



**OFFICE OF INSPECTOR GENERAL
Palm Beach County, Florida**

**Report of Investigation
Case Number: 2010-0002**

**Sheryl G. Steckler
Inspector General**

EXECUTIVE SUMMARY

This investigation was predicated upon allegations brought to the Office of Inspector General (OIG) by Water Utilities Department (WUD) management. The OIG investigation **supports** the allegations that two WUD employees, Wendy Otano, Materials Manager, and LaDonna Booth, Procurement Specialist, violated WUD procurement policy by circumventing the procurement process to acquire water system materials from HD Supply & Waterworks (HD Supply) totaling \$91,454.27. The investigation disclosed that in nine (9) instances, a confirming order was not approved and therefore not deemed an emergency. The specific types of water pipes and valves ordered and purchased were not under contract from any other vendor and should have been advertised for competitive bid. The investigation did **not support** allegations that employee Paul Beaudreau, Utility Construction Crew Superintendent, violated WUD procurement policy by circumventing the procurement process; however, it was determined that internal controls were in need of strengthening.

A review of HD Supply sales representative Jeff Brouillette's expense report during the period of 2/20/2008 thru 7/3/2010 indicated several lunches, dinners, a fishing trip and a golf outing for WUD employees. See Additional Information section of this report.

This case was coordinated for possible criminal violations with the State Attorney's Office on 7/29/2010. On 12/13/2010, the State Attorney's office completed its investigation and declined to prosecute stating the case would be better handled administratively.

RECOMMENDED CORRECTIVE ACTION(S)

Insufficient segregation of duties within WUD's procurement process facilitated the abuse identified in this investigation. It is recommended that an audit of procurement and warehousing functions, including but not limited to ordering, receiving, verification of receipt and payment approval, should be conducted to clearly identify all internal control weaknesses and other irregularities. Once completed, those audit results should be used to guide WUD in amending current policy, and where necessary, creating new policies that insure the safeguarding of its assets and mitigation of opportunities for abuse.

In 2006, Dawn Jones, Procurement Specialist III, created a manual which includes steps necessary to process a requisition from beginning to end. It is recommended that WUD management review this manual for accuracy and completeness, and make any necessary amendments. It is also recommended that a similar manual be created outlining the processing of commodities in the warehouses. Policy should then be

adopted directing employees to use these manuals whereby increasing consistency, accuracy, and accountability.

During the course of the investigation WUD management reviewed and revised its ordering procedures by splitting the purchasing and receiving functions so the person creating the purchase order (PO) is not the same person who processes the receiver document (RC) which authorizes payment of the invoice. Even though WUD has modified their procedures, the Advantage System still allows a WUD procurement specialist to create POs and process RCs. It is recommended that WUD management consider the results of the recommended audit in determining the risk/cost benefit of re-configuring Advantage authorization levels so the individual creating a PO cannot be the same individual who processes the RC.

In light of recent events involving the arrest of a WUD employee for accepting gifts from a vendor and the statement from the HD Supply sales representative, it is also recommended WUD take additional corrective action by creating a no gift policy in accordance with F.S. 112.313(4) when in a procurement and or decision making role.

It is further recommended, based upon these findings, that WUD take corrective personnel actions deemed appropriate.

BACKGROUND

July 16, 2010, the OIG was notified by Senior WUD management that a procurement staff member had identified various discrepancies on nine (9) purchase orders (POs) associated with HD Supply. These POs were issued under three Palm Beach County (PBC) contracts (CMA-680-09006A, CMA-680-09024A and CMA-680-09023) for pipe and valve materials used on water projects.

