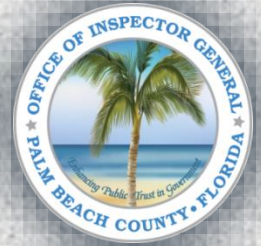




SIX MONTH STATUS REPORT

October 1, 2017 – March 31, 2018

John A. Carey, Inspector General



OUTLINE

- **MISSION/APPROACH**
- **INTRODUCTION OF NEW OIG TEAMMATES**
- **OIG ACTIVITIES** (Oct 1, 2017 – Mar 31, 2018)
- **BUDGET, STAFFING, & PERSONNEL**
- **PLANS, OBJECTIVES, & INITIATIVES**
- **SUMMARY OF MAJOR ACCOMPLISHMENTS**

OIG MISSION

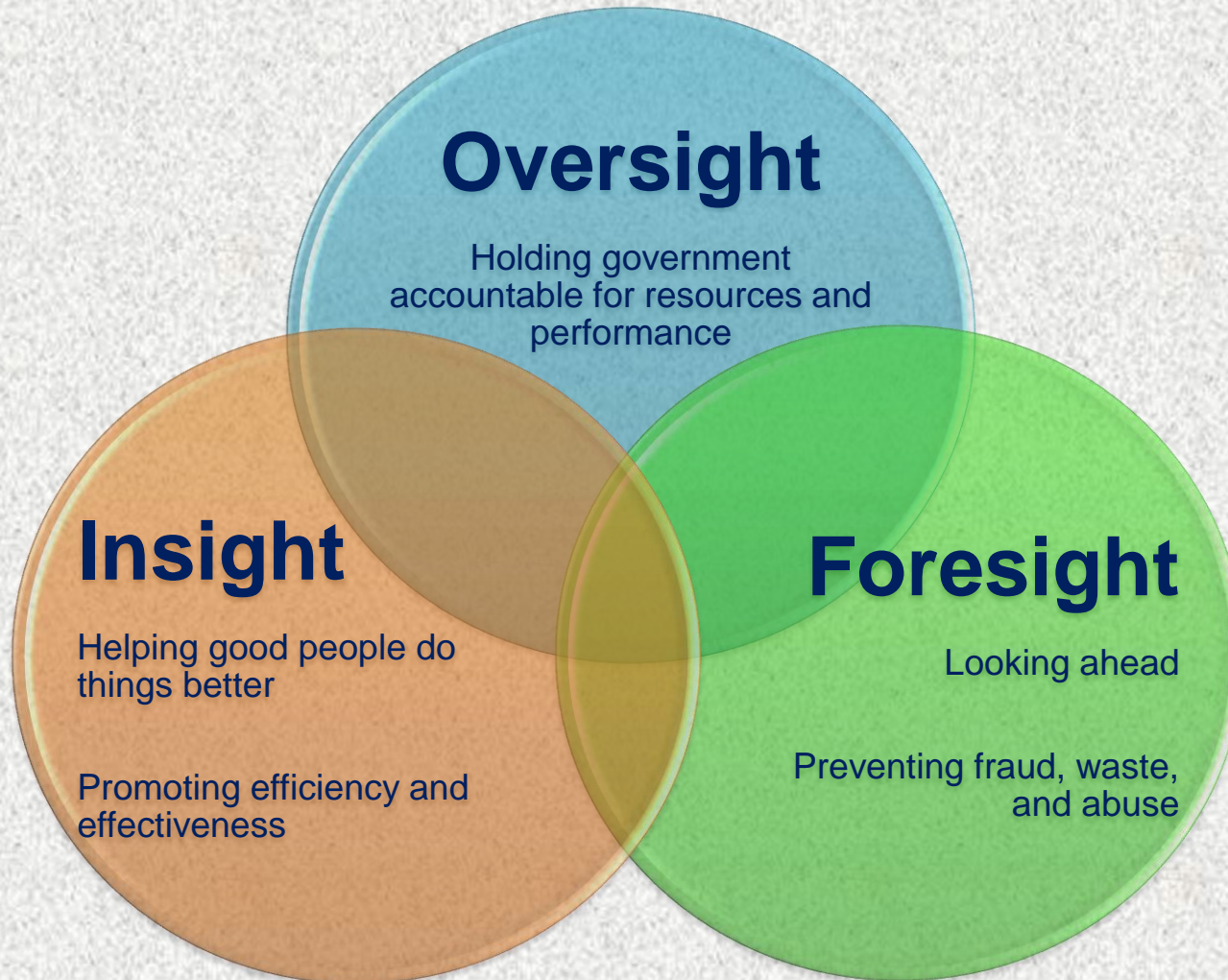


- **Our mission is to provide independent and objective insight, oversight, and foresight in promoting integrity, efficiency, and overall effectiveness in government.**
- **Ultimately, enhancing public trust in government.**

MAKING GOOD GOVERNMENT BETTER



OUR OIG APPROACH



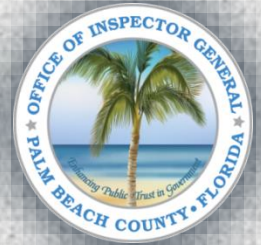


NEW OIG TEAMMATES

- **Liz Gerecs**
Investigator
- **Phil Johnsey**
Auditor
- **Teresa Michael**
Investigator



INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Office of Inspector General Activities Related to:

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

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Intake and Investigations Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



Intake Activities

Current 6 Months

270	Number of calls to the Office & Hotline
125	Written Correspondences received of which: 71% were complaints of wrongdoing
9	Correspondences led to the initiation of 3 Investigations and 4 were referred to OIG Contract Oversight and 2 referred to OIG Audit Division
24	Public Records Requests

Previous 6 Months

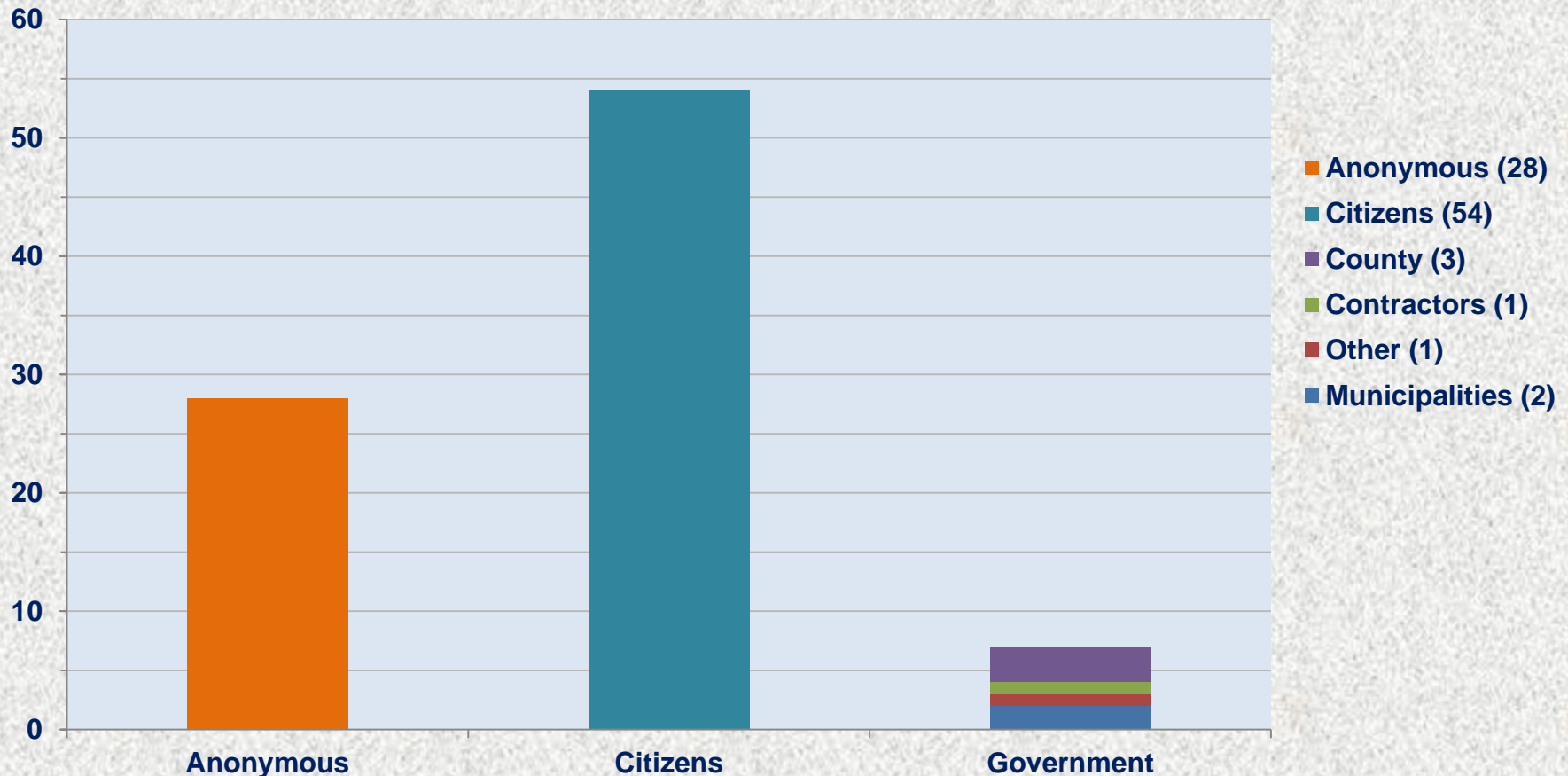
312	Number of calls to the Office & Hotline
104	Written Correspondences received of which: 63% were complaints of wrongdoing
4	Correspondences led to the initiation of 2 investigations and 2 were referred to OIG Contract Oversight
9	Public Records Requests

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017– March 30, 2018

Complaint Reporting Sources – 89 Complaints from the 125 Correspondences



INSPECTOR GENERAL'S SIX MONTH REPORT

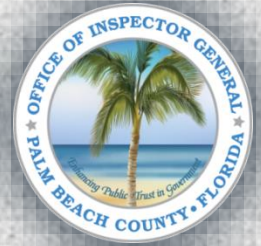


October 1, 2017 – March 31, 2018

Investigative Activities

	Current 6 Months	Previous 6 Months
On-going Investigations or Investigative Reviews	12	13
Cases Initiated by OIG – referred to Law Enforcement or PCU for Criminal Investigation and/or Prosecution	1	0
Issued Reports	1	2
Recommendations Made/Accepted	5/5	9/0
Questioned Costs and Potential Cost Savings	\$0	\$130,774

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Report 2017-0007 – PBC Riverbend Caretaker

FINDINGS: The Parks Coordinator -

- Utilized his county-issued computer and email account to conduct outside employment activity while on county time.
- Directed staff to maintain the caretaker residence where he would reside.
- Utilized his county owned vehicle and a county generator for personal use.



