

**MEETING: INSPECTOR GENERAL COMMITTEE SEMI ANNUAL MEETING WITH
INSPECTOR GENERAL**

I. CALL TO ORDER: August 18, 2011, at 3:03 p.m., at the Airport Centre Complex, 100 Australian Avenue, Building 1, West Palm Beach, Florida.

II. ROLL CALL

MEMBERS:

Judge Edward Rodgers, Chair
Manuel Farach, Esq., Vice Chair
Dr. Robin Fiore
Ronald Harbison, CPA
Carey Haughwout, Esq., Public Defender
Michael McAuliffe, Esq., State Attorney
Bruce Reinhart

STAFF AND OTHERS PRESENT:

Sheryl Steckler, Palm Beach County Inspector General
Tim Montiglio, Deputy Clerk, Clerk & Comptroller's Office

III. INTRODUCTORY REMARKS

Judge Edward Rodgers announced that the Inspector General Committee (Committee) meeting would be a status update of the Office of Inspector General (OIG).

IV. INSPECTOR GENERAL PRESENTATION

Inspector General Steckler presented a PowerPoint OIG status report by outlining the following presentation categories: Building the Foundation, Investigations Unit, Contract Oversight Activities, Additional Responsibilities and Workload, Plans and Objectives, and Immediate, Ongoing, and Upcoming Activities.

IV.A. Building the Foundation

Ms. Steckler highlighted the following by saying that:

- The OIG opened on June 28, 2010.
- The OIG's policy and procedures manual was published.
- Web-based case management systems were operational.
- The IG's code of conduct, core values, and mission statement were established.
- Additional information technology policies and procedures for OIG personnel were established.
- The OIG's office policies, procedures and performance evaluation standards had been executed.
- Fraud, waste, or abuse reporting forms were made available in English and Spanish on the OIG's Web site for the public, employees, and contractors.
- The current staff of 16 would increase to 18 in September 2011.
- The OIG had utilized 60 percent of its \$1.28 million allocation in June 2010, positioning the OIG at 40 percent under budget by June 2011.
- From June 2010 to June 2011:
 - Almost 1,800 residents attended IG outreach sessions.
 - The OIG conducted 11 training sessions and had 63 media contacts.
 - There were 222 walk-in or written complaints and 931 calls received into the office.
 - Complaints against constitutional officers were 13 percent, those against participating municipalities were 24 percent, and County program complaints were 63 percent.

IV.A. – CONTINUED

- As knowledge of the OIG expanded, an increase in written complaints was received during September and October of 2010.
 - Complaints again spiked during April, May, and June 2011, due to municipal participation.
 - Most written complaints were filed against the County's Planning, Zoning, and Building, and Water Utilities departments.
 - Among the municipalities under IG jurisdiction, the highest numbers of written complaints were for the Cities of Riviera Beach, Lake Worth, and West Palm Beach.
 - Several complaints against the municipalities were filed due to a lack of follow through or dissatisfaction with a resolution.
 - Of the 222 written complaints, 27 were investigated, 46 were closed without action, 38 were referred to management, and 33 were outside of the IG's jurisdiction.
 - Of the 27 complaints investigated, 12 had a preliminary investigation with no further action, and 11 were at various investigation levels.
 - Of the major types of allegations, 102 were for employee misconduct followed by contract improprieties.
- The IG had implemented a paperless, Web-based case management system to monitor investigative complaints.
 - The Investigations Complaint Management System (ICMS) contained information related to time spent on investigations, phone logs, public record requests, training, accreditation, and outreach.
 - Any OIG employees accessing a case on ICMS had to prove his/her independence from the case, or it would be reassigned.

IV.A. – CONTINUED

- All OIG employees had to account for their work time by entering their daily activity on the ICMS.
 - The IG then identifies where staff time was allocated for reporting purposes by case or, by municipality.
- All OIG employees were required to complete 40 hours of training every two years and logged their training certificates into ICMS.
- All phone records were kept on ICMS, and calls-received data was also logged onto ICMS by OIG staff.
- The ICMS program was a modified version of a similar program used by the Department of Children and Families.
- Complaints were kept on a non-Web based program. Information requests were processed by using the public records request system.