The vendor POs in question totaled \$91,454.27 during the period October 2009 to March 2010. These purchases are as follows:

| | | |
|----------------|--------------------|------------|
| DO 102209*0382 | \$36,392.22 | 10/22/2009 |
| DO 121809*1033 | 7,070.00 | 12/18/2009 |
| DO 012810*1453 | 6,968.20 | 01/28/2010 |
| DO 012810*1455 | 15,498.82 | 01/28/2010 |
| DO 022410*1740 | 3,619.71 | 02/24/2010 |
| DO 022410*1741 | 7,742.25 | 02/24/2010 |
| DO 030510*1860 | 5,210.01 | 03/05/2010 |
| DO 010510*1150 | 5,738.18 | 03/16/2010 |
| DO 031110*1900 | <u>3,214.88</u> | 03/16/2010 |
| Total | \$91,454.27 | |

It is noted that WUD management confirmed all items purchased were used.

MATTERS INVESTIGATED

1. LaDonna Booth, WUD Procurement Specialist, violated WUD procurement policy by falsifying documents and circumventing the procurement process to acquire water system materials from HD Supply. If supported, the allegation would constitute a violation of Merit Rule 7(24), 7(33), and Palm Beach County, Policy and Procedure Memorandum (PPM) CW-L-008.
2. Wendy Otano, WUD Materials Manager, violated WUD procurement policy by falsifying documents and circumventing the procurement process to acquire water system materials from HD Supply. If supported the allegation would constitute a violation of Merit Rule 7(24), 7(33) and PPM WUD-L-011.
3. Paul Beaudreau, WUD Utility Construction Crew Superintendent, violated WUD procurement policy by circumventing the procurement process. If supported, the allegations would constitute a violation of Merit Rule 7(24), PPM CW-L-008 H(4) and PPM WUD-L- 004.

INVESTIGATIVE FINDINGS**Matter Investigated (1):**

LaDonna Booth, WUD Procurement Specialist, violated WUD procurement policy by falsifying documents and circumventing the procurement process to acquire water system materials from HD Supply.

Findings:

The following information ***supports*** the allegation.

The OIG investigation revealed Ms. Booth violated the WUD procurement policy by creating and falsifying purchase orders (POs) and directing the vendor, HD Supply, to create falsified invoices that reconciled with her falsified POs; thus, allowing the vendor to be paid.

Mr. Conrad Ailstock, Support Services Manager, stated the situation originally came to light when Dawn Jones, Fiscal Specialist III, noticed unpaid invoices associated with Ms. Booth's orders. When questioned by Ms. Jones, Ms. Booth said she was waiting for HD Supply to make "adjustments and credits" to the invoices so they could be paid by the Clerk's Office. Thinking this was odd, Ms. Jones brought the various invoices to Mr. Ailstock who reviewed them and found inconsistencies between HD Supply invoices and PBC POs. The POs in question identified water commodity items needed by Paul Beaudreau, Utility Construction Crew Superintendent, for on-going projects.

According to Mr. Ailstock, the acquisition of these items by Mr. Beaudreau required him to process POs through one of two options - competitive bids or confirming orders (emergency requisitions) - both of which are the responsibility of Vernetha Green, WUD

Manager of Procurement and Stores. The competitive bid process is conducted by either a Request for Quote (RFQ) for purchases between \$1,000.00 and \$49,999.99 or a Request for Proposal (RFP) for purchases \$50,000.00 or more.

According to Mr. Ailstock, Mr. Beaudreau chose to bypass Ms. Green and the mandatory procurement process by taking the HD Supply quotes for the desired materials (which he acquired in advance) directly to Ms. Booth.

Ms. Dawn Jones confirmed what she had told Mr. Ailstock about the numerous unpaid invoices associated with Ms. Booth. Ms. Jones indicated Ms. Booth advised her she was waiting for HD Supply to make "adjustments and credits" before the invoices could be paid. Ms. Jones thought this was odd and retrieved the documents herself and found numerous inconsistencies relating to orders and invoices in the HD Supply account. Ms. Jones brought these inconsistencies to the attention of Mr. Ailstock. Per Ms. Jones, after Mr. Ailstock's review, he noted inconsistencies on the nine (9) POs associated with Mr. Beaudreau's requested items. The inconsistencies included the following:

