or a competent third-party to manage MPSCC's accounting activities and prepare the annual financial statements. Structured and timely accounting should be established for the long-run to handle the substantial funds from/to various sources.

*Implemented*

19. There should be a Board agreement/policy concerning budget and budget-to-actual reviews, and the purpose and the use of operating reserves. This policy should define and set goals for reserve funds, describe authorization for use of reserves, and outline requirements for reporting and monitoring.

*Pending*

## *Section D – Appendix 2*

---

20. The MPSCC needs to establish a policy for fixed assets including the use of fixed asset tags.

*Implemented*

21. MPSCC needs to establish travel policies including types and amounts of allowable expenses.

*Implemented*

22. MPSCC should establish a document retention policy.

*Implemented*

23. The organization should have policies established for segregation of duties of key transactions. The person who records the transactions should not be the person who also verifies the delivery of goods. The duties of authorization, recording, custody, and reconciliation should be segregated.

*Pending*

24. The MPSCC should consider hiring administrative staff to ensure that all of the additional policies, procedures, and processes that need to be put in place are established timely and are consistently maintained and carried out going forward.

*Pending*

25. The governing board of MPSCC should ensure that all the activities are in compliance with internal control standards.

*Implemented*

26. Establish a countywide public safety radio communications committee to ensure coordination and compatibility between all organizations involved in implementation, support, and/or use of public safety radios.

*Implemented*

### **2013-A-0003 City of Palm Beach Gardens Audit of Purchasing Cards**

Overall, we found that the City's policies and procedures provide adequate control over the use of purchase cards (p-cards). Our test of transactions found that controls were in place and operating effectively. We did identify 57 p-card transactions totaling \$4,218 where we questioned the public purpose or public benefit. These primarily involved food provided for City employees at in-town meetings and other events. We also reported that the City could benefit from expanded use of p-cards for purchases currently paid by check.

The audit resulted in Questioned Costs of \$4,218 and Avoidable Costs of \$7,664.

**Recommendations:**

1. The City should continue to monitor compliance with its guidelines on food and beverage purchases, and avoid purchases of items that do not have a clear public purpose or public benefit. Department supervisors should not plan or approve such expenditures.

*Implemented*

2. The City should review its purchase orders and contracts for opportunities to use the p-card as the method of payment, and consider stipulating the p-card payment method as an additional item to consider in contract negotiation. The City would need to ensure that adequate controls are in place prior to engaging in the use of the p-card for the significantly higher transaction values that may be involved.

*Implemented*

**2013-A-0005 City of Boca Raton-Purchasing Cards**

We found that the City's policies and procedures provide adequate control over the use of purchase cards (p-cards) and those controls were effectively carried out. We did identify 95 transactions totaling \$15,882 where we questioned the public purpose or public benefit. These mostly involved food purchased for in-town employee meetings and events and \$4,500 to sponsor a Chamber of Commerce breakfast meeting. We also identified eight of fifty transactions that were paid without adequate documentation and one transaction totaling \$5,739 that was split into multiple transactions thereby circumventing the cardholders maximum purchase limit.

The audit resulted in Questioned Costs of \$15,882 and Avoidable Costs of \$44,709.

**Recommendations:**

1. The City should establish specific policies concerning allowable and unallowable expenditures involving food related items for City employees.

*Implemented*

2. Management should remind cardholders and p-card coordinators of the requirement for submission of sales receipts, including itemized receipts, to support all p-card expenditures.

*Pending*

3. Cardholders should be reminded that p-card guidelines prohibit transaction splitting and coordinators should be reminded to look for patterns of transaction splitting.

*Pending*

**2013-A-0006 City of South Bay-Cash Disbursements**

On December 13, 2012, three City of South Bay (“City”) Commissioners were charged with a “Sunshine Law” violation and the City Manager was charged with grand theft in connection with his allegedly improper vacation leave payout of \$25,139. The Governor suspended the City Commissioners and the City Manager went on paid administrative leave. Based on these events, on January 8, 2013, the OIG initiated an audit of the financial operations of the City.