RECOMMENDATIONS:

- Take personnel action.
- Improve internal controls through creation / implementation of log or tracking systems for fuel and equipment.

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Contract Oversight Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight

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

- **Current Number of Contracts Monitored: 131**
- **Current Contract Value Monitored: \$295.3 M**
- **Number of Procurement Meetings Attended: 80**

INSPECTOR GENERAL'S SIX MONTH REPORT

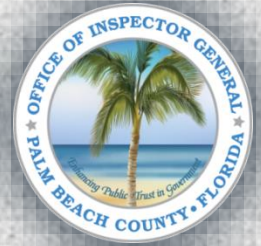


October 1, 2017 – March 31, 2018

Contract Oversight

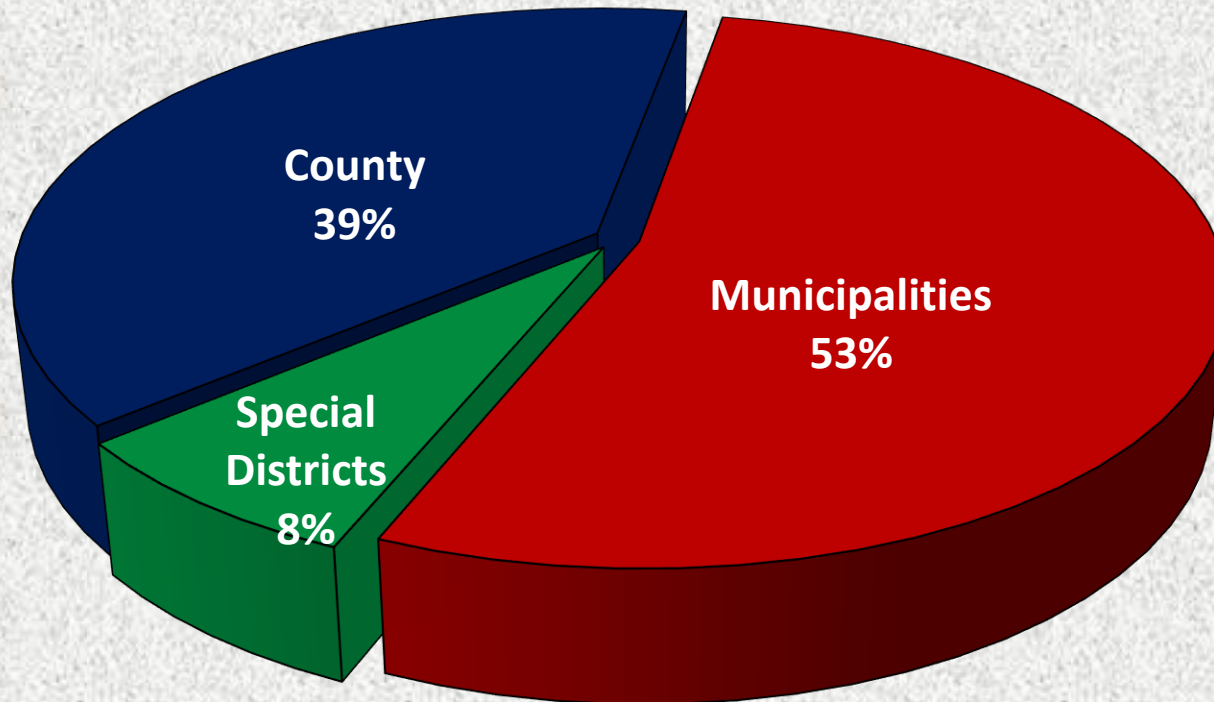
	Current 6 Months	Previous 6 Months
Issued Reports	2	2
Recommendations Made	3	3
Recommendations Accepted	3	0
Questioned Costs and Potential Cost Savings	\$0	\$6,437
Issued Tips and Trends	1	2

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Contract Oversight Division Monitored Activities



INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Report CA-2017-0100 City of Boynton Beach - Municipality Contract Monitoring Follow Up

FINDINGS:

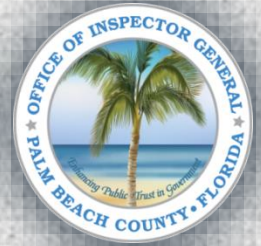
- No documented policy or procedure for contract monitoring.
- No written policy or procedure about the manner in which contract files are maintained.
- No citywide contract risk assessment tool being used.
- Staff resources available for contract monitoring are not focused in an efficient and effective manner.



