



SIX MONTH STATUS REPORT

October 1, 2018 – March 31, 2019

John A. Carey, Inspector General

MAY IS PALM BEACH COUNTY ETHICS AWARENESS MONTH



We are **PROUD** of our work in local government. Integrity, transparency, and accountability in government is everyone's business.

REPORT FRAUD, WASTE OR ABUSE

REPORT ETHICS VIOLATIONS



Office of Inspector General

HOTLINE:
(877) 283-7068
www.pbcgov.com/oig



Commission on Ethics

HOTLINE:
(877) 766-5920
palmbeachcountyethics.com



May 7, 2019 Board of County Commissioners Meeting Proclamation





OUTLINE

- **MISSION/APPROACH**
- **OIG ACTIVITIES** (Oct 1, 2018 – Mar 31, 2019)
- **BUDGET, STAFFING, & PERSONNEL**
- **LEGAL UPDATE**
- **PLANS, OBJECTIVES, & INITIATIVES**
- **SUMMARY OF MAJOR ACCOMPLISHMENTS**

OIG MISSION

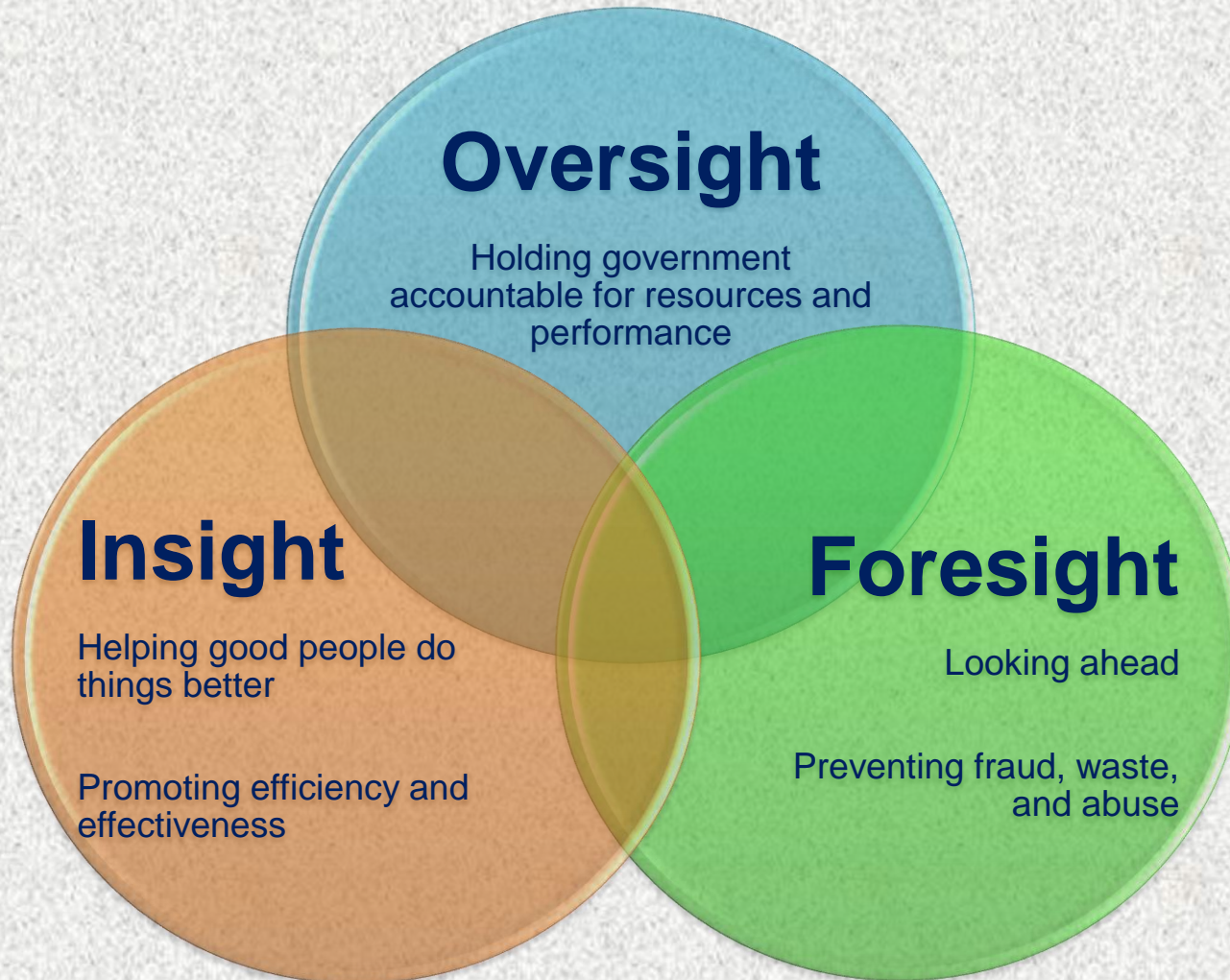


- **Our mission is to provide independent and objective insight, oversight, and foresight in promoting integrity, efficiency, and overall effectiveness in government.**
- **Ultimately, enhancing public trust in government.**

MAKING GOOD GOVERNMENT BETTER



OUR OIG APPROACH





NEW OIG TEAMMATES

- **Eric Hathaway**
Investigator
- **Linda Connor**
Auditor
- **Shaun Robinson**
Auditor
- **DJ Lormistois**
Auditor



OIG GENERAL COUNSEL RECOGNITION



**“One of South Florida’s 50
Most Powerful Black Leaders in
Business & Industry” for 2019**

**Awarded by *Legacy* magazine, one of
the nation’s largest Black publishers.**

**Certified Inspector General
Investigator**

OIG DIRECTOR OF AUDIT RECOGNITION

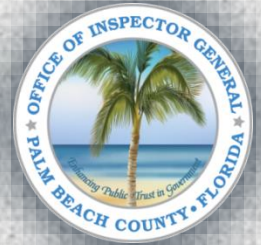


- - Certified Information Systems Auditor (CISA)
- - Toastmaster's Competent Leader Award