Due to the serious nature of the conditions we found, we issued this as the first of two reports on City operations. Overall we found internal controls were seriously deficient, leaving cash and other assets highly vulnerable to fraud, waste, and abuse. We questioned \$306,377 in expenditures and referred several questionable transactions to the State Attorney’s Office for further investigation. We made 23 recommendations to strengthen the serious control weaknesses identified in our report.

We identified Questioned Costs of \$306,377 and Avoidable Costs of \$862,473.

**Recommendations:**

1. The City Manager should work with the commission to establish a standard format for regular financial reporting as part of the regular Commission meeting agenda. This should include detailed information on the use of City funds including monthly expenditures.

*Implemented*

2. The City Manager should ensure that all purchases, including those requiring contracts, be submitted for Commission approval as required by City Ordinance Section 2-260. To ensure the continuity and timeliness of executing City payments, the City Manager may need to consider requesting an amendment to the Ordinance to require pre-approval only for expenditures above a specified dollar threshold. All purchases below the established threshold should be detailed and presented monthly for Commission review.

*Implemented*

3. The City Manager should establish policies and procedures for Commission approval that provide for reporting matters to the Office of Inspector General as required by the Inspector General Ordinance. Once approved, the City Manager should ensure that all employees are made aware of those procedures.

*Implemented*

4. The City Manager should establish a policy with Commission approval that identifies allowable and unallowable expenditures including prohibiting those types of expenditures that do not have a clear public purpose or public benefit.

*Implemented*

5. The City Manager needs to establish a set of comprehensive policies and procedures that establish appropriate financial controls including proper

## *Section D – Appendix 2*

---

segregation of duties that ensures one individual does not perform two or more incompatible duties.

*Implemented*

6. The City Manager should issue a policy prohibiting the processing of check requests without proper approval and adequate documentation to support the payment. The policy should specify the type of documentation required.

*Implemented*

7. The City Manager should establish a comprehensive set of policies and procedures for issuance and control of credit cards as well as a process for review and approval of credit card transactions.

*Implemented*

8. The City Manager should ensure that all credit card charges are authorized, reviewed, have adequate supporting documentation, and are for a valid public purpose.

*Implemented*

9. The City Manager should take immediate action to deactivate the credit card issued in the name of the former City Clerk.

*Implemented*

10. The City Manager should determine the optimal credit card solution such as use of purchase cards (“p-card”), credit cards should be issued to individual employees based on their job requirements; a credit card should not be shared between employees.

*Implemented*

11. The City Manager, in consultation with the City Attorney, should determine the collection procedures to follow concerning the \$2,465 and any other unpaid reimbursement due to the City by the former City Manager.

*Pending*

12. The City Manager should develop contract procurement policies and procedures consistent with the City Ordinance.

*Implemented*

13. The City Manager should ensure that all contracts are approved by the Commission.

*Implemented*

14. The City Manager should ensure the involvement of the responsible department head to monitor contract performance and to verify work performed prior to

## *Section D – Appendix 2*

---

payment of invoices.

*Implemented*

15. The City Manager should seek reimbursement from the youth summer program contractor for overcharges.

*Pending*

16. The City Manager should evaluate the contract and ensure that the credit of \$10,000 previously paid to the Commerce Center contractor is credited to the amount due under the new contract. The work should be closely monitored for compliance with the terms of the contract.

*Implemented*

17. The City Manager should ensure that the Finance Director provides financial reports to the Commission at the regular Commission meetings.

*Implemented*

18. The City Manager should ensure that the Finance Department only approves expenditures authorized by the Commission.

*Implemented*

19. The City Manager should ensure that the Finance Director establishes appropriate financial internal controls to address the weaknesses detailed in this report and exercise appropriate oversight to ensure that they are enforced.

*Implemented*

20. The Finance Director should report any questionable City financial activities that are proposed or executed by City personnel or others to the Commission and appropriate authorities.

