



OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

REPORT OF INVESTIGATION CASE NUMBER: 2012-0020

Sheryl G. Steckler
Inspector General

"Enhancing Public Trust in Government"

EXECUTIVE SUMMARY

On April 4, 2012, County Airports Department Director Bruce Pelly notified the Office of Inspector General (OIG) that he received a complaint alleging that Airports Trades Maintenance Supervisor Richard Rosales purchased various materials for work-related projects from two vendors, Glue Products of Fla, Inc. (Glue Products) and/or Partsmaster,¹ with whom he allegedly had personal relationship(s). According to the complaint, Mr. Rosales' personal relationship(s) with Glue Products and/or Partsmaster were a potential conflict of interest that may have resulted in financial benefits to either vendor and/or himself.

The complaint indicated that since Mr. Rosales' hiring, more materials have been ordered from Glue Products and/or Partsmaster than in previous years and that there was reason to believe that a personal relationship existed between Mr. Rosales and one or both vendors, based on the following two incidents:

- While at Glue Products, an unidentified salesman approached Mr. Morales and asked for the phone number of Mr. Morales' wife. According to the complaint, it appeared that Mr. Morales knew the salesman personally.
- Mr. Rosales advised an Airports employee that he completed plumbing work for a Partsmaster representative.

Based on that information, the OIG initiated an investigation.

Pursuant to Palm Beach County's (the County) Policy and Procedures Manual (PPM) #CW-L-08, when purchasing goods below \$1,000.00, County employees utilize a Decentralized Purchase Order (DPO) to obtain the requested goods; however, County employees are required to first determine whether or not the goods are available from the Purchasing Warehouse, Graphics, or under an existing Master Agreement (a.k.a. Term Contract). If available through one of these three resources, a Delivery Order (DO) is used.

The allegation that Mr. Rosales' personal relationships with Glue Products of Fla, Inc. and/or Partsmaster were a potential conflict of interest that may have financially benefitted either vendor and/or himself is ***not supported***. The OIG investigation found that Mr. Rosales did not have a personal relationship with Glue Products or Partsmaster

¹ Partsmaster is a division of N C H Corporation.

employees. The OIG investigation found that although Mr. Rosales requested materials that were subsequently purchased from Glue Products and Partsmaster, all of the purchases were appropriately vetted by the Airports Purchasing Unit through the use of DPOs, and at the time of the purchase, were not on a Master Agreement. During the course of the OIG investigation, the OIG identified an area for potential improvement related to the documentation of the purchase of materials not on a Master Agreement. Although the use of a DPO signifies that an item is not on a Master Agreement, additional documentation (i.e. detailed explanations) may assist a reviewer in determining the reasons for such purchase.

RECOMMENDED CORRECTIVE ACTIONS

Although the allegation was *not supported*, the OIG recommends the following corrective action:

- Consider enhancing existing Airports procurement procedures that require the inclusion of a written justification when procuring goods and/or services that are not on a Master Agreement.

During the course of the investigation, Director Bruce Pelly advised the OIG that he was instituting a new procedure, which would require detailed information and his approval for all purchases not on a Master Agreement.

MATTERS INVESTIGATED AND FINDINGS

Matter Investigated (1):

County Airports Department Terminal Maintenance Supervisor Richard Rosales' personal relationships with Glue Products of Fla, Inc. and/or Partsmaster were a potential conflict of interest that resulted in financial benefits to either vendor and/or himself. If supported, the allegation would constitute a violation of Section 2-443(a) and (b), Palm Beach County Code of Ordinances and Sections I and II of PPM #CW-L-008.

Finding:

The information obtained *does not support* the allegation.

According to the OIG's review of purchasing requisitions provided by the Airports Department, the following pertinent information was disclosed:

- Between December 17, 2010 and January 17, 2012, Mr. Rosales requested fifteen DPOs² totaling \$3,977.55 for materials from Glue Products.
- Between February 24, 2011 and April 1, 2012, Mr. Rosales requested eight DPOs³ totaling \$3,230.80 for materials from Partsmaster.

² None of the DPOs were over the County's \$1,000.00 threshold.

