

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

NOVEMBER 10, 2016

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

COMMISSION CHAMBERS

I. CALL TO ORDER

II. ROLL CALL

MEMBERS:

Michael S. Kridel, Chair
Clevis Headley, Vice Chair – Absent
David Aronberg – Arrived later
Carey Haughwout – Absent
Michael Loffredo
Judy M. Pierman
Sarah L. Shullman

STAFF:

Debbie Brooks, Executive Assistant, Office of Inspector General (OIG)
John A. Carey, County Inspector General

ADMINISTRATIVE STAFF:

Victoria Torres, Deputy Clerk, Clerk & Comptroller's Office

III. INTRODUCTORY COMMENTS

Chair Michael Kridel stated that this semiannual meeting of the Palm Beach County Inspector General Committee would follow the agenda as presented.

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

IV.a. Meeting: May 12, 2016

MOTION to approve the May 12, 2016, minutes. Motion by Judy Pierman and seconded by Sarah Shullman, and carried 4-0. David Aronberg, Carey Haughwout and Clevis Headley absent.

V. SIX-MONTH STATUS REPORT

V.a. Presentation by Inspector General John Carey

Inspector General (IG) John Carey gave a slide presentation and stated that:

- The OIG's mission was to provide independent and objective insight, oversight, and foresight and to promote integrity, efficiency, and overall effectiveness in government.

(CLERK'S NOTE: Public Defender Carey Haughwout joined the meeting.)

- Insight helped good people to perform better in government by being more efficient and effective in overall operations.
- Oversight provided accountability for resources and performance.
- Foresight helped to prevent fraud, waste, and abuse.
- Although calls to the OIG hotline and correspondence volume measured differently at six-month intervals, the annual totals of calls and complaints were similar to last year.

Chair Michael Kridel suggested that since a six-month period was a relatively short period of time, staff should use a longer period for comparison.

Mr. Carey said that:

- The 78 reported complaints and allegations resulted in 4 correspondences that were referred to the OIG Contract Division and 1 correspondence to the OIG Audit Department. The majority of correspondences were related to the municipalities.
- Complaints came largely from citizens and government employees. The municipality complaints came from employees in the municipality as well as the municipality itself.
- The Cities of Riviera Beach and Delray Beach and the Town of Loxahatchee had high levels of complaints in recent six-month periods.
- Complaints came from County departments such as Palm Tran, Community Services, Facilities Development and Operations and Purchasing.
- The amount of allegations involving employee misconduct decreased from the previous six months.

- Allegations of financial improprieties were a result of stealing or spending money. Contract improprieties were related to Sunshine Law violations, improper procurement processing and not following State, County or City policies.
- The OIG self-initiated investigations or management reviews and there was only one activity in the recent six-month period, compared to six in the previous period, due to a shortage of investigators and previous inquiries that were still under investigation.
- There was an ongoing, large scale investigation that required up to 3 investigators at a time, which added to the backlog. The OIG investigation:
 - Addressed complaints against the City of West Palm Beach's Director of Communications for releasing "confidential and exempt" information to the public as well as allegations of off-duty employment.
 - Found the complaints to be valid and the investigation was referred to the County's Commission on Ethics and the State Attorney's Office for further examination.
 - Resulted in the implementation of 3 out of 5 OIG recommendations.
- Modeled after the City of Miami's OIG, contract oversight functioned as the foresight division, which would be beneficial for all municipalities.
 - The County monitored over 108 contracts.
 - During a six-month oversight study of all contracts, policies, and procedures, the current contract value was \$237.7 million and the County attended 72 Procurement meetings throughout the period.
- The Oversight Division issued 3 reports and 7 recommendations were made.
- The Village of Palm Springs (Village) did not establish an audit committee as required by Florida Statute 218.391. The Village accepted and implemented the following recommendations:
 - Void the contract award.
 - Establish an audit committee.
 - Direct the audit committee to comply with its statutorily prescribed functions.

- When strategizing negotiations in vendor selection meetings, the City of Palm Beach Gardens (City) should have recorded the meeting discussion to support consistency, transparency, and compliance with Florida Statute 286.0113.
 - The City accepted the recommendations and implemented corrective actions.

In response to Public Defender Carey Haughwout, Mr. Carey said that when situations like the City's neglected recording occurred, the OIG would contact other municipalities to verify that they were complying with the statute.

