

**OFFICIAL MEETING MINUTES
OF THE
PALM BEACH COUNTY INSPECTOR GENERAL COMMITTEE
PALM BEACH COUNTY, FLORIDA**

MAY 21, 2020

**THURSDAY
9:30 A.M.**

**WEBEX TELECONFERENCE
WEISMAN GOVERNMENTAL CENTER**

I. CALL TO ORDER

II. ROLL CALL

MEMBERS:

Peter L. Cruise, Chair
Michael S. Kridel, Vice Chair
David Aronberg – Arrived later
Carol E.A. DeGraffenreidt
Carey Haughwout
Michael H. Kugler – Arrived later
Rodney G. Romano

STAFF:

John A. Carey, County Inspector General

ADMINISTRATIVE STAFF:

Julie Burns, Deputy Clerk, Clerk & Comptroller's (Clerk) Office (Condensing)
Yadzia Roa, Deputy Clerk, Clerk's Office (Recording)

III. INTRODUCTORY COMMENTS

Chair Peter Cruise asked General John Carey to explain how the Webex meeting would proceed.

Mr. Carey said that committee members attending by Webex should announce their names, and microphones should be muted when not speaking.

IV. APPROVAL OF INSPECTOR GENERAL (IG) COMMITTEE MEETING MINUTES

IV.a. November 14, 2019

MOTION to approve the November 14, 2019 minutes. Motion by Michael Kridel, seconded by Rodney Romano, and carried 5-0. David Aronberg and Michael Kugler absent.

V. SIX-MONTH STATUS REPORT

V.a. Presentation by Inspector General Carey

General John Carey gave a slide presentation and stated that:

- The Office of Inspector General's (OIG) mission was to promote integrity, efficiency, and effectiveness in government.
- The OIG provided:
 - oversight by holding the government accountable for its actions and taxpayers' dollars;
 - insight by helping good people make government better, more efficient, and effective; and
 - foresight by offering a preventative strategy of teaching, training, and being present to share best practices.
- New OIG members included Barbara Bellafiore, OIG Executive Assistant, and Tesia Morris, OIG Intake Specialist.
- Some OIG employees received staff accomplishments since the last IG Committee meeting.
 - Kalinthia Dillard, Deputy Inspector General (IG), became a Certified IG Auditor and received a Certified Critical Thinking certificate.
 - Anthony Bennett, OIG Deputy Director of Investigations, became a Certified IG Investigator.
 - Shaun Robinson and Linda Connor became Certified IG Auditors.
 - Tiffany Thomas became a Certified IG Inspector and a Certified IG Evaluator.

- OIG terminology included:
 - questioned costs relating to a violation of law, a regulation, a contract, policy, or procedure when expenditures were not supported by accurate, sufficient documentation, or costs were unnecessary or unreasonable;

(CLERK'S NOTE: David Aronberg and Michael Kugler joined the meeting.)

- potential cost savings that could be identified and returned to an entity to offset taxpayers' dollars; and
- potential cost savings from expenditures occurring in the future, which could be avoided and not incurred by an entity that implemented the OIG's recommendations typically within 3 years of the OIG's report or a contract's terms.
- Wrongdoing complaints were down slightly from the last six-month report partially due to the COVID-19 epidemic.
- Some intake activities led to:
 - management inquiries in which the OIG sent a complaint to the County or a municipality requesting that they research the complaint and forward a response to the OIG; and
 - management referrals in which the OIG referred a complaint to the County or a municipality that did not require a response to the OIG.
- Investigative activities included 8 ongoing investigations, 9 referrals to law enforcement or the Commission on Ethics, 2 reports being issued, and 2 reports/2 recommendations being issued and accepted.
- The first report alleged that the Parks & Recreation Department submitted a fraudulent claim to the Federal Emergency Management Agency (FEMA) for reimbursement due to Hurricane Irma in 2017.
 - The OIG found that an inaccurate claim was submitted; however, there was insufficient evidence that it was submitted with intent to defraud.
 - When the claim was submitted, the County took appropriate action and notified FEMA, who did not reimburse the County for the originally submitted costs.

- The second report alleged that a County vendor was not weighing documents for shredding in compliance with its County contract.
 - The OIG found instances in which documents for shredding were not weighed, but it was not a widespread incident.
 - Corrective actions included ensuring that the vendor properly weighed the documents and billed the County, as well as installing internal controls.
- Contract oversight and evaluations included 2 reports issued, 10 recommendations made and accepted, and several tips and trends issued.
- A follow-up review to a previous OIG audit found that the City of Riviera Beach (Riviera Beach) had 13 of 17 property items unaccounted for.
 - The OIG found that small-dollar items were not included on an inventory list, Riviera Beach had an insufficient tracking system, and staff turnover contributed to the lack of documentation.
 - Riviera Beach made an effort towards better accountability for small and large-dollar equipment.
- The OIG's contract oversight and evaluation division reviewed an allegation that the City of Pahokee (Pahokee) manager authorized a \$150,000 payment to a construction company for marina work that was never completed.
 - The OIG found that:
 - The manager improperly authorized the payment.
 - Pahokee failed to comply with Florida statutes by not requiring the construction company to secure a payment and performance surety bond before work commenced.
 - The construction company was paid before Pahokee received a certified copy of the recorded bond.
 - Pahokee violated its ordinances and the Florida Department of Economic Opportunity (FDEO) grant agreement by not issuing a competitive solicitation for services.