State/National Speaker:

- Association of Local Government Auditors (ALGA) National Conference
- Association of Government Accountants (AGA) National Webinar Women's Leadership
- Florida Government Financial Officers Association (FGFOA)

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Office of Inspector General Activities Related to:

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

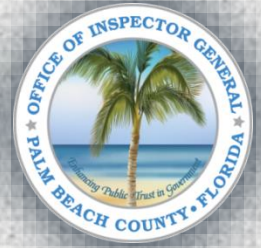
INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Intake and Investigations Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



Intake Activities

Current 6 Months

58	Complaints of wrongdoing
20	<p>Intake Activities led to:</p> <ul style="list-style-type: none"> - 2 Investigations - 0 Referrals to OIG Contract Oversight - 5 Referrals to OIG Audit Division - 3 Referrals to LEAs or COEs - 3 Management Inquiries - 7 Management Referrals
16	Public Records Requests

Previous 6 Months

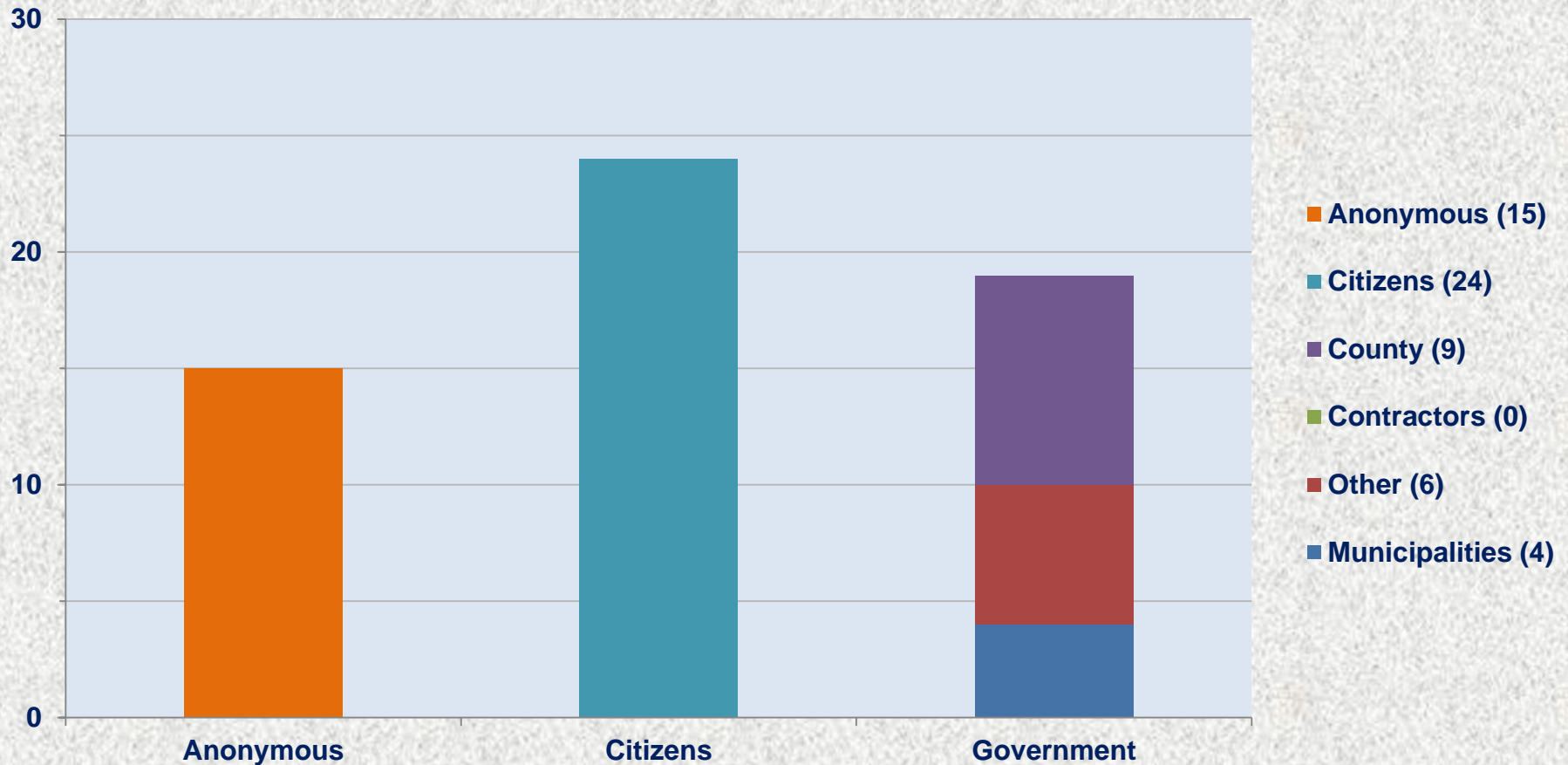
97	Complaints of wrongdoing
39	<p>Intake Activities led to:</p> <ul style="list-style-type: none"> - 3 Investigations - 5 Referrals to OIG Contract Oversight - 3 Referrals to OIG Audit Division - 2 Referrals to LEAs or COEs - 0 Management Inquiries - 26 Management Referrals
26	Public Records Requests