IV.B. Investigations Unit

Ms. Steckler said that:

- An OIG investigation was conducted based on a complaint that a Consumer Affairs Department employee had illegally conducted a sting operation.
 - The IG determined that the allegation against the employee was not supported; however, the County needed a sting operations procedure.
- An OIG investigation was conducted based on allegations that a County commissioner did not follow procurement rules for purchasing a judge's chambers lock and staff members had used County resources for personal gain.
 - The IG determined that the allegations were not supported other than the improper retention of records, and that the Board of County Commissioners (BCC) and its staff needed refresher training.

IV.B. – CONTINUED

- An OIG investigation was conducted based on allegations that two Water Utilities Department (WUD) employees falsified procurement documents, and one employee circumvented the procurement process.
 - The IG determined that the allegations could be supported for the two employees who falsified documentation.
 - The IG did not support the allegation that one employee circumvented the procurement process.
 - The IG recommended that WUD internal procedures should be updated, and a zero gift policy was implemented by the director.
- An OIG investigation was conducted based on a complaint that Head Start agency personnel were not properly credentialed.
 - The IG did not support the allegation.
- An OIG investigation had revealed that Pride Integrated Services (Pride), had combined expense and operating funds, was not in contract compliance in issuing victim restitution checks, and did not properly retain records.
- The Criminal Justice Commission (CJC) had failed to provide proper oversight of Pride's probation services.
 - The IG recommended corrective actions to include a new Request for Proposal (RFP) process and further developed CJC oversight criteria.
- An OIG investigation of the Office of Small Business Administration (SBA) found problems with the Small Business Enterprise (SBE) road construction and hauling program, including ordinance changes that were needed and increased costs in two out of thirteen projects using SBEs.
 - The IG recommended corrective actions that included the SBE certification process, amended procedures for sub-contractors, and made the contract-monitoring process clear.

IV.B. – CONTINUED

State Attorney Michael McAuliffe said that he also received a complaint about the SBE program. He said that he did not find criminal intent and that he referred the complaint to the OIG.

Ms. Steckler said that her office notified management when an investigation uncovered violations unrelated to the initial complaint.

- It was determined that inappropriate use of the County's e-mail system had occurred.
 - Management followed through on the policy violation, and the employee subsequently resigned.
- As a result of OIG investigations, corrective actions that were taken included three employee terminations, one employee resignation, one employee reinstated, one arrested previously, another arrested today, and six policies either revised or updated.
- The results of OIG investigations would create tighter, cleaner policies and people would become accountable.
- The OIG and the State Attorney's Office (SAO) had established official protocols for processing referrals, investigations, and press releases that resulted in:
 - Two complaints were referred to the SAO without OIG involvement.
 - Four criminal investigations were referred to the SAO from the OIG.
 - The SAO referred one complaint to the OIG.
- A cooperative investigation with the OIG and the SAO resulted in the conviction of a County code enforcement officer who took a bribe from a citizen and falsified County records.
 - The terminated employee paid full restitution which included receiving probation and performing community service.

IV.C. Contract Oversight Activities

Ms. Steckler said that:

- Between October 2010 and June 2011, the OIG's staff attended 103 contract review and selection and municipal meetings, and performed four construction site visits.
- Based on information collected, the IG issued recommendations to the County, addressing irregularities and improvement opportunities in the procurement contract oversight process.
- The contract oversight unit provided three levels of feedback: observation, notification, and oversight review.
- The IG conducted fraud awareness training as needed.
- The IG developed the IG Contract Management System (IGCMS), a centralized database for all County and municipal contracts.
- The IGCMS database would include contract values, contract bidders, local point structures, SBE/ Minority Business credits, and change order tracking with "red flags."
- When the IGCMS database becomes fully functional, it could help identify the lack of local contractors' bids on County contracts.
 - The OIG's staff would enter observations made from attending contract selection committees.
 - The OIG's staff would create the database from contracts going forward rather than trying to incorporate established contracts.
 - High dollar, higher risk contracts would get the most risk-analysis focus from the OIG.

IV.D. Additional Responsibilities and Workload

Ms. Steckler said that:

- The IG devoted over 240 hours to the IG Drafting Committee.