- The construction company submitted a false \$150,000 pay application to Pahokee certifying that the work was completed.
 - 10 recommendations were made to strengthen Pahokee's internal controls and compliance with applicable laws.
 - The Florida statute violations were referred to the FDEO's OIG, and the construction company was referred to the State's Department of Legal Affairs.
- There were only 2 audit reports issued because many of them came to fruition, and some smaller audits were completed during the previous 6 months.
 - The Town of Palm Beach (Palm Beach) requested an OIG audit, and it was determined that Palm Beach's internal controls and data security were generally adequate.
 - Palm Beach revised its internet technology (IT) policy to include increasing controls, limiting access to authorized employees by reviewing user access annually, and performing staff training to safeguard the confidentiality of driver's licenses and motor vehicle information.
 - A revenue audit report on the Town of Haverhill (Haverhill) found that:
 - Potential interest revenue was lost.
 - There were insufficient controls, review, and oversight for revenue, cash receipts, and financial reporting processes.
 - There were inadequate written policies and procedures for revenue and cash receipt activities.
 - Sales tax was potentially owed for rental of a pavilion and baseball field.
 - The written guidance for IT processes was inadequate.
 - Haverhill was attempting to recoup some of the sales tax, implement and update internal controls and written policies, as well as train staff on new policies.

Vice Chair Kridel asked how many open audits were being conducted.

Mr. Carey said that 12 audits were in progress and that the information on open audits could be included in future reports.

Vice Chair Kridel said that the number of issued reports was not indicative of the OIG's workload.

Mr. Carey said that:

- Riviera Beach requested an audit of its employment separation process.
- The OIG found that:
 - Insurance benefits were paid to employees who were previously separated from Riviera Beach.
 - The OIG found that over a five-year period, more than \$1 million was paid in questioned costs.
 - Riviera Beach continued paying tuition assistance for separated employees.
 - Final payouts to former employees were not in compliance with policies and labor agreements and lacked adequate documentation.
 - Some separated employees still had computer access, but there was no evidence that access was gained.
- Riviera Beach implemented review and oversight policies to ensure insurance benefits were not paid to separated employees and was updating its policies and procedures for employment separation.
- The majority of training and outreach involved government personnel and citizens, but the next six-month report would indicate a significant decrease due to COVID-19.
- The OIG had 27 funded positions but was authorized for 40 total positions.
 - Two more positions were funded for fiscal year 2021, but the request was withdrawn due to COVID-19.

Ms. Dillard said that:

- The OIG was previously sued by a citizen for declining to provide a copy of a complaint during an ongoing investigation.

- The citizen argued that the complaint predated the investigation and should not be exempt.
- The OIG prevailed at the trial court level, and the citizen appealed to the Fourth District Court of Appeal.
- The Fourth District Court of Appeal ruled that information received about OIG investigations was exempt from disclosure.

Mr. Carey said that:

- The OIG's vision was to promote positive change in government and public organizations with an inspired and skilled team.
- Objectives and initiatives included continuing law enforcement partnerships and expanding contract oversight.

Chair Cruise asked if any changes were planned to the OIG ordinance.

Mr. Carey said that he was satisfied with the ordinance's current language, and no changes were contemplated. He added that:

- The OIG was providing oversight of the County's one-penny sales tax and the \$261 million in COVID-19 funding from the federal government.
 - The COVID-19 Aid Relief & Economic Security Act (CARES) established a special inspector general and a special committee to oversee pandemic recovery, loans, and other uses of taxpayer dollars.
 - The CARES oversight committee included the Association of Inspectors General, the John Jay College of Criminal Justice, and the Council of Inspectors General on Integrity and Efficiency.
 - The OIG would work with the County's Internal Auditor Office and the Clerk & Comptroller's inspector general to ensure coordination of efforts.

Chair Cruise asked if the OIG would be waiting for submitted complaints before providing oversight.

Mr. Carey said that:

- The OIG would provide immediate oversight and evaluations on some of the CARES funding before conducting oversight on complaints.

- Businesses signed an agreement with the County acknowledging that the OIG could audit their records to ensure that the CARES funds were being used as intended.
- Since June 28, 2010, the OIG received almost 12,000 hotline calls, complaints, and correspondence; found \$47.4 million in questioned costs and \$24 million in potential cost savings; and made over 1,000 recommendations with a 95% acceptance rate.
 - Every six months, the OIG followed up with open recommendations to ensure implementation.
 - 170 referrals were made to law enforcement, and County or State Commissions on Ethics.
 - 19 arrests or prosecutions were made as a direct result of the OIG's investigations or audits.

Vice Chair Kridel asked what tools or resources would the OIG add if it received full funding and personnel.

Mr. Carey said that he would add another employee to handle better awareness outreach of the OIG hotline because most of the fraud, waste, and abuse in business and government came from referrals.

Vice Chair Kridel said that about 4% of fraud was discovered by outside auditors.

V.b. Discussion – None

V.c. Public Comment – None

VI. NEW BUSINESS – None

VII. ADJOURNMENT

At 10:31 a.m., the chair declared the meeting adjourned.

APPROVED:

Chair/Vice Chair