INSPECTOR GENERAL'S SIX MONTH REPORT

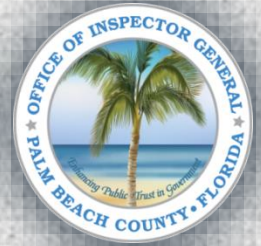


October 1, 2018 – March 31, 2019

Complaint Reporting Sources 58 Complaints

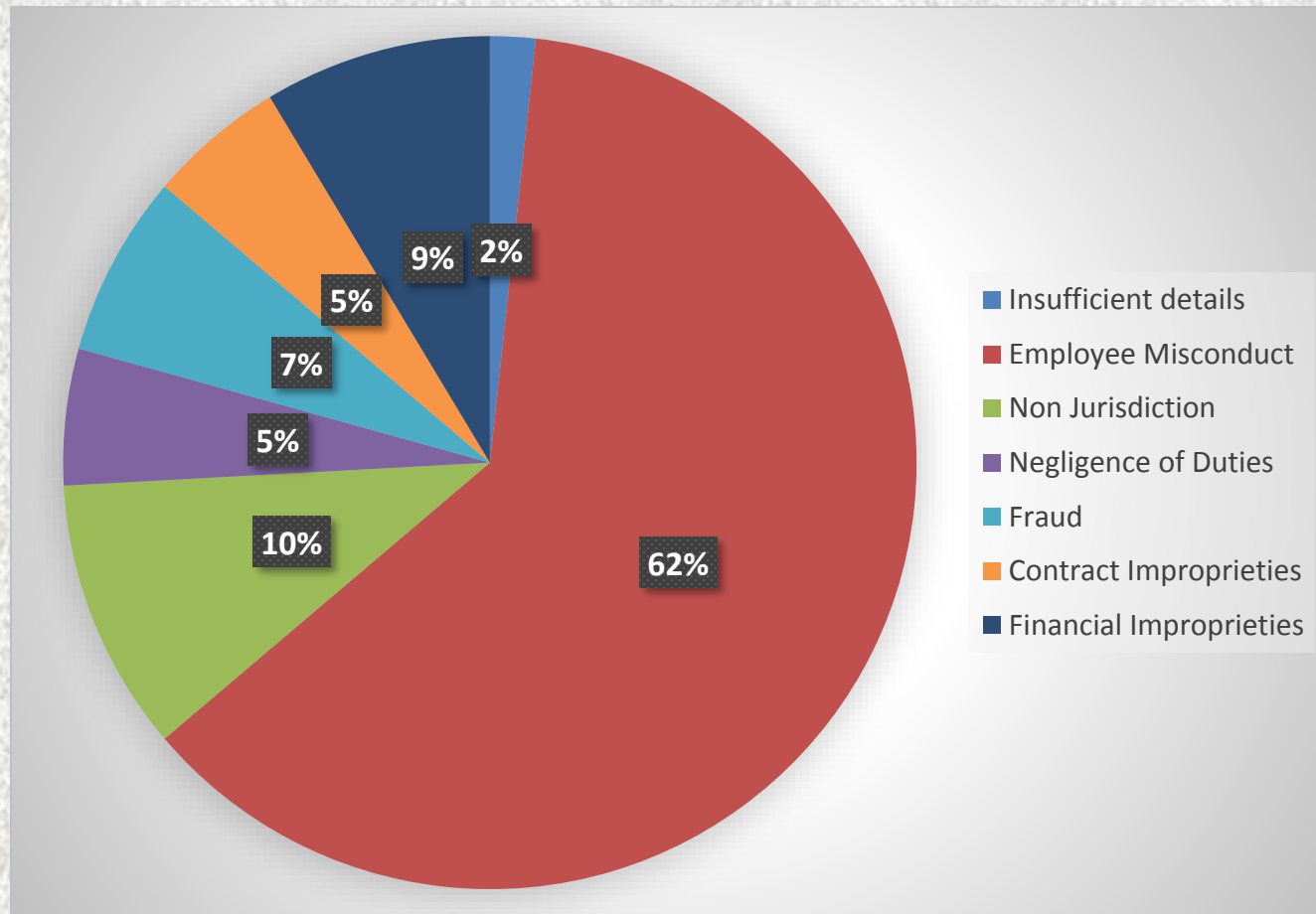


INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Nature/Category of 58 Complaints Received



INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Investigative Activities

	Current 6 Months	Previous 6 Months
On-going Investigations	12	13
Referrals to Law Enforcement or Commissions on Ethics from investigations	6	1
Issued Reports	1	3
Recommendations Made/Accepted	5	13
Recommendations Accepted	5	10
Questioned Costs and Potential Cost Savings	\$0	\$10,548

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Efficiency – FY 2017, 2018, & 2019

Age of Open Matters	At End of FY 2017	At End of FY 2018	Mid 2019
0-6 Months	1	3	2
6-12 Months	7	5	4
1-2 Years	4	1	3
2+ Years	2	1	0
Average Months Open	13.3	10.4	9.5



INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Report 2017-0009 – Riviera Beach Outside Employment

FINDINGS:

- **Legislative Assistant did not submit required City Outside Employment Disclosure forms to evaluate potential conflict with City duties.**
- **City Council Member and Legislative Assistant may have violated Florida and Palm Beach County ethics codes through employment or relationships.**
- **The City Council member may have filed inaccurate campaign reports.**



RESULTS OF INVESTIGATION:

- **Recommendations to City to enhance internal controls.**
- **Referrals to Commission On Ethics and State Elections Commission.**

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Other Significant Investigative Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



Arrest based on PBC Notification to OIG

OUR PRELIMINARY REVIEW DISCOVERED:

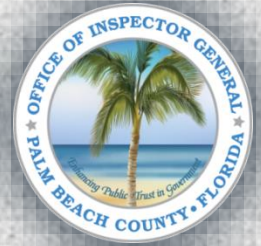
- A then-County employee fictitiously created management letter to appear unemployed.
- That letter and multiple emails submitted to fraudulently secure public assistance benefits.
- OIG preliminary review confirmed approximately \$6,000 in fraudulently received benefits in 2018.



