



Office of Inspector General City of Jacksonville



Annual Report for Fiscal Year 2015

Message From the Inspector General

To the Citizens of Jacksonville:

I am pleased to issue this Annual Report on the Office of Inspector General for the period October 1, 2014 to September 30, 2015. This is the inaugural Annual Report for this Office. Within this report we will summarize our efforts over the last 12 months to establish an effective oversight program for the City of Jacksonville and the work we have done to promote efficiency and combat fraud, waste and abuse.

The Office of Inspector General was established in October of 2014, and I was honored to be selected for the Inspector General position. I have been on the job since the beginning of July. I would like to take this opportunity to express my gratitude to the Inspector General Selection and Retention Committee for selecting me for this position. Additionally, I would like to state my deep appreciation for the work performed by Sheryl Steckler in setting up the Office of Inspector General (OIG) and for providing me with guidance and counsel.

I would also like to thank the members of the City Council, the Mayor and his Office and all of the City officials and employees who have supported the Office of Inspector General in setting up our operations and oversight program. The response to our work has been positive and professional, and the help we have been given by numerous persons has been invaluable.

And finally, I wish to thank you, the citizens of Jacksonville. The support you have shown for this Office has been tremendous. I have met and talked with many members of the public, as well as the media, and these discussions have been supportive, and informative, and have guided me in the formation of our program. I have found Jacksonville to be an open and welcoming community, and I am proud to be a part of it.

The last several months have been eventful and tumultuous, and not without challenge. We have been working our way through a backlog of complaints that has made focusing on work other than investigations impossible. But recently added staff will soon enable OIG to make inroads into audit and contract oversight. My staff has been hard at work, investigating fraud and other allegations of misconduct and setting up effective oversight programs of audit and contract oversight. Your commitment to us is reflected in our commitment to you – we will continue to help Jacksonville in its journey to fiscal and operational excellence.

Sincerely,



Thomas C. Cline
Inspector General

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Summary of Accomplishments

OIG's accomplishments during this reporting period include:

\$861,917 in questioned costs

Questioned costs result from violations of law, regulation, contract, grant, cooperative agreement or document government the expenditure of funds, or noncompliance with an entity's internal policies and procedures OR a finding that costs reviewed are not supported by adequate documentation OR a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable in amount.

\$145,164 in identified costs

Identified costs are dollars that have the potential of being returned to offset the taxpayer's burden.

\$42,000 in avoidable costs

Avoidable costs are dollars an entity will not have to expend and/or the increase in revenue if the OIG's recommendations are implemented.

100 Correspondences received

A correspondence is a written contact, usually a complaint, to OIG from any of a variety of sources.

68 correspondences were closed. Highlights of these include:

19 correspondences are being considered for or have led to an investigation

2 resulted in Reports of Investigation (Management Reviews)

20 resulted in Management Referrals and Inquiries (memoranda)

This has resulted in **23** corrective actions, all of which were accepted by City management and **16** of which were implemented.

“Enhancing Public Trust in Government”

What are Inspector Generals and What Do They Do?

History

Inspectors General (IGs) have a long and storied history in the United States. During the War for Independence, General George Washington realized that the Continental Army was sorely lacking in formal knowledge of tactics or military procedures, and needed an agent to provide standardized training to both the soldiers and the leaders of the diverse and disorganized force. The first Inspector General (IG) appointed by the Continental Congress was Major General Thomas Conway who resigned from the position very soon after his appointment due to personality conflicts with General Washington and nearly everyone else he came into contact with. The next IG was Baron Frederick William Augustus von Steuben, who is recognized as the Father of the Inspector General System. During the Valley Forge encampment in the winter of 1777, he trained the Army in troop proficiency and common tactics and is credited with converting the ragged Army into an effective fighting force.