³ None of the DPOs were over the County's \$1,000.00 threshold.

Statement of Airports Maintenance Supervisor Yahia Musa

Mr. Musa stated that sometime during the week of March 12, 2012, he was approached by two Airports employees, Lead Painter Brian Richards and Painter Paula Forshee, about a possible conflict of interest between Trades Maintenance Supervisor Richard Rosales and representatives of Glue Products of Fla, Inc. and/or Partsmaster, who are both registered County vendors.⁴ Mr. Musa explained that Mr. Richards stated that while at Glue Products with Mr. Rosales (unknown date), an unidentified⁵ salesman asked Mr. Rosales for his (Mr. Rosales') wife's phone number, which made it appear that Mr. Rosales knew the salesman personally. Mr. Richards also reported hearing from another Airports employee that Mr. Rosales mentioned to Carpenter Darrell Corey that he (Mr. Rosales) did some plumbing work for an unidentified⁶ Partsmaster Representative, but then quickly changed his story and stated that it was actually a friend that completed the work.

Mr. Musa stated that he did not have any firsthand knowledge regarding Mr. Rosales' relationship with Glue Products or Partsmaster and only questioned why Mr. Rosales was purchasing products from these two vendors when there is a procedure in place for purchasing through the Airports Procurement Unit. Mr. Musa stated that he notified his direct supervisor, Airports Maintenance Director Charles "Chuck" Michael of the allegation.

Statement of Airports Lead Painter Brian Richards

Mr. Richards stated that while at Glue Products with Mr. Rosales (unknown date), it was "obvious," based on the interaction between the unidentified salesman and Mr. Rosales, that they knew each other and had a personal relationship. According to Mr. Richards, the salesman asked Mr. Rosales for his wife's cell phone number and that it had something to do with Mr. Rosales' wife's employment with the Palm Beach County Sheriff's Office (PBSO).

According to Mr. Richards, while in the lunchroom (unknown date), Mr. Corey approached him and stated that he (Mr. Corey) couldn't believe that Mr. Rosales just told him that he did some plumbing work for a Partsmaster Representative. Mr. Richards stated that Mr. Corey indicated that Mr. Rosales quickly changed the story and said that it was his friend that did the plumbing work, not Mr. Rosales.

Statement of Airports Painter Paula Forshee

Ms. Forshee stated that she did not have any knowledge of Mr. Rosales' connection to Glue Products, except for the fact that Mr. Rosales has indicated that he used materials from Glue Products for personal projects.

Ms. Forshee stated she did not have any firsthand information concerning allegations that Mr. Rosales completed plumbing work for a Partsmaster representative. According to Ms. Forshee, she "heard" that Mr. Rosales completed plumbing work for a

⁴ According to the County's "Vendor's Guide to Doing Business..." in order to "ensure proper payment is made and received, all vendors providing goods or services to Palm Beach County must be registered."

⁵ Subsequently identified as Steven Reyes.

⁶ Subsequently identified as Partsmaster Account Manager Richard Dribell.

Partsmaster representative and that Mr. Rosales subsequently changed his story and said that the plumbing work was completed by a friend.

Statement of Airports Carpenter Darrell Corey

Mr. Corey stated that he did not have any firsthand knowledge regarding a personal relationship between Mr. Rosales and Glue Products. According to Mr. Corey, Mr. Rosales mentioned to him that he recommended a plumber to a Partsmaster representative whose services for a particular job turned out to be more expensive than an unrelated plumber that the Partsmaster representative had already hired. Mr. Corey stated that he relayed Mr. Rosales' story exactly as Mr. Rosales stated to Mr. Richards; however, Mr. Richards' subsequent version of events was completely inaccurate.

Mr. Corey stated that he has never known Mr. Rosales to have inappropriate interactions with any vendors. According to Mr. Corey, as a new supervisor, Mr. Rosales has tried to implement changes within his Unit that may not be part of the status quo and may have caused some resentment. Mr. Corey stated that Mr. Rosales constantly strives to save the County money by "thinking out of the box" and using products that may be a little more expensive now but lasts two to three years instead of cheaper products that last six months.