*Implemented*

21. Given the issues noted in this audit, the duties of the Finance Director and Treasurer should be segregated.

*Implemented*

22. The City Manager should ensure that action is taken to correct the numerous deficiencies identified in the basic operations of the Finance Department including:

- a) prohibiting any form of a loan to a Commissioner or employee and immediately collect any that are outstanding;
- b) reviewing and approving all IT purchases and maintaining an accurate list of IT equipment for control purposes;

## Section D – Appendix 2

- c) ensuring that Florida state sales tax is not paid and requesting reimbursement for any erroneous payments;
- d) ensuring complete and accurate income tax is withheld from employee compensation according to federal regulations;
- e) updating bank signature cards on file with the bank to reflect current authorized employees only;
- f) completing bank reconciliations for all bank accounts on a timely basis;
- g) calculating the taxable benefits provided to certain employees and including the benefits in the employee's income for tax reporting purposes;
- h) ensuring that the lowest cost alternative is used for maintenance and repair of city vehicles;
- i) confirming the adequacy of coverage with the fidelity bond insurance company;
- j) establishing a cash travel advance process to cover travel for City Commissioners and City staff; and,
- k) ensuring the accuracy of the City's audited financial statements

*Implemented*

23. The City Manager should review the justification for assigned take home vehicles.

*Implemented*

### **AUDIT ACTIVITIES COMPLETED – OTHER JURISDICTIONS (October 1, 2012 thru September 30, 2013)**

#### **Summary of Audits Completed**

##### **Audit Report**

##### **2013-A-0002 Solid Waste Authority-Republic Source Separated Recovered Material**

The Solid Waste Authority (SWA) Managing Director contacted the Office of Inspector General (OIG) on May 16, 2012, stating that during a routine field audit they became aware that some waste which Republic Services, Inc. (Republic) was contractually required to deliver to a SWA Disposal Facility in Palm Beach County was instead being delivered to EnviroCycle (EC) in Broward County, a subsidiary of Republic.

The OIG performed an audit of Republic and EC's records in order to determine the total amount (tons) of materials delivered to EC and the associated lost revenue based on SWA's \$42 per ton tipping fee.

The audit resulted in Identified Costs of \$121,170 and Avoidable Costs of \$305,098.

## Section D – Appendix 2

---

### **Recommendations:**

1. Request Republic reimburse the SWA for lost tipping fee revenue. The Tipping Fee for fiscal years 2011 and 2012 was \$42 per ton. It was determined that 2,662.17 tons of materials were delivered to EC in Broward County, a subsidiary of Republic. Total identified costs are \$111,811.14.

*Implemented*

2. We recommend that the SWA require Republic to notify each customer in writing the reason they were overcharged and provide them the option of a refund or credit for the amount due. In addition, Republic should provide copies of the notification and support document proving the customer received their refund/credit.

*Implemented*

3. We recommend that SWA management implement additional procedures including linking new decal numbers with prior decal numbers to enhance their ability to proactively identify future possible diversion of waste.

*Implemented*

### **2013-A-0004 HCD - Eligibility Determination**

Based on a complaint received through the Office of Inspector General's (OIG) hotline regarding the potential ineligibility of a Coordinated Care Program (CCP) member, we initiated an audit to review the Health Care District's (HCD) policy and procedures for approval of applications for participation in the CCP.

### **Recommendations:**

1. Develop guidelines for the member file audit process. This should include sampling methodology that provides for a sample size commensurate with the universe of members and targets high risk members such as those with out of county addresses and dependents. Audit results should be documented in such a way to be useful as a teaching and training tool.

*Implemented*

2. The HCD should perform an analysis to determine if it would be cost-effective to obtain Accurant, or similar tool. If Accurant proves to be cost beneficial, the HCD should expand the Membership Auditor's responsibility to include the use of Accurant, or similar tool, as a means to confirm possible unreported assets, social security numbers, and probable out of county residential addresses.

*Implemented*



## Section D – Appendix 2

---

3. Develop an ongoing fraud awareness education program for the eligibility staff. This would help staff to identify red flags for potential fraud and where additional validation would be beneficial as a cost saving measure. This education should also be extended to collaborating agencies as they are an access point to the CCP.