RECOMMENDATIONS:

- Implement a citywide contract monitoring policy/procedure.
- Address in a policy or procedure a uniform method by which contract files are maintained.
- Develop and implement a contract monitoring risk assessment tool.

INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Report CA-2018-0034 City of Delray Beach Lifeguard Towers

ALLEGATIONS:

Complaint that the City's award of a Request For Proposal (RFP) was improper and unfair:

- **There was only one bidder.**
- **The City did not confirm the vendor's qualifications.**
- **The specifications limited competition.**
- **The vendor qualifications were too restrictive.**
- **The price was higher than other public purchases of similar items.**



OUTCOME:

- **The City followed its purchasing ordinance and policies.**
- **The City provided reasonable justification for the decisions and actions taken to award the contract.**

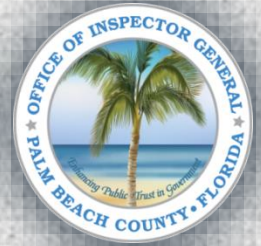
INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Audit Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2017 – March 31, 2018

Audit Activities

**Current 6
Months**

**Previous 6
Months**

Issued Reports	5	1
Recommendations Made	49	13
Recommendations Accepted	49	13
Questioned Costs and Potential Cost Savings	\$8,836,255	\$10,730,999
Referrals	3	0
Issued Tips and Trends	1	0
Completed Projects (no report)	3	0

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2018-A-0001 – City of Lake Worth - Water Utility Services

FINDINGS:

- Significant control weaknesses.
- Lack of written policies and procedures.
- Inconsistent application of policies, procedures, and guidelines.
- Inter-fund loan completed without initial authorization.

Questioned Costs
\$7,174,036

Identified Costs
\$36,151

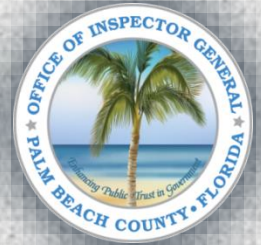
Avoidable Costs
\$1,526,104



Corrective Actions Taken:

- Updated applicable resolutions, policies, procedures, and manuals.
- Developed new policies and procedures.
- Provided additional training to staff.

INSPECTOR GENERAL'S SIX MONTH REPORT



**2018-A-0002 Palm Beach County (PBC) Facilities Development and Operations (FDO)
Contracts and Vendors Audit**



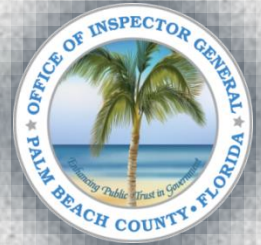
FINDINGS: None.

- **Based on our initial review, we believe that the controls surrounding the FDO processes appear to be generally adequate.**
- **Based on our initial review and to avoid duplication of efforts with the County's Internal Audit Department, we closed the audit.**

Suggestions for Management Consideration:

- **Single standard Material Requisition form for all regions.**
- **Enhance coordination with procurement to ensure contract terms are feasible for operations.**
- **Develop checklists for contractual requirements and documentation required for invoice approval.**

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2018-A-0003 – Town of Manalapan - Water Utility Department

FINDINGS:



- **Control Weaknesses.**
- **Lack of backflow prevention device inspection certificates.**
- **Incorrect assessment of late fees and uncollected late fees.**
- **Improper water meter readings.**
- **Lack of process for uncollectible accounts receivable.**
- **Lack of written policies and procedures.**

**Questioned Costs
\$33,212**

**Avoidable Costs
\$29,583**

Corrective Actions Taken:

- **Updated or developed applicable resolutions, policies, and procedures.**
- **Use actual water meter readings for billing.**
- **Wrote off uncollectible accounts receivable.**
- **Provided additional training to staff.**

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2018-A-0004 – Town of Cloud Lake - Revenue

FINDINGS:

- **Generally adequate controls.**
- **Lost potential interest revenue.**
- **Lack of supporting documentation for revenue.**
- **Lack of validation for sales tax payments by lessee.**

**Questioned Costs
\$18,479**

**Avoidable Costs
\$18,690**

Corrective Actions Taken:

- **Obtained qualified public depository with higher interest rate.**
- **Requested supporting documentation from the lessee.**
- **Evaluating the lease terms for a lease amendment.**



INSPECTOR GENERAL'S SIX MONTH REPORT



2018-A-0005 Economic Incentive / Development Program Survey



FINDINGS: None.

- 30% (12 of 40) of the entities surveyed either issued funds or received grant funds.
- 20% (8 of 40) issued a total of 25 individual grants or agreements in FY 2017.
- 42% (5 of 12) had either an external or internal audit conducted for those programs, agreements, or grants.

Suggestions:

- Entities ensure they adequately and properly monitor and oversee the program, agreements, or grants.
- Entities benchmark their grant fund programs to best practices and other entities' programs.

INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2018 – current

Significant Recent Reports Published After the Reporting Period

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Report 2016-0005 Department of Housing & Economic Sustainability

ALLEGATIONS: Eleven (11) allegations regarding the awarding of grants, violations of laws and ordinances, and other improprieties.
Nine (9) allegations not supported; two (2) supported.