Mr. Carey continued that:

- The Solid Waste Authority (SWA) did not comply with Florida's Sunshine Law in evaluating, scoring, and ranking grant applications.
 - The SWA should have made those decisions through a council or committee process.
 - Although the SWA disagreed with the OIG's findings, steps were taken to correct the violation and revise their policy procedures.
- There were 2 OIG reports issued concerning audit activities:
 - One report to the Department of Economic Sustainability exposed control and operational weaknesses and included 23 recommendations regarding grant monitoring and oversight, contracting and change orders, and records management.
 - The OIG also identified deficiencies and compliance issues with the Town of Loxahatchee Groves (Town) including compliance with the Town charter, overseeing the Town Manager's contract, and payment processing.
- A risk assessment was done in order to build audits for the next fiscal year. The information gathered from the assessment included:
 - Surveying government employees, contractors and citizens.
 - Reviewing government meeting minutes and agendas.
 - Reviewing the comprehensive annual financial reports and budgets.

- Performing a risk analysis, which would then develop into an audit plan.
- Throughout every audit investigation and contract oversight report, there were lessons learned for the subsequent fiscal year.
- Fiscal year 2016 was a year of transition and growth for the OIG, including:
 - One new hire and a 30% staff turnover rate, which was down from a 100% turnover rate the previous year.
 - Identifying \$5.7 million dollars in questioned costs, which were related to potential violations of the law, regulation, policy, and a lack of documentation.
 - Approximately \$314,000 in potential cost savings were found in short-term identified costs and longer term avoidable costs.
 - The OIG had 14 referrals to law enforcement and County or State Commissions on Ethics.
 - The OIG generated 15 reports with more than 100 recommendations.
 - The OIG required a staff of 40 employees, but was only budgeted for 23. The current staff was 21 employees.
 - The IG cost was \$1.71 per county citizen, up three cents from 2016.
- The annual budget for the OIG was \$2.9 million in Fiscal Year (FY) 2016 and would rise to \$3.0 million in FY 2017.

Ms. Haughwout inquired as to how the OIG's priorities would change if it were fully funded, what cases were on hold, and how many investigations were open.

Mr. Carey responded that:

- He would double the auditor staff to 16 employees, double the contract oversight staff to 6, and double the investigation staff to 8. The OIG had at least 5 audit cases on hold and there were 2 investigations still in process.
- County budget cuts had placed a freeze on OIG hiring.

- A class action lawsuit, filed by 15 municipalities against the County since November 2011, was still ongoing and oral arguments were heard on October 4, 2016 before the 4th District Court of Appeals.
- Each municipality argued their cases about funding the OIG and stated that the current funding arrangement violated sovereign immunity.
- If the appeals court ruled in favor of the County, it would take one year for the budget increase to take effect.
- The OIG's strategic plan was published in October 2016.
- The annual risk assessment was created, which focused on where the OIG would perform audits in the coming year.
- He was on the Professional Certification Board, which accredited certain professions, such as IGs, investigators, and auditors.
- In 2019, Palm Beach County would host the annual Conference of the National Association of Inspector Generals.

V.b. Discussion

Chair Michael Kridel stated that the committee was proud of what the OIG presented and hoped for better resource latitude in the next report.

Public Defender Carey Haughwout suggested that the Inspector General should have a role on the committee for the infrastructure one-cent surtax.

Inspector General John Carey agreed with Ms. Haughwout's suggestion and said that he would meet with the committee once it was established.

Assistant Attorney General Sarah Shullman stated that the OIG should reach out to the City of Westlake. She commended staff for working diligently and said that a decrease in correspondence and complaints was a positive outcome from the OIG.

V.c. Public Comment – None

VI. NEW BUSINESS

VI.a. Discussion – None

VI.b. Public Comment

VI.b.1.

Clerk and Comptroller Chief Operating Officer of Finance Shannon Ramsey-Chessman said that there was a separately elected comptroller who was directly responsible for auditing all County payments. She added that her team was involved in monitoring the uses of the sales tax dollars and was in compliance with the ordinance.

VII. ADJOURNMENT

At 11:03 a.m., the chair declared the meeting adjourned.

APPROVED: 06/01/2017IG

Chair/Vice Chair