1. All nine (9) POs were issued to HD Supply for warehouse stock items using term contracts awarded to HD Supply through a County Purchasing Contract.
2. Purchases were made without a "requisition" or without the appropriate approval levels.
3. Items issued on the POs were not the items shipped by HD Supply and received by PBC against those orders.
4. Receivers were entered to match the POs.
5. Ms. Nordia Guthrie, Accounting Clerk, Clerk and Comptroller's Office initially rejected the invoices that did not match the POs. She subsequently paid the invoices once they were re-presented to her with new invoices changed by HD Supply.
6. Purchases were charged to the warehouse "repair and maintenance" account, overstating the expenses.
7. Construction crew personnel signed delivery receipts for items purchased without requisitions or without required pre-approvals.
8. HD Supply adjusted invoices to match the dollar amounts, so payment could be made.
9. HD Supply provided items which were not on the contracts.

Ms. Jones, in an interview with OIG investigators, outlined what she believed transpired for the procurement of these products. She stated Mr. Beaudreau brought the HD Supply quotes for his desired materials to Ms. Booth because those materials were not on any of the existing master contracts with HD Supply. Ms. Booth subsequently created and falsified the POs to match items currently listed on the master contracts.

Per Ms. Jones, this matter came to light when Marco Palomar, a WUD Procurement Specialist, received a telephone call from the HD Supply billing department informing him there were invoices that needed to be paid. Once notified by Mr. Palomar, Ms.

Jones made inquiries about the unpaid invoices and noticed nine (9) of them were associated with Ms. Booth, who processed the POs. This situation caught her eye because there were "so many" belonging to Ms. Booth; therefore, she wanted to know "why" so she could respond to the HD Supply billing department. Per Ms. Jones, she brought this situation to her supervisor Conrad Ailstock who examined the documents and found invoices which were falsified by the vendor, at the request of Ms. Otano, to match the POs. An email review also revealed Ms. Otano sent an email to HD Supply employee Javier Rezhakani, dated 12/18/2009 in which Ms. Otano wrote "Please invoice quantity and dollar amount same as our purchase order."

Per Ms. Jones, the falsely created invoices were then forwarded by Ms. Otano to Ms. Booth who entered them into Advantage, the County's automated financial and purchasing system. Ms. Booth entered the inaccurate receiver documents (RC) even though the items listed in the POs did not match the items listed in the HD Supply quotes. Instead of entering receipt of the items listed on the delivery receipts, Ms. Booth entered receipt of items listed in the original false POs, thereby stating the items listed in the original false POs were received rather than the items that were actually delivered. As a result, the information entered into the Advantage System showed WUD ordered and received the items listed in the POs and the invoices were approved and subsequently paid by the Clerk and Comptroller's Office.

An OIG Investigator contacted the HD Supply Headquarters regarding their employee's involvement with the purchasing of items not on their current PBC contracts. As a result, HD Supply's Director of Loss Prevention and Business Continuity and his staff collected the documents relevant to the questioned transactions. The HD Supply staff also reviewed emails to and from HD Supply employees, Jeff Brouillette and Javier Rezhakani, and the PBC employees involved. As a result of their internal investigation they concluded their two employees had done nothing wrong and were only following the instructions of the PBC employees. An OIG review of Jeff Brouillette's statements to Loss Prevention revealed the following: "We were instructed by Palm Beach County to change our invoices to match the descriptions that were on the Palm Beach County POs - even though that description did not match the bids originally referenced on the POs. We were told this would be the only way our invoices would be paid."

During a 12/20/2010 interview with OIG investigators, which preceded Ms. Booth providing a sworn statement, she admitted she knew she was creating falsified POs outside the proper procedure but thought it was the right thing to do because this situation was not the first time an invoice had to be corrected by a vendor. She stated it does not happen every day, but it does happen. She also described other common practices which take place in the WUD procurement section; namely, split orders (creating separate POs to keep the cost per PO under \$1,000.00), and items purchased on the Home Depot tools contract which should have been processed differently. She stated she fails to understand the reasoning behind the accusations lodged against her and, "If WUD would go back through the orders processed prior to her employment", she is sure they would find "other changed invoices."