REFERRAL:

- OIG investigative results referred to the State Attorney's Public Corruption Unit.
- On January 25, 2019 former employee arrested for violation of Florida Statute, Section 414.39 (5)(b) – Public Aid Fraud, \$200 - \$20,000.

INSPECTOR GENERAL'S SIX MONTH REPORT



Advisory Letter Investigative Matter 2016-0003

- **Investigative review of reported misconduct by municipalities.**
- **Thorough investigation with extensive document analysis, interviews, and coordination with affected municipality.**



RESULTS:

- **December, 2018 letter detailing investigative results with suggestions for future oversight.**

INSPECTOR GENERAL'S SIX MONTH REPORT



State Ethics Commission Rule on Prior Investigative Report

FINDINGS REFERRED TO STATE COE:

- **Former City of West Palm Beach Director of Communications Elliot Cohen used his position at the City, City time, and City resources to conduct private business.**
- **Mr. Cohen had a “side job” with City contractor Redevelopment Management Associates.**



STATE COE ACTIONS:

- **On March 13, 2019 the State Commission on Ethics filed a Final Order and Report.**
- **Mr. Cohen violated three sections of the Florida Statutes. He agreed to pay a \$4,500 fine.**

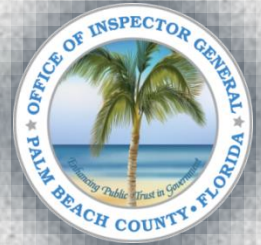
INSPECTOR GENERAL'S SIX MONTH REPORT



April 1, 2019 – current

Recent Reports Published After the Reporting Period

INSPECTOR GENERAL'S SIX MONTH REPORT



Investigative Report 2018-0004 – Pahokee Holiday Schedule & Bonus Pay

FINDINGS:

- **City Manager improperly closed City Hall for days not authorized by City Ordinance.**
- **City Manager inappropriately awarded bonuses to City employees.**



RESULTS OF INVESTIGATION:

- **Recommendations to City for better adherence to City Ordinance.**
- **Recommendations to City for statutory adherence when awarding bonuses.**

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

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 Contract Activities Monitored: 82**
- **Current Contract Value Monitored: \$773.7 M**
- **Number of Procurement Meetings Attended: 43**

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Contract Oversight

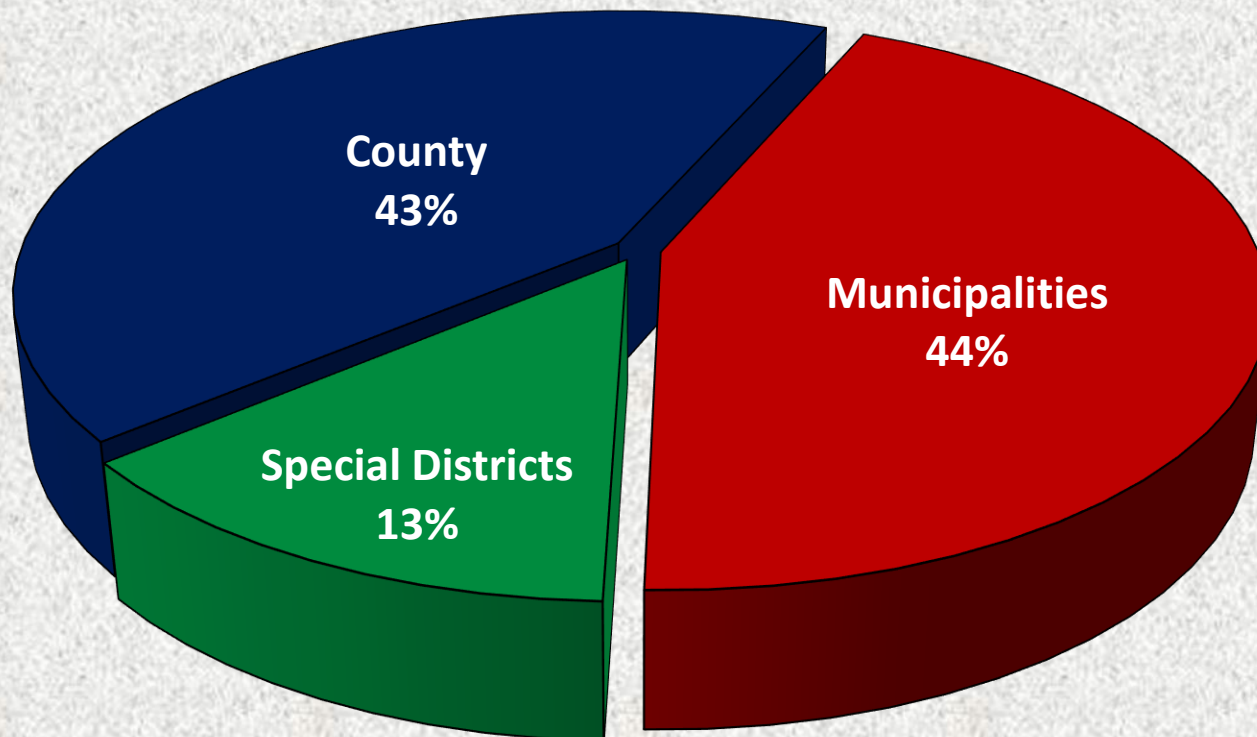
	Current 6 Months	Previous 6 Months
Issued Reports	2	2
Recommendations Made	1	12
Recommendations Accepted	1	12
Questioned Costs and Potential Cost Savings	\$0	\$294,183
Issued Tips and Trends	0	1

INSPECTOR GENERAL'S SIX MONTH REPORT

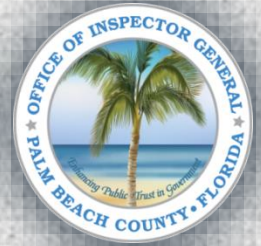


October 1, 2018 – March 31, 2019

**Contract Oversight Division
82 Contract Activities Monitored**



INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Report CA-2019-0021 City of Belle Glade Torry Island Observation Tower



FINDINGS:

- **Several instances in which contract requirements were not met.**
- **Final payment was issued to the Contractor prior to documented approval of final inspection and acceptance of completed work.**

RECOMMENDATION

Implement written policy and procedures for contract management that include ensuring that contract and/or project managers adhere to the contract requirements.