*Implemented*

### Summary of Notification Letters Completed

#### Project Number

OA-13-0001

#### Children’s Service Council Agency Reviews

We performed a review to evaluate whether Children’s Services Council, (CSC) provider agency expenditures were adequately supported and appropriate and whether agencies complied with selected requirements within CSC agency agreements. We noted certain operational matters that were discussed with CSC. The observations and recommendations are intended to improve operations and clarify certain requirements within the CSC agency agreements.

The operational matters noted in the notification letter resulted in Identified Cost of \$1,300; Questioned Costs of \$1,020 and Avoidable Costs of \$3,928.

*Section D – Appendix 2*

**OFFICE OF INSPECTOR GENERAL – AUDIT PLAN  
(October 1, 2013 thru September 30, 2014)**

AUDIT ENTITY	FY14 Hours Plan	Total	Comments
<b>Carryover Audits FYE 2013</b>			
South Bay-Phase 2	240		Receipts/Fixed Assets/HR
Briny Breezes	100		Operational controls
<b>Total Carryover Audits</b>		340	
<b>Planned Audits</b>			
CSC	500		Scope TBD
SWA (East Central Regional Waste Treatment Facility)	500		SWA contracts with the ECR
PBC ISS - Security	700		
Belle Glade (Cash Disbursements)	500		Credit cards, checks
Riviera Beach (Cash Disbursements)	500		Purchase cards, checks
Boynton Beach	500		Utilities billing and collection
Lake Park- Public Works	450		Operational controls
Delray Beach- Purchase Cards	450		
Public Service Gas Tax - County	150		Request from OFMB
Public Service Gas Tax - Municipalities	500		Revenue compliance in selected municipalities
IG/Management Requests	1,100		TBD through Investigations or entity requests
<b>Total Planned Audits</b>		5,850	
<b>Follow Up Audits</b>			
Follow up Audit - South Bay (Cash Disbursements)	160		Original report issued 5/13/13
Palm Tran	100		Original report issued 12/30/11
<b>Total Follow Up Audits</b>		260	
<b>Other Audit Activities</b>			
Quality Control & Assurance Implementation & Review	185		
Risk Assessment FY2014/15	300		
Strategic Plan - 2013/14	85		
Audit Recommendations: Status/Follow-up	80		
Operational Improvement Projects	100		
<b>Total Other Audit Activities</b>		750	
<b>Total Hours - Audit Work</b>		<b>7,200</b>	

---

---

**CONTRACT OVERSIGHT REPORTS COMPLETED – COUNTY DEPARTMENTS  
(October 1, 2012 thru September 30, 2013)**

**Summary of Observations Completed**

Observations do not have recommendations

**COU Report**

**2013-O-0002 Palm Beach County – Contract Review Committee**

The County has an established committee to review and approve/reject additional services against Professional Services Agreements or contracts, and change order and construction change directive requests against construction contracts. The committee uncovered two issues that if not adequately addressed could have resulted in violations of the State of Florida Consultant’s Competitive Negotiation Act (CCNA). To their credit, the committee rejected a proposed consultant services authorization.

**Summary of Notifications Completed**

**COU Report**

**2013-N-0001 Palm Beach County – Countywide Public Safety 800 MHz Radio System**

An OIG staff reviewed documentation relating to the County’s approval of sole source procurement from Motorola Solutions, Inc. for renewal replacement of Master Site Equipment for the County’s Countywide Public Safety 800 MHz Radio System. OIG staff determined that the County staff’s delay in planning for the radio system’s end of support issues resulted in the immediate need to replace a significant component of the system without the benefit of a comprehensive analysis of the fiscal, operational, and functional impact of all viable renewal replacement strategies.

**Recommendation:**

1. The County should refrain from expending additional funds for the radio system (beyond the Master Site Equipment procurement), except to address life, health, or safety related necessities, until a comprehensive analysis of fiscal, operational, and functional impact of all renewal replacement strategies is conducted.