Debra West, WUD Director, Finance and Administration, addressed Ms. Booth's comments in her sworn statement regarding split orders and the misuse of an existing tools contract. Ms. West said "split orders" were against the Purchasing Code and something Ms. Jones would have to answer to on a monthly exception report. In any event, split orders had no bearing on Ms. Booth's duties. Ms. West stated Ms. Booth was authorized to contact Vendors like HD Supply, but she was always required to stay within the procurement rules. Ms. West further stated Ms. Booth did not follow the basic rules of her job which include matching items on POs and invoices. When presented with this situation, she should have gone to her supervisor.

Matter Investigated (2):

Wendy Otano, WUD Materials Manager, violated WUD procurement policy by falsifying documents and circumventing the procurement process to acquire water system materials from HD Supply.

Findings:

The following information ***supports*** the allegation.

The OIG investigation revealed Wendy Otano knowingly signed packing slips that did not match the PO for those items. Further, Ms. Otano directed HD Supply to create falsified invoices that reconciled with the falsified POs allowing for HD Supply to be paid.

According to Conrad Ailstock, as a WUD Materials Manager, Ms. Otano is responsible for managing the warehouse functions, which include stocking, distribution, and inventory records. This includes the proper accounting for the acceptance and disbursement of warehouse stock.

During the 12/17/2010 interview with OIG investigators, Ms. Otano admitted she falsely signed for the items in question. When asked by OIG investigators why she took actions which were wrong and not within her job duties, she stated she did it to "get the job done and for the benefit of the citizens of Palm Beach County."

In her sworn statement, Ms. Otano described herself as having to "do what you have to do to get the job done." She stated it was her feeling as a Materials Manager, responsible for supplying materials to handle the daily needs of citizens that it was in the best interest of those citizens to provide them with safe water and containment of waste water. She stated in the years she has worked for WUD much has changed. She noted the growth of WUD, hiring of additional staff, the handling of construction jobs with WUD's own staff instead of outside contractors, and the need for new materials on a daily basis. Also, absorbing Royal Palm Beach Water Utility and the Glades Utility Authority (GUA) resulted in additional purchases or job duties. She stated the current materials and quantities stocked in the warehouse are all based on previous usage. She stated the new utilities, which have been added to WUD, have been given access to the warehouse supplies with no additional funding to re-stock. She stated if additional quantities of items were needed; then she was instructed to

“take care of it” and to give the employees what they needed. She stated the policy and procedures currently in place have not kept up with the changes at WUD and staff members have been working to keep up. She further stated some changes did take place but the “lack of time and help” from Dawn Jones, Conrad Ailstock and Debra West, plus the current policy and procedures, have resulted in preventing this from occurring; thus, creating the need to do “what you have to do” to get the job done. Ms. Otano also stated that on many occasions she has discussed the situation with Ms. Jones asking to have additional money added to a contract or getting a new contract set up only to be told by Ms. Jones “it was not her job.” She stated there are many complicated factors which affected her warehousing duties. She provided examples of these factors such as fabrication, lead times, shipping, purchasing, storing and issuing materials all the while huge changes at WUD have taken place and no preparation was given to prepare for them.

According to Debra West, Ms. Otano in her position as a Materials Manager is in no way responsible for the daily needs of citizens. She stated that in recent years the PBC WUD has grown significantly because of the acquisition of water operations for the Village of Royal Palm Beach and the creation of the GUA. Ms. Otano’s duties would have been moderately impacted by this expansion in as much as she would have been “busier,” however, her responsibilities did not include construction crew needs outside of what was already stocked in the warehouse.