INSPECTOR GENERAL'S SIX MONTH REPORT



OIG Insights Update/Report: One-Penny Sales Surtax

OVERVIEW:

Published a 2018 Annual Update guide on the One-Penny Sales Surtax program from the County and Municipalities detailing:

- Surtax revenue received between 1/1/2017-9/30/2018: **\$214M**
- Surtax funds expended during FY 2017: **\$54.9M**
- Surtax budgets for FY 2018: **\$122M**
- Surtax budgets for FY 2019: **\$149M**
- Overall, **82.7%** of the surtax revenue received was expended or committed in FYs 2017 & 2018; a direct economic impact of **\$177M**



**YOUR ONE PENNY
SALES TAX
AT WORK**

INSPECTOR GENERAL'S SIX MONTH REPORT



OIG *Insights* Update/Report: One-Penny Sales Surtax

OIG GUARDING TAXPAYER SURTAX DOLLARS BY:

- **Observing** Surtax Citizen Oversight Committee meetings and reviewing annual reports.
- **Reviewing** project lists, ordinances, resolutions, agendas, and announcements.
- **Tracking** monthly surtax revenue distributions from the State.
- **Monitoring** contract performance on surtax projects.
- **Reporting** the result of our contract oversight activities to the public.



INSPECTOR GENERAL'S SIX MONTH REPORT



Contract Oversight Activities
Much of our impact happens “below the water line.”



INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Audit Highlights

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

Audit Activities

**Current 6
Months**

**Previous 6
Months**

Issued Reports	5	8
Recommendations Made	131	71
Recommendations Accepted	131	67
Questioned Costs and Potential Cost Savings	\$1,226,623	\$2,231,475
Referrals	10	7
Issued Tips and Trends	1	0
Completed Projects (no report)	1	2

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0001 – Town of Lake Clarke Shores Water Utility Cross-Connection Program

Findings:

- Agreement lacked proper approval.
- Inadequate review of invoices.
- Inadequate monitoring.

Questioned Costs
\$9,010
Identified Costs
\$356
Avoidable Costs
\$1,068

Corrective Actions Taken:

- Revise Ordinances and Resolutions.
- Amend the agreement.
- Improve the monitoring and oversight for vendor.



INSPECTOR GENERAL'S SIX MONTH REPORT



Broward County Related Audit Water Utility Cross-Connection Program

“Port workers failed to do required annual inspections on backflow devices on port property meant to ensure the drinking water is safe, ‘potentially exposing port employees, visitors, and lease holders to contaminants in their drinking water.’”

South Florida
Sun-Sentinel



Backflow assembly device

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0002 – Village of Tequesta Sidewalks Rehabilitation and Construction Contract

FINDINGS:

- **Permits not issued for all projects.**
- **Inspections not completed for all projects.**
- **Unclear contract terms.**
- **Work outside of contract scope.**
- **Invoice payments violated Prompt Payment Act and Purchasing Policy.**

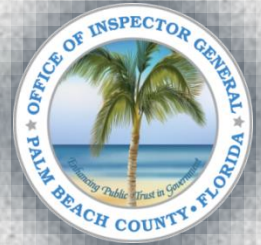
Questioned Costs
\$444,419.50
Identified Costs
\$8,821.74
Avoidable Costs
\$322.00

Corrective Actions Taken:

- **Recouped funds owed from Contractor**
- **Issued master permit**
- **Completed final inspections on all projects**
- **Updated written guidance**



INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0003 – City of Riviera Beach – Purchasing Cards and Council Members' Out-of-State Travel

FINDINGS:

- Lacked proper approvals, adequate documentation, and documented business purpose.
- Purchased prohibited items.
- Purchased items could not be located.
- Lack of proper authorization for cardholders and card limits.
- Disallowed travel expenditures and improper or insufficient documentation for Council Members' out-of-state travel expenditures.

**Questioned Costs
\$515,576.11
Identified Costs
\$9,755.99
Avoidable Costs
\$301.39**

Corrective Actions Taken:

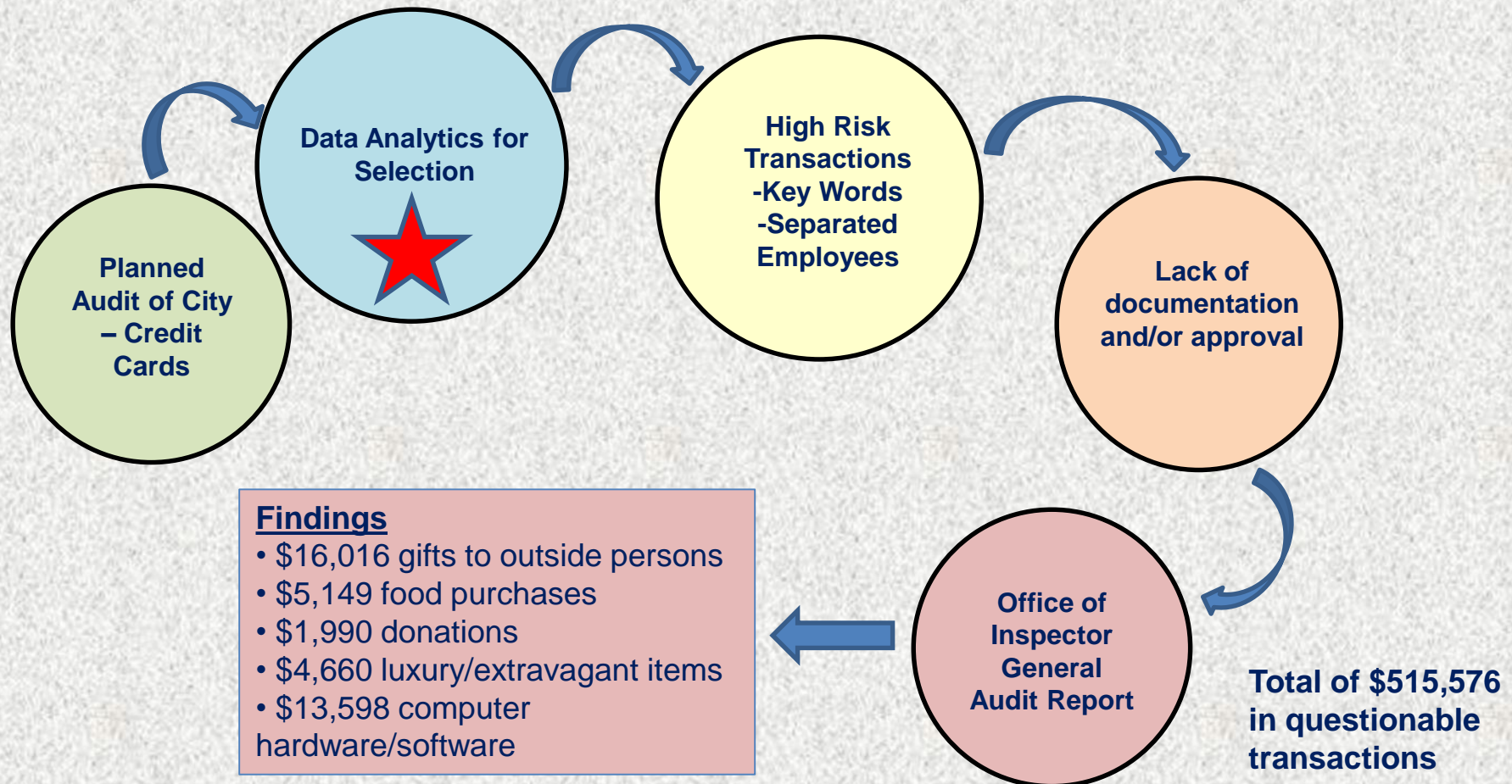
- Developing and implementing monitoring and oversight processes.



INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0003 – City of Riviera Beach – Purchasing Cards



INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0004 – Town of Jupiter Inlet Colony – Revenue

FINDINGS:

- Lost potential interest revenue.
- Lost fuel refund/credit.
- Misclassified revenue as expenses or payables.
- Cash receipts did not reconcile with the permit computer system and financial computer system.
- Lacked sufficient controls, review, and oversight for the bank reconciliation and cash receipt reconciliation.
- Lacked adequate written policies and procedures.

Questioned Costs
\$181,729.09

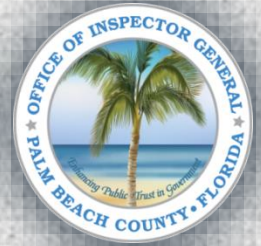
Avoidable Costs
\$41,478



Corrective Actions Taken:

- Negotiated higher rate of return with financial institution.
- Reviewing chart of accounts.
- Codifying existing policies and procedures.

INSPECTOR GENERAL'S SIX MONTH REPORT



Audit Report 2019-A-0005 – Palm Beach County Office of Financial Management & Budget Fixed Asset Management Office – Operations

FINDINGS:

- **Generally adequate controls.**
- **Non-compliance with security policies, procedures, and processes.**
- **Conflicting and inaccurate information across fixed asset computer systems.**
- **Lack of segregation of duties in securing cash and assets.**
- **Fixed asset acquisitions were not recorded and assets were not tagged within 60 days.**

**Questioned
Costs
\$13,784.81**



Corrective Actions Taken:

- **Reviewing and revising of policies and procedures.**
- **Training staff on current and revised policies and procedures.**

INSPECTOR GENERAL'S SIX MONTH REPORT



Tips and Trends 2019-0001 – Invest Surplus Funds

RESULTS:

- Recent audits revealed that some municipalities are losing thousands of dollars in revenue by not investing surplus funds in higher yield investment options.
- Entities may be able to increase revenue by using higher yield investment accounts.



Suggestions:

- Consider investing surplus funds in the investment options permitted by Florida law in order to increase revenue.
- Consider adopting an investment policy to increase options available for investing surplus funds.