FINDINGS:

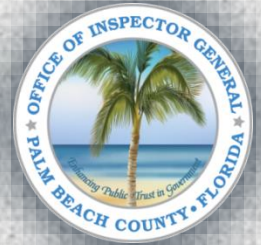
- DES issued Dakota Abacoa Housing a letter finding it in compliance with the terms of its participation in the Impact Fee Assistance Program despite Dakota not being in compliance.
- DES was not in compliance with the PB County Affordable Housing Ordinance by not filling any seats on the Commission on Affordable Housing.

RECOMMENDATIONS:

- Create one clear, specific set of guidelines.
- Take actions to fill Commission seats.



INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2018-A-0006 WB – Palm Beach County Water Utility Department System Efficiency Credit

FINDINGS:

- Lack of proper approval and authorization.
- A written instrument signed by both parties was not completed, in order to modify the agreement.
- Reduced the capacity reservation fee to recipient from \$2,089,000 to \$1,506,554.
- The credit was not recorded in the accounting records; revenue was understated.



**Questioned
Costs
\$582,446**

Corrective Actions Taken:

- Seeking an amendment approved by the Board of County Commissioners.
- Review and complying with contract terms, policies, and procedures for credits.
- Adjusting the accounting records.

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2018-A-0007 – Palm Beach Gardens Economic Incentive / Development Program

FINDINGS:

- **Generally adequate controls.**
- **Lack of written policies and procedures.**
- **Inconsistent process for review and approval of activities and funds.**
- **Inconsistent monitoring.**



Corrective Actions Taken:

- **Developing and implementing written policies and procedures.**
- **Training staff on new policies and procedures.**

INSPECTOR GENERAL'S SIX MONTH REPORT



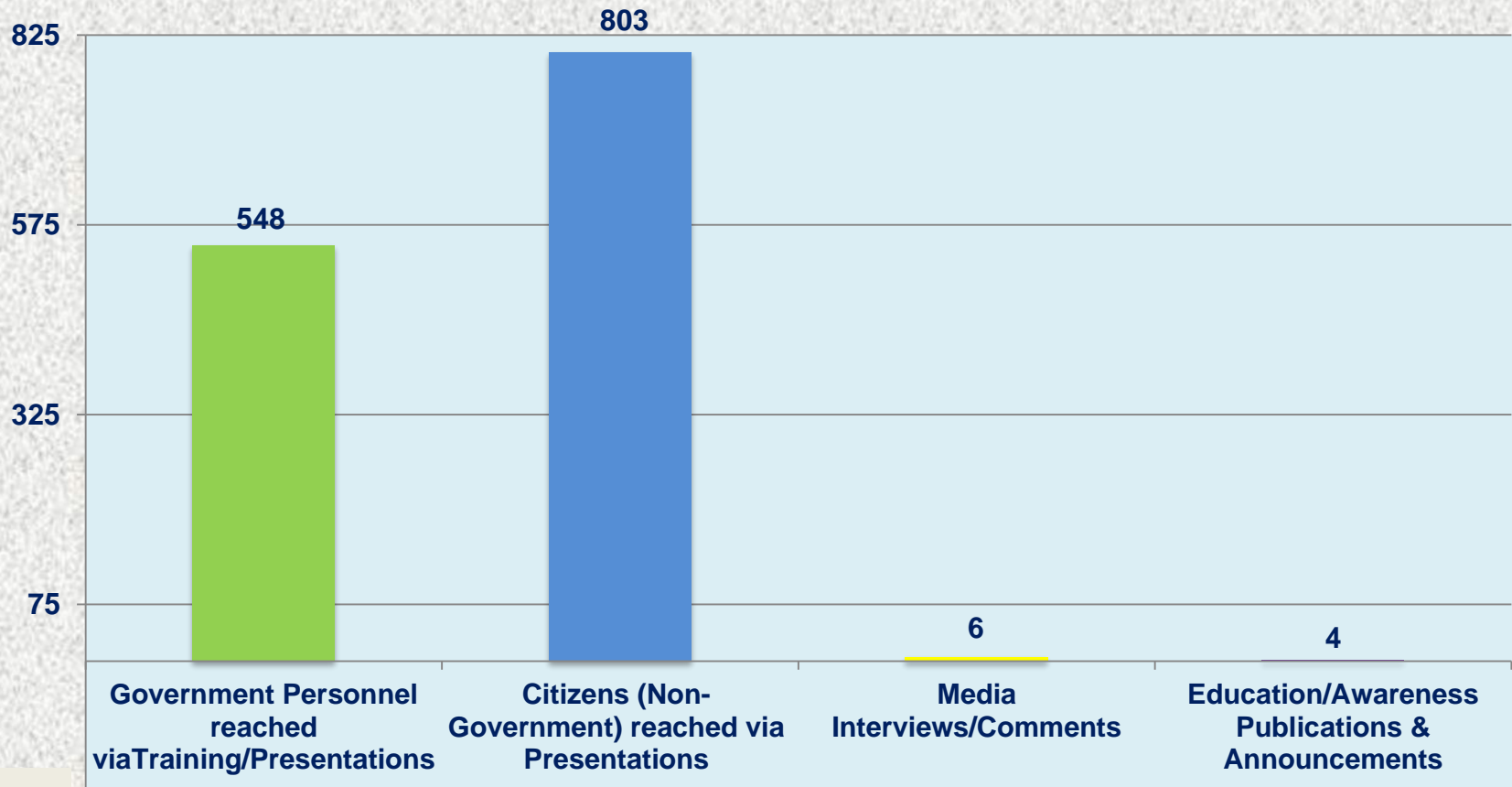
October 1, 2017 – March 31, 2018

Training and Outreach

TRAINING AND OUTREACH



An ounce of outreach is worth a pound of enforcement.