Ms. West stated the WUD warehouse inventories are reviewed annually and changes are made where necessary; however, Ms. Otano was only responsible for issuing what was already in the warehouse, nothing more. Ms. West stated all WUD employees have struggled in the past with keeping up with the changes but the additional activity required of Ms. Otano caused by these changes put a small burden on her. She stated Ms. Otano was “busier”, but overtime pay had been authorized and resources were provided. Ms. West stated she does remember Ms. Otano saying she needed more people or resources whereupon temporary staff was brought in. Ms. West further stated if Ms. Otano was not getting enough support she should have taken the problem to her supervisor. Ms. Otano had avenues open to her to get more support but she did not approach her supervisor about it. Ms. West stated it was not Ms. Otano’s responsibility to find other means to acquire materials for WUD. Ms. Otano was always required to stay within the procurement policies and, by doing what she did, Ms. Otano was definitely “out of her lane.” Ms. West further stated that when Ms. Otano was approached by Paul Beaudreau to circumvent the system, she should have told Mr. Beaudreau to speak to Vernetha Green.

Ms. West stated that after the situation involving Ms. Otano and Ms. Booth came to light, she undertook a comprehensive review of WUD procurement and specifically looked for other POs handled in the same manner because she wanted to find the scope of the problem. She stated she could find no others, except the POs involved in this case.

Matter Investigated (3):

Paul Beaudreau, WUD Utility Construction Crew Superintendent, violated WUD procurement policy by circumventing the procurement process.

Findings:

The following information ***does not support*** the allegation.

The OIG investigation revealed Paul Beaudreau routinely needed materials on a time sensitive or emergency basis to complete a job. Once a quote and requisition had been submitted to the WUD procurement section he had no further control over the process.

According to Conrad Ailstock, Support Services Manager, Mr. Beaudreau performs specialized work on the construction crew and he characterized Mr. Beaudreau's work as "labor intensive." He uses large pipe which is not generally in stock and has to be placed out for bid. He also confirmed Mr. Beaudreau was permitted to hand-write requisitions and "confirming orders" (emergency requisitions) since he worked primarily in the field. A "confirming order" requires two (2) management approvals with the final approval coming from the Director of WUD. Mr. Ailstock recalls Mr. Beaudreau approaching him about a "confirming order" but he informed Mr. Beaudreau that Bevin Beaudet, Director of WUD, would not sign it. (According to Mr. Beaudet, he has no recollection of Mr. Beaudreau requesting a "confirming order" for any of the nine (9) requisitions.)

On 3/2/2011, Mr. Beaudreau was interviewed by OIG Investigators. He stated he has been going to Ms. Otano and LaDonna Booth, Procurement Specialist, to acquire parts and supplies since 2006. He stated "when a job goes sour" (emergency) his normal procedure is to go speak with Mr. Ailstock and Dawn Jones, Procurement Specialist III, and they instruct him what to do and subsequently his materials "appear."

Mr. Beaudreau stated he always asks for quotes because it is required of him according to PPM WUD-L-004. He usually asks HD Supply for the quotes because they, unlike other supply houses, provide him a quote within an hour not the days it takes other companies. He stated his job requires him to be in the field 85% of the time and in the office 15% of the time. He stated he hand-writes requisitions with a quote attached, brings them to either Mr. Ailstock or Ms. Jones to determine if he needs anything further and then brings it to Ms. Booth. After which, he has no further contact with the procurement process until he is notified to pick up his materials. He explained he has been allowed to do handwritten requisitions for five (5) years even though the PPM WUD-L-004 requires web-based submission of requisitions.

Mr. Beaudreau stated he went to his WUD office on Monday (2/28/2011) to look for his handwritten requisitions for the purchases involved in this case. He stated they were not in his office. He went to Mr. Ailstock and asked if he knew where his requisitions were. Mr. Ailstock stated he did not know. Mr. Beaudreau stated he was not confident WUD would produce them for him so he filed a public records request for these documents going back five (5) years. At that point, Mr. Beaudreau stated the

accusations against him made no sense to him. He did not do any requisitions online so how could he possibly manipulate them. Mr. Beaudreau stated what has occurred in this case goes on all the time as a matter of routine. He stated the procurement system at WUD has been a problem for a long time.