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

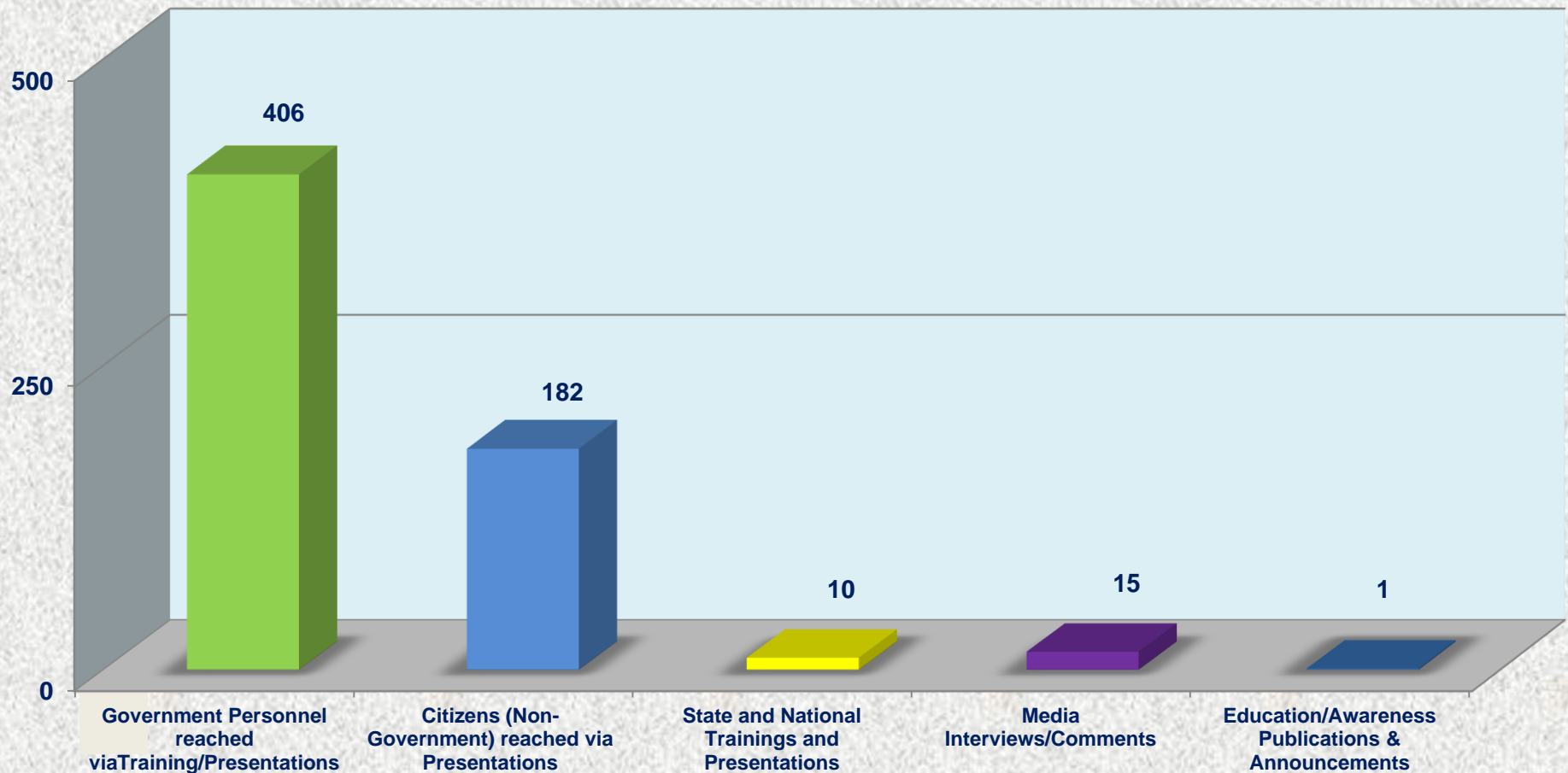
Training and Outreach



TRAINING AND OUTREACH

October 1, 2018 – March 31, 2019

An ounce of outreach is worth a pound of enforcement.





TRAINING AND OUTREACH

Education/Awareness Publications, Announcements, and Activities



**PB County Internal
Auditors/Inspectors
General Forum**

LESSONS LEARNED



"Words to the wise."



"If the shoe fits, wear it."



John A. Carey
Inspector General

**OFFICE OF INSPECTOR GENERAL
PALM BEACH COUNTY**

**TIPS AND TRENDS #2019-0001
MARCH 2019**



Inspector General
Accredited

Invest Surplus Funds to Increase Revenue

You may be able to increase revenue by thousands of dollars each year by investing surplus funds.