*Pending*

---

---

**CONTRACT OVERSIGHT REPORTS COMPLETED – MUNICIPALITIES  
(October 1, 2012 thru September 30, 2013)**

**Summary of Observations Completed**

Observations do not have recommendations

**COU Report**

**2013-O-0001 Town of Palm Beach – Telemetry System Improvements**

In response to a fiscal year 2012 OIG Notification, the Town rejected all bids for the original solicitation and issued an updated Request for Proposal wherein the “Scope of Services” contained comprehensive performance level specifications. The revised Scope of Services complied with the Town’s Purchasing Policy and Procedures Manual. In so doing, the Town safeguarded the integrity of the procurement process which increases vendor confidence, facilitates economic and equitable procurement, and maximizes the purchasing value of public funds.

**Summary of Notifications Completed**

**COU Report**

**2013-N-0004 City of Delray Beach – Beach Cleaning, Maintenance, and Beautification Services**

In response to a complaint, the OIG reviewed the City’s competitive sealed bid solicitation for Beach Cleaning, Maintenance, and Beautification Services. According to the complaint, the City awarded the contract to the incumbent vendor who was not the lowest bidder. The OIG found that the City issued a “hybrid” solicitation, using a combination of standard Invitation to Bid and Request for Proposal processes. As a result, the award – which went to the second lowest bidder – resulted in Questioned Costs of \$37,896 and Avoidable Costs of \$103,286. Additionally, the OIG identified the following concerns: (1) bid protest language lacked clarity; (2) contract award factors lacked specificity; (3) evaluation factors did not have weights or points; and, (4) City staff failed to follow Invitation to Bid evaluation instructions.

**Recommendations:**

The City should develop and issue solicitation documents consistent with the following elements:

1. **Protest Language** – Include specific language describing and naming the posting document as the instrument initiating the start of the protest period.

*Implemented*

2. **Award of Contract** – Determine the factors on which contract award is to be based, with sealed bids contingent on bidder responsibility, responsiveness, and **lowest price**; and proposals based on **evaluative factors** including price. Clearly state the awarding factors and method in the solicitation document.

## Section D – Appendix 3

*Implemented*

3. **Evaluation Factors** – Include evaluation factors, and sub-factors, weights and points.

*Implemented*

4. When procuring goods and services the City should adhere to its established steps and procedures within the solicitation document and ensure staff/evaluation committee members follow these steps.

*Implemented*

### **2013-N-0006 Village of Palm Springs – Utility Department Sewer and Water Piggyback Contracts**

The OIG received an inquiry from the Village concerning their use of piggyback contracts for construction contracts. Because the piggyback contracting method for construction projects is unusual, the OIG reviewed the Village’s Code of Ordinances in conjunction with established policies/procedures and sound procurement practices. The OIG determined that neither the Village Code of Ordinances nor sound procurement practices support the use of piggyback contracts for construction projects.

#### **Recommendation:**

1. The Village should review its construction project procurement practices to ensure compliance with its established procurement regulations.

*Implemented*

## **CONTRACT OVERSIGHT REPORTS COMPLETED – OTHER JURISDICTIONS (October 1, 2012 thru September 30, 2013)**

### **Summary of Observations Completed**

*Observations do not have recommendations*

#### **COU Report**

### **2013-O-0004 Children’s Services Council – Rating Tool and Process Meeting**

Inspector General staff reviewed CSC’s RFQ #13-005 Rating Tool and Process Meeting and determined it was instructive and contained elements consistent with current procurement practices identified in the State of Florida, Department of Management Services, and “Guidebook to Public Procurement”. By requiring selection team members to attend a pre-selection training meeting, the CSC has an internal process that assists in safeguarding the integrity of the procurement process. The Rating Tool and Process Meeting is one approach used by CSC to promote fair and open competition when awarding contracts.

### **2013-O-0003 Solid Waste Authority – Solid Waste and Recycling Franchise Agreement Invitation to Bid No. 14-201/SLB**

The Solid Waste Authority (SWA) staff reviewed the previous solicitation document and franchise agreements to evaluate their effectiveness and maximization of economic and

## Section D – Appendix 3

equitable capacity. The review resulted in three significant changes: (1) reduction in the number of service areas from eleven to five; (2) establishment of a fixed commercial collection rate at \$3.25 per cubic yard; and, (3) piggybacking off an existing contract with the City of South Bay. These changes, without affecting the level of service, result in an estimated \$10 million **savings** for residential customers and an estimated **increase** for commercial customers of \$473,000 in the first fiscal year.