Mr. Beaudreau stated he was never disciplined for hand-writing requisitions. He would attend meetings with the WUD Engineering Department where the work would be prioritized and at these meetings he asked how PBC wanted things done and, if a confirming order was necessary, then he would get one signed. He stated he did whatever Mr. Ailstock, Ms. Jones and Ms. Booth wanted. The majority of his jobs were either emergencies or time sensitive. Mr. Beaudreau provided several examples wherein he had emergencies that called for a "confirming order."

Mr. Beaudreau described a situation involving the "Wellington Interconnect" (DO*1453, DO*1455 and DO*1860 – referenced on page 2) in which his supervisor Stan Lemke, Director, Lines and Lift Station Operations, told him in February 2010 he needed to "get the job done before the 2010 hurricane season." (When interviewed, Mr. Lemke stated he had no recollection of telling Mr. Beaudreau he needed to get the job done quickly.) Mr. Beaudreau stated for the Wellington job he needed meters and disk check valves. WUD had valves under price agreements but not the disk check valves. He stated his work involves 12" pipe but mostly larger sizes, but price agreements do not exist for pipe larger than 12"; thereby making his work difficult because it generally involves things that do not have price agreements in place.

Mr. Beaudreau provided another example regarding the System 9 sand strainer job. He stated a previously ordered pipe did not line up to complete the repair and was costing the county \$50,000.00 per day to replace sand filter membranes until it got fixed. He stated this job occurred right after the Wellington Interconnect job in April 2010 so it too became "time sensitive." He further stated while working on this job a 36" pipe broke at the plant causing an "emergency." As a result, he used bolts to do this repair which were purchased for a different job – the Lyons Road Project (DO*1900 – referenced on page 2). When he subsequently went to do the Lyons Road project, he needed replacement bolts to complete the job.

Mr. Beaudreau stated that ten (10) years ago there were price agreements for pipe up to 54" but in 2006 the price agreement for large pipe ended. This was not a problem at the time because PBC was flush with money and WUD would have an independent contractor fix the emergency problems. This practice continued until PBC money dried up. At that time, that type of work was brought back in-house. His normal procedure was to go to Ms. Booth if a purchase was under \$1,000.00. If it was over that amount, he went to Mr. Ailstock or Ms. Jones and essentially did whatever they told him to do.

Regarding the Knife Gate 54" Valve mentioned in this investigation (DO*0382 – referenced on page 2) he had meetings regarding this with Ms. Green and Ms. Otano. According to Mr. Beaudreau, during this meeting, Ms. Green told him she would get the 54" valve for him but to "split the order" for the accessories and give them to Ms. Otano.

According to Vernetha Green, Manager of Procurement and Stores, she recalled having a meeting with Paul Beaudreau and Wendy Otano, Materials Manager, regarding the job that required a 54 inch valve and associated accessories. She does not remember specifically when the meeting occurred but said it would have occurred between the date Mr. Beaudreau obtained the quote (10/16/2009) and the purchase order date (10/22/2009). Ms. Green told Mr. Beaudreau and Ms. Otano she would put the purchase of the valve out on a Request For Quote bid and the remaining accessories needed to be dealt with by Mr. Beaudreau and Ms. Otano through normal procedures. She recalled Mr. Beaudreau and Ms. Otano had further discussion between the two of them regarding what parts were in stock in the warehouse. She did not tell Mr. Beaudreau or Ms. Otano how to proceed or to split anything. When asked if Paul Beaudreau had the ability to influence the procurement process once he submits a requisition, Ms. Green said he did not.