Statement of Glue Products of Fla, Inc. Salesman Steven Reyes

Mr. Reyes stated that he was familiar with Mr. Rosales through Glue Products; however, Mr. Reyes stated that he only knew Mr. Rosales in a professional manner and has never associated with Mr. Rosales and/or his family outside of Glue Products. Mr. Reyes stated that Mr. Rosales was probably one of the "most straight-forward and honest [individuals]" that he knew. Mr. Reyes further stated that Mr. Rosales is well-respected and does business in an honest manner and has never benefitted in any manner from Glue Products.

Mr. Reyes stated that he met Mr. Rosales' wife on one occasion (date unknown) when she visited the store with him (Mr. Rosales), which led to Mr. Rosales' wife providing some advice concerning a personal situation that related to the work that she did at PBSO. Mr. Reyes stated he recalled asking Mr. Rosales for his wife's phone number and that another Airports employee was present (unidentified); however, Mr. Reyes stated that he only wanted to follow-up with her concerning their previous conversation.

Statement of Partsmaster Account Manager Richard "Rick" Pribell

Mr. Pribell stated that he did not meet Mr. Rosales until being hired by Airports to repair some concrete at the Airport (unknown date). Mr. Pribell stated that while in the process of purchasing a home, he need some plumbing work completed rather quickly for permitting purposes. According to Mr. Pribell, he was aware that Mr. Rosales had been in the plumbing business, and asked Mr. Rosales for his assistance, to which Mr. Rosales advised him that he would not be able to. Mr. Pribell stated that Mr. Rosales recommended another plumber for the job; however, by the time that plumber arrived to look at the work to be done, he (Mr. Pribell) had already found someone who could do the job for less. Mr. Pribell stated that neither Mr. Rosales, nor his referral, completed

any plumbing work at his home, and other than this occasion, had never had any outside contact with Mr. Rosales. Mr. Pribell stated that Mr. Rosales has never benefitted in any manner from Partsmaster.

Statement of PSI Plumbing Owner Celso Melendez

Mr. Melendez stated that Mr. Rosales recommended his (Mr. Melendez's) plumbing business to Mr. Pribell and provided a quote to Mr. Pribell for some plumbing work at the property he (Mr. Pribell) was looking to purchase. Mr. Melendez stated that his quote was not within Mr. Pribell's price range and therefore, no work was ever completed. Mr. Melendez stated that Mr. Rosales only referred him based on their acquaintance and was not going to receive any monetary compensation for the referral.

Statement of Airports Maintenance Director Charles "Chuck" Michael

Mr. Michael stated after being notified by Mr. Musa of the allegation related to Mr. Rosales, he researched Mr. Rosales' purchasing requests and found that since Mr. Rosales' hiring, there were more purchases from Glue Products and Partsmaster than previous years. Mr. Michael commented that Mr. Rosales was trying out a lot of new products because of the corrosion problems at the Airport and that Mr. Rosales was looking at products that may not have been on the Master Agreement, but may have been more cost effective and of better quality.

Mr. Michael stated that he wasn't really concerned about the purchases because of the types of projects that Mr. Rosales was working on, and only requested that Mr. Rosales confirm that the materials were purchased appropriately. Mr. Michael stated that requisitions are ordered through the Computerized Maintenance Management system, which is received in the Airports Purchasing system through Airports Materials Manager Connie Brainard. Ms. Brainard oversees the Airports Purchasing Unit which is responsible for determining whether or not a requested item is already available through a Master Agreement; however, if not available, there is the ability to go off the Master Agreement. Mr. Michael stated that if a requested item was unique, then it would be justifiable for the Purchasing Unit to approve the use of another source.

Mr. Michael stated that justification should be included if they were to purchase a product from another vendor, even though it was available on the Master Agreement. Mr. Michael stated that sometimes it would be hard to compare items that appear to be "apples to apples" because it may cost more, but a longer guarantee is offered or is manufactured with a different chemical composition. Mr. Michael also stated that it also depends on what the job specification is and labor hours required.