TRAINING AND OUTREACH

Education/Awareness Publications, Announcements, and Activities



OIG
Tips and Trends

PB County Internal
Auditors/Inspectors
General Forum



**2018 Government
Training Event**

Program Speakers and Topics

John Carey, Inspector General,
Palm Beach County –
*Inspectors General and Internal
Auditors' Role in Government*



INSPECTOR GENERAL'S SIX MONTH REPORT



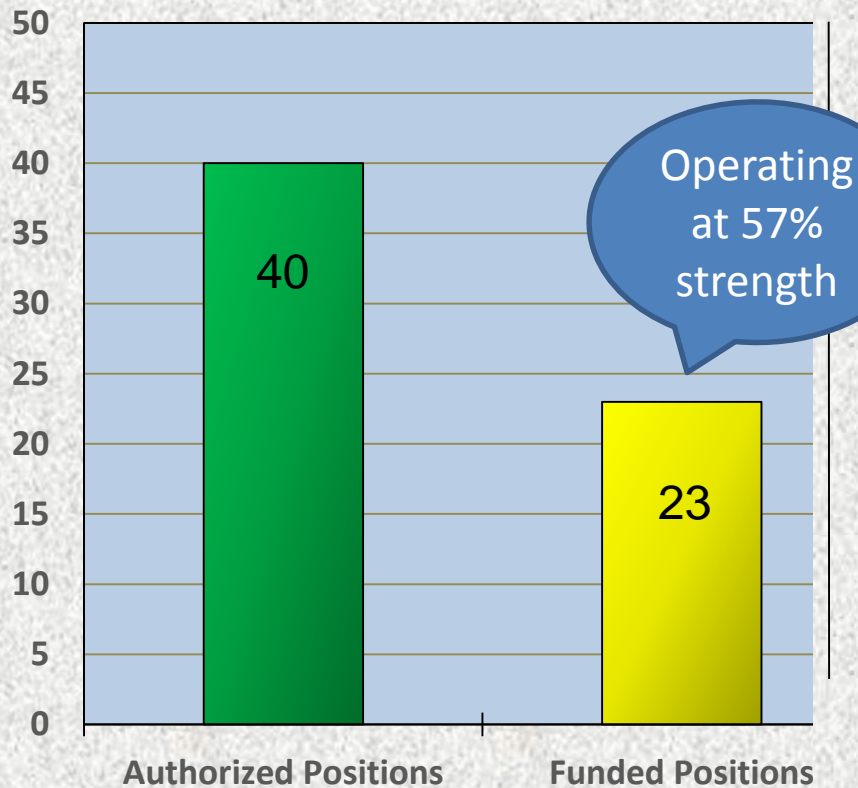
October 1, 2017 – March 31, 2018

Budget, Staffing, and Personnel

INSPECTOR GENERAL BUDGET & STAFFING



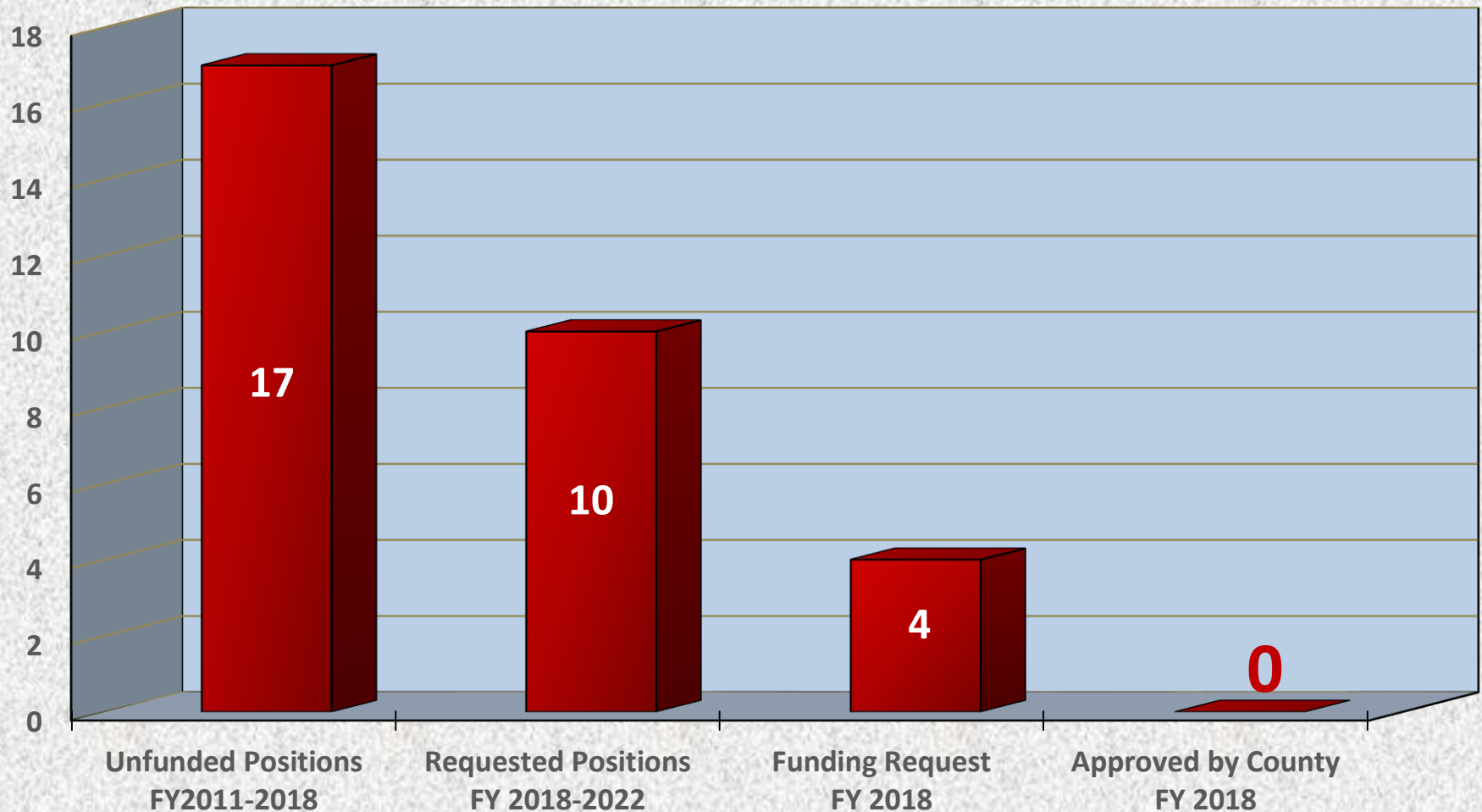
OIG Budget & Staffing



INSPECTOR GENERAL BUDGET & STAFFING



FY 2018 OIG Staffing Request for Unfunded Positions



INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 OIG Staffing Request for Unfunded Positions

SITUATION: The OIG is still only funded/staffed at 57% and does not have adequate resources to provide proper oversight of the 42 entities under its jurisdiction.

THE CHALLENGES:

- The Court of Appeal determined the County cannot bill municipalities.
- County's 2017 request for municipalities to voluntarily provide additional funding for the OIG was unsuccessful.
- The potential decrease in property tax revenue.

THE SOLUTION: Consolidate the OIG and County Internal Audit (IA).

Reduces costs / gain efficiencies.

INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation

INDEPENDENT GOVERNMENT OVERSIGHT:

- Many government organizations have evolved from IAs to OIGs.
- With the enactment of the IG Act of 1978, IAs at the federal level were merged into OIGs or dissolved.
- In State of Florida government, the IAs were merged into OIGs.
- Within the County, the Clerk and Comptroller and School Board used their IAs as their foundations to create their OIGs and do not have separate IAs.
- **In this evolution, the IA becomes part of the OIG.**

INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation

BENEFITS OF IA BECOMING OIG:

- More **efficiencies** (taxpayer dollar savings)
 - **Two** current organizational heads receiving executive pay **reduced to one**.
 - **Two** current audit manager (deputy) positions receiving senior pay **reduced to one**.
 - **Two** current executive and senior pay positions (above) can be **downgraded** to operational level auditors to provide more resources.
 - The **two** current oversight boards (County Internal Audit Committee and IG Committee) **reduced to one** board (IG Committee).