ADDITIONAL INFORMATION

Florida Statute 112.313(4) states: "UNAUTHORIZED COMPENSATION - No public officer, employee of an agency, or local government attorney or his or her spouse or minor child shall, at any time, accept any compensation, payment, or thing of value when such public officer, employee, or local government attorney knows, or, with the exercise of reasonable care, should know, that it was given to influence a vote or other action in which the officer, employee, or local government attorney was expected to participate in his or her official capacity."

During the course of this investigation HD Supply's Loss Prevention Staff interviewed their employee Mr. Jeff Brouillette. In his statement to them, Mr. Brouillette stated "the extent of our entertainment for personnel at Palm Beach County was lunch, dinner and golf meetings. We have given them hats, pens, calendars and other related promotional items." Mr. Paul Beaudreau denied these lunches in his response to this investigation. The OIG requested and received a copy of Mr. Brouillette's expense reports from February 2008 to July 2010 which revealed several lunches, dinners and a golf outing paid for by Mr. Brouillette for WUD employees.

During the interview with a State Attorney investigator, Mr. Brouillette stated that on at least two occasions he met Mr. Beaudreau at Chili's Restaurant located at SR 441 and Southern Boulevard, Royal Palm Beach, for a business lunch which according to Mr. Brouillette was to review plans for a project. Mr. Brouillette paid for lunch on both occasions.

ARTICLE XII, SECTION 2-427

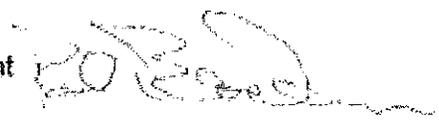
Pursuant to Article XII, Section 2-427 of the Palm Beach County Code, Mr. Beaudreau, Ms. Otano and Ms. Booth were provided the opportunity to submit a written explanation or rebuttal to the findings as stated in this investigative report within fifteen (15) working days. Their written responses are attached to this report.

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

March 28, 2011

TO: Sheryl G. Steckler
Inspector General

FROM: Paul Beaudreau, Construction Superintendent
Water Utilities Department



RE: Rebuttal to OIG Case Number: 2010-0002

I am in receipt of the portion of your report pertaining to me regarding the above referenced case number.

I am in agreement with the report with the exception of the lunches that Jeff Brouillette stated he bought for me. Considering the fact that there is no Chili's at Southern and SR 441 and that my plans typically are too large (2' x 3') to be accommodated during a lunch, Mr. Brouillette must have me confused with someone else. **Jeff Brouillette has never bought me lunch.**



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February 9, 2011

Sheryl G. Steckler,
Inspector General
Palm Beach County Office of
Inspector General
Investigations Section
P.O. Box 16568
West Palm Beach, Florida 33416

Re: Wendy Otano

Dear Ms. Steckler:

My office has the pleasure of representing Wendy Otano. We are in receipt of your letter to her dated January 21, 2011 and write to explain and/or rebut.

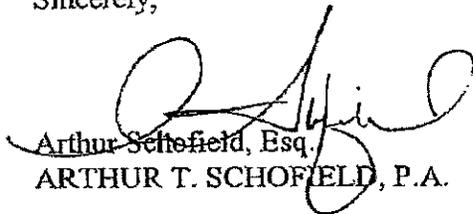
Ms. Otano acknowledges that she was interviewed on December 17, 2010. However, during that interview she was presented with a large amount of purchase orders and invoices which she was unable to review in their entirety given the time constraints. She did review some of them and acknowledged a certain number of the invoices had been altered and that certain of the items listed on the purchase orders were not, in fact, the item sought or received by the warehouse.

Ms. Otano's explanation for this is and always has been that the immediacy to obtain the parts prevented her from utilizing the procurement process and guidelines of the Palm Beach County Water Utility Department. The use of approved suppliers to provide non-contracted materials was not something Ms. Otano started on her own, but rather was taught to do by others since virtually the moment she obtained the position of Materials Manager. Ms. Otano received no personal gain in securing these materials and it would not have served her interest to devise this plan. Instead, it was a process handed down to her as an exception to the rule to complete a job quickly and efficiently.