TRAINING AND OUTREACH

Education/Awareness Publications, Announcements, and Activities



**INSPECTORS GENERAL
INSTITUTE**



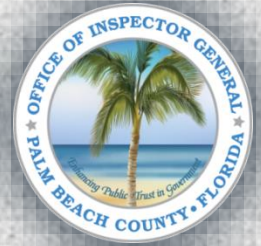
**The Institute of
Internal Auditors**



ASA | Accounting
Students
Association

A Registered Student Organization of Florida Atlantic University

INSPECTOR GENERAL'S SIX MONTH REPORT



October 1, 2018 – March 31, 2019

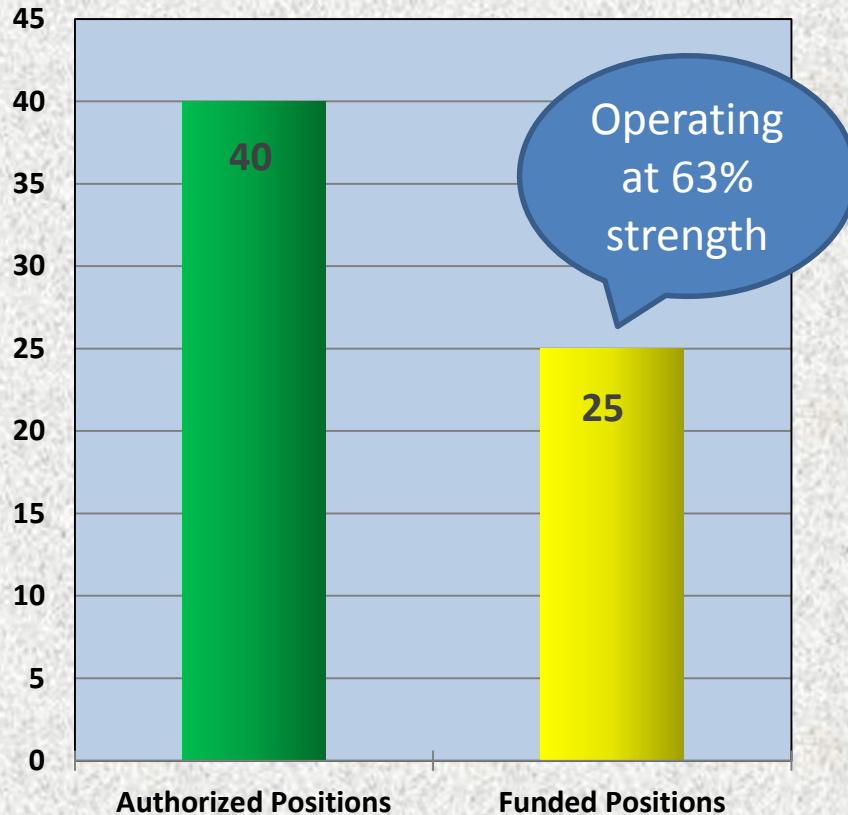
Budget, Staffing, and Personnel

INSPECTOR GENERAL BUDGET & STAFFING



October 1, 2018 – March 31, 2019

OIG Budget & Staffing



INSPECTOR GENERAL'S SIX MONTH REPORT



Legal Update

COURT RULING ON COMPLAINTS TO OIG



ISSUE: On March 13, 2018, a citizen filed a Petition asking the Court to order the OIG to provide him with a copy of a complaint relating to an open investigation and award him costs, including attorney's fees, under the Florida Public Records Law.



Citizen argued that an initiating complaint is not exempted from disclosure by section 119.0713(2)(b), Florida Statutes.

RULING: On August 28, 2018, the trial court ruled that the complaint was “information received, produced, or derived from an investigation” and was therefore exempt from disclosure until the investigation was complete.

On January 29, 2019, Citizen filed his Initial Brief appealing the trial court's decision.

The OIG Answer Brief is due May 31, 2019.
Other OIGs are considering filing amicus briefs.

INSPECTOR GENERAL'S SIX MONTH REPORT



Plans, Objectives, and Initiatives

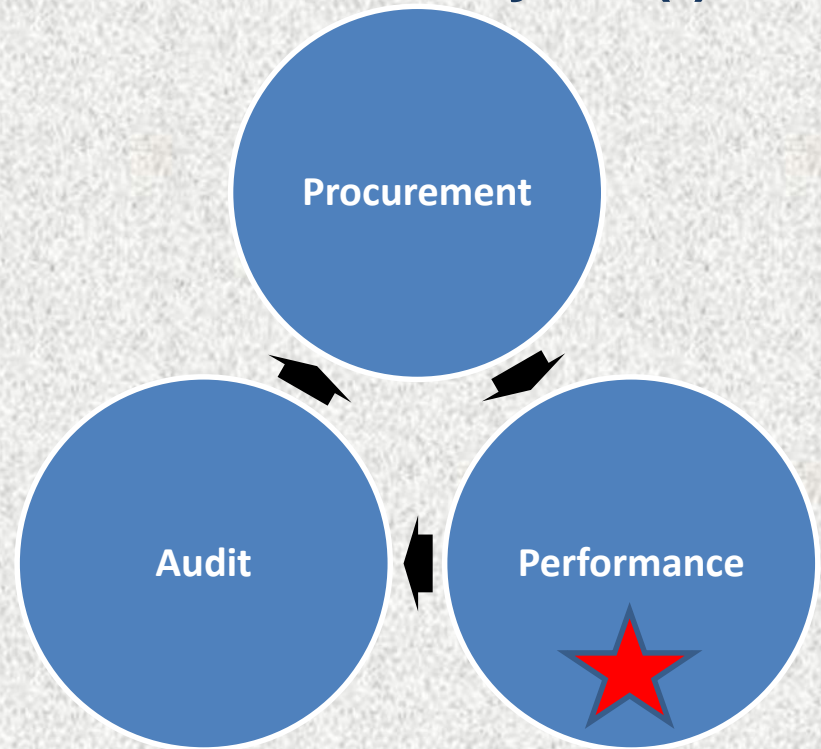
PLANS, OBJECTIVES, AND INITIATIVES



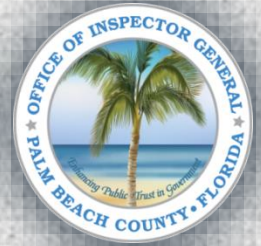
Focusing OIG limited resources

- More integrated use of OIG resources
- Expanding Contract Oversight

Contract Cycle (-)



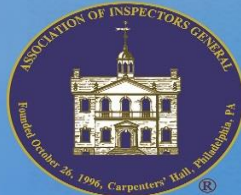
PLANS, OBJECTIVES, AND INITIATIVES



WE'RE COMING TO
PALM BEACH COUNTY, FLORIDA!

SAVE THE DATE!

ASSOCIATION OF INSPECTORS GENERAL®
2019 TRAINING CONFERENCE
SEPTEMBER 25 - 27, 2019



INSPECTOR GENERAL'S SIX MONTH REPORT



SUMMARY OF MAJOR ACCOMPLISHMENTS TO DATE



ACCOMPLISHMENTS TO DATE

June 28, 2010 – March 31, 2019

Guarding Taxpayers' Dollars

\$46.3M

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.

\$23.8M

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

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

ACCOMPLISHMENTS TO DATE



June 28, 2010 – March 31, 2019

Promoting Integrity/Fighting Fraud, Waste, and Abuse

152

Referrals to Law
Enforcement,
County, or State
Commissions on
Ethics

**Ethics
Matters**



19

Arrests or
Prosecutions as a
result of OIG
investigations/audits

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

ACCOMPLISHMENTS TO DATE



June 28, 2010 – March 31, 2019

Making Government Better



921

Recommendations

94%

Acceptance Rate

To improve government operations and to save taxpayer dollars.



11,000 (+)

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