### Summary of Notifications Completed

#### COU Report

#### **2013-N-0003 Children’s Services Council – Contract Monitoring of Continuous Improvement Initiative**

An OIG review of the CSC’s monitoring of the Continuous Improvement Initiative (CII) agreement with the United Way of Palm Beach County revealed that the CSC’s procedures on the operation and administration of the CII program lack detail, including detail regarding quality control, and there was no formal documented monitoring of the CII contract with United Way of Palm Beach County.

#### **Recommendation:**

1. The CSC should develop and implement a documented procedure to ensure quality control and monitoring of the CII. Procedures should include, but not necessarily be limited to, activities for: (1) fiscal agent reporting requirements; (2) application review and approval process; (3) funding categories and limitations; (4) grantee program completion reports; and, (5) contract monitoring that provides a reasonable assurance of programmatic and fiscal compliance.

*Implemented*

#### **2013-N-0005 Solid Waste Authority – Waste-to-Energy Facility Labor Hour Review**

OIG staff reviewed the skilled and unskilled labor hour information, and the local and non-local residency documentation provided by the contractor, KBR Construction Company. Our review encompassed the period of April 2011 through December 2012 and determined that KBR complied with the contract requirement to ensure seventy percent (70%) of total unskilled workforce man-hours and twenty percent (20%) of total skilled workforce man-hours go to residents of Palm Beach County. We also determined that KBR’s proof of residency documentation supporting local labor hours was lacking and their electronic workbook documentation contained inaccurate information.

#### **Recommendations:**

#### **Solid Waste Authority**

1. Assign a staff member to periodically review the supporting documentation collected and organized by KBR Construction Company in support of the “Local Hire” statistics being reported in their Monthly Progress Report.

*Implemented*

## Section D – Appendix 3

---

### **KBR Construction Company**

1. Develop and implement a standardized reporting template.

*Implemented*

2. Maintain proofs of residency documentation in a clear and concise manner that supports the local workforce hours being reported to the SWA.

*Implemented*

3. Maintain separate comprehensive workbooks for each month, supporting the monthly “Local Hire” statistics report.

*Implemented*

### **2013-N-0002 Health Care District – Trauma Surgical Contracts**

An OIG review of the District’s fiscal year 2011 contracts for trauma surgery groups revealed that aggregate compensation (including per diem rates), exceeded fair market value by \$1.36 million, or 42%. The District’s policy requires the use of a fair market value survey, or other documentation, to support per diem rates when developing physician employment arrangements. OIG staff was informed that rates for trauma surgery had been in effect since 2009 and that no documentation was available to support the development of the per diem rates.

#### **Recommendation:**

1. To ensure the District is maximizing the economic benefit of contracts, the determination of per diem reimbursement rates should be based on established procedures which require the use of available data (Fair Market Value surveys) when developing new, or renewed contracts.

*Implemented*

**Note:** On April 26, 2013 the OIG issued a letter addressed to the Executive Director of Palm Tran wherein the OIG made two recommendations relating to their contracts for the bus stop bench and bus stop shelter construction, installation, maintenance and advertising services. Palm Tran implemented the recommendations.



A copy of this report (Annual Report 2013) has been made available for public inspection at the Office of Inspector General, at County and municipal libraries, and is posted on the Office of Inspector General, Palm Beach County website at [www.pbcgov.com/OIG](http://www.pbcgov.com/OIG). If you need any assistance relative to this report, please contact our office at 561-233-2350.

## **REPORT FRAUD, WASTE, OR ABUSE**

To report alleged fraud, waste, abuse, mismanagement, or misconduct relative to county or municipal government, Children's Services Council, or Solid Waste Authority, use one of the following methods:

- Complete complaint form on web site at [www.pbcgov.com/OIG](http://www.pbcgov.com/OIG) and send to [Inspector@pbcgov.org](mailto:Inspector@pbcgov.org)
- Write to Office of Inspector General, Palm Beach County, P.O. Box 16568, West Palm Beach, Florida 33416
- Call the Office of Inspector General HOTLINE at: (877) 283-7068