It should be evident from Ms. Otano's response to this entire matter that she did not consider this to be a violation of any policies. She never denied what she had done and fully acknowledged her role in procuring these materials without hesitation. This fact also speaks volumes that what happened here was a practice that developed over time, involved several employees and was not considered to be anything but a method by which jobs could be completed quickly and the citizens of Palm Beach County could be served efficiently.

Thank you for your attention to this matter and should you have any questions, please do not hesitate to contact my office.

Sincerely,



Arthur Schofield, Esq.
ARTHUR T. SCHOFIELD, P.A.

cc: Wendy Otano

2/11/11

Case # 2010-0002

Dear Mrs. Stecker.

In regards to the accusations that Dawn Jones, has stated, "she was aware of the invoices not being paid." She did not have to get any word from anyone, nor get a phone call. I personally went to Dawn Jones and told her that I was unsuccessful of getting in contact with HQ for the invoices.

To me, this case seems immature and unprofessional. The letter I received dated January 21, 2011 is nothing but third party "he say, she say" like its high school students. I don't know why all of this writing is what Debra West said and not Dawn Jones. Does Debra West know what procurement does besides placing an order, what the are: the jobs in full detail? Of course not, she just gets the report and if they look good, then all is fine. But under this situation Dawn Jones was upset personally with us three (3) employees who are on paid leave.

Dawn Jones is fully aware of what took place with these orders. Debra West has no clue that orders are usually on the IPO report and all Dawn Jones does is write an explanation stating the reason for it, whether warehouse out of stock, it was an emergency, etc. She always made the report (IPO) look clean with less errors as possible.

If I had access to my email and other notes there would be records stating Dawn was aware of the unpaid invoices before she ran to Conrad to make a big scene. I went to her before the email was even sent out and they were paid before she asked about the invoices.

Ms. Jones has manipulated every one she possibly could at Fire Rescue and now at Water Utilities. There was no plan created as Ms Jones implemented. Ms Jones has planned everything from day one at Water Utilities. She's always planned for only her CHILDREN to work and she supervised. For as policies a supervisor can't supervise their relatives, but it was OK at water utilities. Ms Jones has also requested orders, input orders, & received orders. Ms Jones should be honest and state, it was very rare that Finance would call about invoices that were not paid for by Conrad. If anything Marcoe Palomar never pays his bills. That's a different issue.

In closing, Ms Jones was aware of the invoices. Ms. Debra West goes along with any story from Dawn.

Dawn's daughter lost her job, Debra West hired her when they say we did not have any money. Debra West found money and gave her a job with daughter and mother working together.

Dawn's daughter was sick, Ms Jones allowed her to rest under her desk so she can still get paid. She (daughter) could not afford to stay home, so Dawn hid her under her desk.

Dawn has also borrowed the company's car for personal business. That was also approved, but in the past an employee was fired for going to her house because she had a headache.

Dawn has also paid an employee for not being at work, giving him comp time. Mr. Palomar, was out on vacation, he did not put in his time for vacation, and still accrued comp time while out. He was not even at work.

In closing, I was told ~~there~~ ^{where} are still orders being placed as ~~if~~ ^{if} I've done and been accused of. Please, there is more evidence in the files that would justify the same as I have done. To help everyone's mind from wondering, go pull orders out of the file cabinet and you will get the truth. There's no need for Ms Jones and Mr. Gilstock to continue of stating false statements and then bring a blind man, "Debra West," who knows nothing about the procedures.

My office was switched to help Wendy Otano because the new addition to Water Utilities (GUW) was going to increase more ordering for Wendy and she could use the help, these were the words from Mr. Gilstock and Ms. Jones.

I speak the truth, this was a common practice and it still exists today. The real research and investigation is in the files.

Sincerely,