Statement of Airports Materials Manager Connie Brainard

Ms. Brainard explained that as the Materials Manager, she oversees Procurement Specialists who, along with herself, are responsible for ensuring that materials are purchased in accordance with all policies and procedures (Federal, State, and County). Ms. Brainard stated that Supervisors are authorized to initiate purchases for various materials through the Procurement Specialists. In turn, the Procurement Specialists are required to compare the product being ordered against existing Master Agreements to

ensure that the material being requested cannot be purchased from one of the Master Agreements.

Ms. Brainard stated that according to her review of the purchases made by Mr. Rosales from Glue Products and Partsmaster, she had no reason to question the purchases because the specific materials requested did not appear on the Master Agreements. Furthermore, Ms. Brainard opined that the materials ordered by Mr. Rosales appear to have been very specific products necessary for the completion of a project; were all used; and did not appear to have been priced beyond a reasonable range for that type of specificity. Ms. Brainard stated that she did not have any knowledge of a personal relationship between Mr. Rosales and either of the two vendors.

Statement of Airports Terminal Maintenance Supervisor Richard Rosales

Mr. Rosales stated that anytime he requires materials, he follows standard procedure and obtains the materials from the Airports Purchasing Unit. Mr. Rosales states that he submits a request to the Purchasing Unit for a specific product that he needs, which may include a price quote from a vendor. Mr. Rosales stated that the Purchasing Unit determines whether or not the material is available through a Master Agreement. If not, the product is purchased through the available source. Mr. Rosales indicated that the materials purchased through Glue Products or Partsmaster were all under the \$1,000.00 threshold, for which the County does not require competitive bidding. Mr. Rosales further indicated that he did not benefit from his purchases from either of these vendors as the materials he requested were necessary for the specific projects that he was working on and at the time, were not available on a Master Agreement.

Mr. Rosales stated that he recalled visiting Glue Products with Mr. Richards (unknown date) during which time Mr. Reyes asked for his (Mr. Rosales') wife's phone number. Mr. Rosales confirmed that the salesman asked for his wife's phone number; however, Mr. Rosales stated that he did not know the salesman personally. Mr. Rosales stated that his wife had only been to the store once with him and on that occasion, his wife happened to be wearing PBSO fatigues, which led to the salesman asking her for some advice regarding a personal problem. Mr. Rosales stated that on his subsequent visit to the store with Mr. Richards, the salesman asked for his wife's phone number because of their previous conversation, but it was not because of any personal relationship.

Mr. Rosales stated that the only conversation that he recalled having with Mr. Corey concerning Partsmaster was when he (Mr. Rosales) and Mr. Corey were in the Airports breakroom (unknown date) and may have mentioned a pricing difference between Mr. Melendez and Mr. Pribell. Mr. Rosales stated that Mr. Pribell asked him (Mr. Rosales) to provide assistance with a plumbing project at a home that he (Mr. Pribell) was looking to purchase. According to Mr. Rosales, he advised Mr. Pribell that he could not assist him because he (Mr. Rosales) did not work side jobs. Mr. Rosales stated that Mr. Pribell asked for a referral, to which Mr. Rosales provided Mr. Melendez's information. Mr. Rosales stated that Mr. Melendez did not take the job because Mr. Pribell wanted to pay considerably less than what Mr. Melendez would charge for the work and that someone else had been hired. Mr. Rosales further stated that he advised Mr. Pribell

that he would not do the work because it was “too close [i.e. business relationship]” and advised Mr. Melendez that if he wanted to do the work, then it would be his decision and he (Mr. Rosales) did not want to be involved. Mr. Rosales stated that he had no personal relationship with Mr. Pribell and other than this occasion, had never been to Mr. Pribell’s home.

ARTICLE XII, SECTION 2-427

Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, Mr. Rosales was provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this investigative report within ten (10) calendar days. Mr. Rosales provided the following written response, via Attorney Elizabeth Parker:

While Mr. Rosales wished to immediately clear his name with his superiors, because the baseless allegations against him involved potential criminal violations, Mr. Rosales chose to fully cooperate with the OIG investigation, which subsequently found no wrongdoing.

This Investigation has been conducted in accordance with the ASSOCIATION OF INSPECTORS GENERAL Principles & Quality Standards for Investigations.