IV.D. – CONTINUED

- The IG would present updates to the committee semiannually, including six-month plans and objectives.
- The IG would publish an annual report on the OIG's activity during the prior fiscal year.
- The IG was in discussion to bring the Health Care District, the Children's Services Council, and the Housing Finance Authority under the its jurisdiction.
- The Solid Waste Authority had been under the IG's jurisdiction since November 2010, and the IG had been monitoring contract selection and negotiations for a new county incinerator.

IV.E. Plans and Objectives

Ms. Steckler said that:

- Two auditors were hired for the OIG's staff during September 2011.
- The OIG's audit charter was issued on July 1, 2011.
- The OIG audit policy and procedure manual was in draft form.
- The OIG's audit report format was currently in process.
- The OIG had been building its risk assessment capability by observing and documenting processes in meetings and in committees.
- During June 2011, the IG signed a contract to begin the accreditation process with the Commission for Florida Law Enforcement Accreditation, Inc.
- A mock assessment was scheduled for September 2011, with a final assessment in December 2011.
- The IG would be seeking accreditation during the second quarter of 2012.

IV.F. Immediate, Ongoing, and Upcoming Activities

Ms. Steckler said that the OIG was continuing to hire auditors, which was currently the most important staffing goal. She said that the OIG would continue to build the investigative and contract oversight staffs.

Based on frequent meetings and communications between the municipalities and the County, Ms. Steckler said that their needs would be prioritized depending on staffing.

She added that:

- The OIG's staff was trained to understand what to expect and how to handle inquiries.
- She would utilize its risk analysis capability to achieve the most effective result for its efforts.
- Few municipalities had internal auditors
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- The OIG utilized a deeper, forensic auditing process than compliance auditing.
- She had been selective in which projects to address so that her current resources would not be overextended.
- It was difficult to prosecute violations when many governmental departments in the county and the municipalities did not have enforceable policies in place.
- To minimize fraud and abuse, government had to establish good policy and tighten controls.

V. INSPECTOR GENERAL COMMITTEE DISCUSSION

Responding to committee inquiries, Ms. Steckler said that:

- The County was greatly supportive, but some municipalities did not understand the OIG's function and a few were uncooperative.
- The OIG needed more time to cultivate the municipalities that were struggling to comprehend the value her office provided.

V. – CONTINUED

- The IG's audit reports would primarily look at internal controls and identify monetary impact. Although it would be hard to quantify the effect of prevention, reporting where money had been diverted, and how it could be saved would be included in an audit.
- Resistance to the IG would be improved over the coming year as people became aware of her functions. Newly elected officials and new managers would go through an adjustment period.
- Hiring auditors, contract specialists, and another investigator by December 2011, would fulfill the OIG's staffing goals for 2011.
- The IG was using various resources to monitor contracts in progress, and would review all future public contracts.
- The IG frequently communicated with the COE's executive director and they have referred complaints to each other.

Bruce Reinhart stated that the effects of compliance would yield high monetary gains beyond the expense of establishing the IG.

Responding to committee inquiries, Ms. Steckler said that:

- Some internal information about contract risks that were encountered during investigations would become available once it was determined that the release of information would not jeopardize her office's investigations.
- The public's confusion surrounding the OIG and the COE existed; however, it had been decreasing over time.
- Accreditation would prove that the IG adhered to certain standards and requirements and that the IG would be reassessed every three years.

VI. PUBLIC COMMENTS

VI.a.

DISCUSSED: Funding and Paperless Case Management.

Alexandria Larson said that she was concerned that the OIG would continue to be funded by county taxes. She also expressed concern that the IG was using a Web-based, paperless system for case management.

VI.b.

DISCUSSED: Public Meeting Venue and Withheld Information.

Suzanne Squire said that some residents were refused entry to a public meeting for lack of space, and that it was not disclosed that the Halliburton Company had been awarded a County contract.

VI.c.

DISCUSSED: Inspector General Accreditation.

Kurt Bressner said that he supported the IG's accreditation because it would establish credibility.

VII. ADJOURNMENT

At 4:25 p.m., the Chair declared the meeting adjourned.

APPROVED:


Chair/Vice Chair