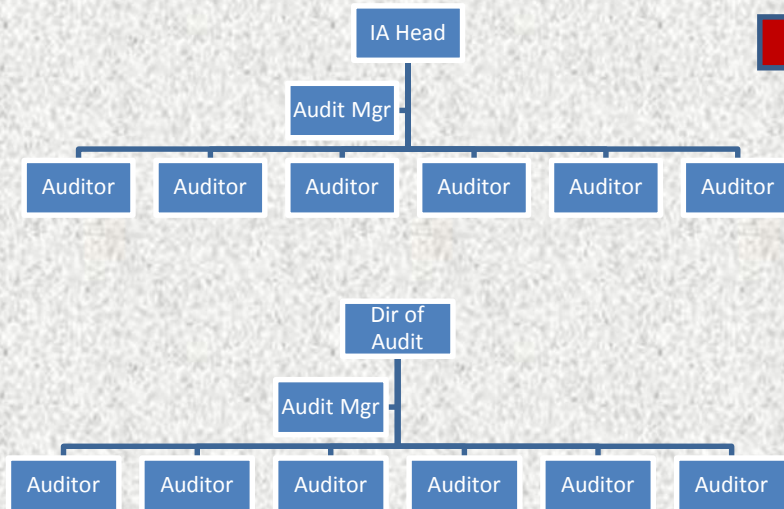
INSPECTOR GENERAL BUDGET & STAFFING



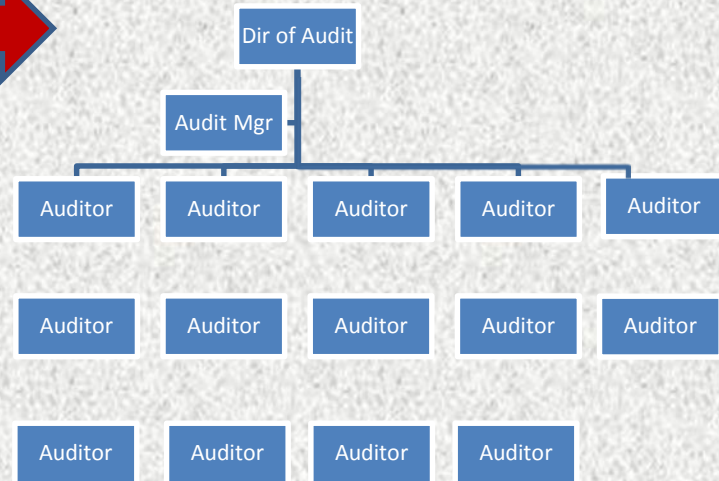
FY 2019 Proposed Consolidation

BENEFITS IA INTO BECOMING OIG DISPLAYED:

Current Model: Two Audit Orgs



Proposed Model



INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation Benefits (continued)

More **effectiveness (doing audit business smarter)**

- **PBC Commissioners and Administration will have a single office (OIG) to make audit requests and pose oversight questions.**
- **One, instead of two, annual risk assessment and audit plan.**
- **One audit office conducting all audits with enhanced/expanded services (investigations, reviews, and contract oversight) will provide enhanced oversight and consistency.**
- **No auditor will lose his/her job or suffer decrease in salary.**
- **Current audit services provided to the County will not diminish – they will be enhanced.**

INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation - Challenges

- 1. The County IA is in the County Charter.**
 - **Solution: During phased transitions of personnel from IA to the OIG, the County Charter will be amended.**

- 2. The current IA head has a contract with the County ending September 30, 2021.**
 - **Solution: The Current IA head will serve out his contract during phased transitions of personnel from IA to the OIG.**

ALL CHALLENGES CAN BE OVERCOME

INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation

THREE-YEAR TRANSITION PLAN:

- **FY 2019 - transfer three positions from IA to OIG and begin actions to change County Charter.**
- **FY 2020 - transfer three more positions from IA to OIG.**
- **FY 2021 – with the end of the IA head contract, transfer the final two positions from IA to OIG.**

RESULTS:

- **One enhanced oversight team – at a cost savings to the taxpayers. More and enhanced services for less.**
- **Removes duplicate activities and requests from County Administration.**
- **In line with other evolved government oversight organizations.**

INSPECTOR GENERAL BUDGET & STAFFING



FY 2019 Proposed Consolidation – Alternatives to Proposal

BASED ON DISCUSSIONS WITH PBC ADMINISTRATOR:

- PBC BCC and Administration may wish to retain IA.
- One IA function has been to conduct less formal inquiries and provide suggestions to management.

This function is considered “professional services other than audits” under Government Auditing Standards.

ALTERNATIVE #1:

- The consolidated IA/OIG can perform these services.

ALTERNATIVE #2:

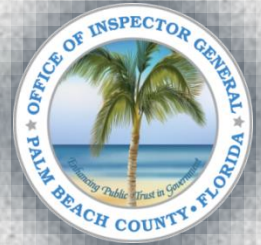
- Retain IA with one to two internal auditors to perform these services.
- Transfer six to seven IA positions to the OIG.
- **This option does NOT require any changes to the County Charter.**

INSPECTOR GENERAL'S SIX MONTH REPORT



Plans, Objectives, and Initiatives

PLANS, OBJECTIVES, AND INITIATIVES



Focusing OIG limited resources:

- **Seek adequate funding/staffing and consolidated IA/OIG**
- **More integrated use of OIG resources**
- **Association of IGs Peer Review: July 30 - August 3, 2018**
- **Audit:**
 - ✓ Execute Audit Plan. Currently eight (8) audits in progress.
 - ✓ Conducting IT Risk Assessment for FY 2019 Annual Audit Plan.
- **Investigations:**
 - ✓ Investigate highest risk/impact cases.
- **Contract Oversight:**
 - ✓ Continued focus on prevention and education.
- **Outreach:**
 - ✓ Continued rigorous training and outreach program.

INSPECTOR GENERAL'S SIX MONTH REPORT



SUMMARY OF MAJOR ACCOMPLISHMENTS TO DATE



ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2018

Guarding Taxpayers' Dollars

**\$42M
(+)**

Questioned Costs incurred pursuant to a potential violation of law, regulation, or policy; lack of adequate documentation; or, where the intended purpose is unnecessary or unreasonable.

**\$23M
(+)**

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

Promoting Integrity in Government

131

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

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



ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2018

Making Government Better



688

Recommendations

To improve government operations and to save taxpayer dollars.



10,000 (+)

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

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



THANK YOU!

visit us online at www.pbcgov.com/OIG