Baron Frederick von Steuben
“The Father of the Inspector
General System”

The success IG von Steuben had in organizing the Army led to the establishment of IGs for all defense components and today military IGs foster effectiveness and combat inefficiency within their units. Their contributions enabled federal leaders at Department and Agency levels to see value in having their own IGs, and in time Congress passed the *Inspector General Act of 1978*, which sat up IGs for 12 Departments. Over time, the Act was amended to expand the IG community to cover over 70 federal agencies.

Florida has an extensive network of OIGs, unique among the states for its breadth. As mandated by the *Florida Inspector General Act of 1994*, every Florida state agency has an IG. The Chief Inspector General has responsibility for monitoring the activities of the Offices of Inspectors General in the state agencies that are under the jurisdiction of the Governor. In addition, many local governments and universities have established OIGs.

The OIG for the City of Jacksonville was created by legislation in October 2014 and by Charter referendum in March 2015. Please see Appendix 1 to this report for more information on OIG’s legislation. At the end of the reporting period, OIG’s jurisdiction included the City of Jacksonville (executive and legislative branches) officers and employees. Effective January 1, 2016, the OIG will increase its jurisdiction to include the Sheriff, the Supervisor of Elections, the Property Appraiser, the Clerk of the Courts, the Tax Collector, School Board, JEA, the Police and Fire Pension Fund, Jacksonville

What are Inspector Generals and What Do They Do?

Aviation Authority, Jacksonville Port Authority, Jacksonville Housing Authority, Jacksonville Housing Finance Authority, Jacksonville Transportation Authority, and the Jacksonville Health Facilities Authority. Please see the *Looking Forward* section of this report for further information on OIG's plans to expand our operations.

Guiding Principles

OIG's governing legislation, our Mission Statement, Core Values and other documents provide us with the following mandates:

Provide independent oversight of government operations.

Detect and prevent fraud, waste, mismanagement, misconduct, and other abuses by elected and appointed officials and employees, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the city and/or receiving county or City funds.

Promote economy, efficiency and effectiveness in government.

Conduct audits, investigations and contract oversight, require production of documents, and receive full and unrestricted access to the records.

MISSION STATEMENT

“Enhancing Public Trust in Government”

CORE VALUES

Leadership: We lead by example, demand excellence from ourselves, to work with commitment to the mission, to remain humble, and to always treat people with dignity and respect.

Professionalism: We are governed by standards and a code of ethics. We ensure high quality of service and conduct ourselves with honor and integrity.

Accountability: Our commitment is to deliver value added service and to accept full responsibility for our actions.

Communication: We convey our findings and recommendations clearly, concisely, and with fact finding support.

Sense of Urgency: We recognize and act on issues that require immediate attention. We are proactive in our actions and flexible in our thinking.

What are Inspector Generals and What Do They Do?

Teamwork: We challenge each other cooperatively to make progress every day. We work together at all levels in developing and continually improving our processes.

Innovative: We strive to be creative and bring new ideas in performance of our duties.

The OIG serves the City of Jacksonville and the public by communicating independent and objective information to policy and decision makers (i.e. City Council, the Mayor, and other government officials). This is done in a transparent manner to ensure that city resources are handled properly, economically and efficiently. IG's ensure that government officials are accountable to the people by:

- Offering analysis on critical government initiatives;
- Independently examining problems and recommend possible solutions;
- Issuing fact-finding reports based on professional audit and investigative standards;
- Performing independent investigations of allegations; and
- Providing technical and consultative advice to management.

OIGs perform their work in accordance with nationally recognized standards. These standards are the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General. OIGs are peer reviewed to determine compliance with the standards. Specific to audits, OIG's work is governed by *Government Auditing Standards* promulgated by the United States General Accountability Office. Specific to investigations in Florida, OIGs seek Inspector General Accreditation through the Commission for Florida Law Enforcement Accreditation, Inc.

Inspector General Selection and Retention Committee

By City of Jacksonville ordinance, the IG is selected by the Inspector General Selection and Retention Committee, a seven member group that also has the responsibility to make decisions regarding retention and removal of the IG. The Committee's selection is subject to confirmation by City Council.

The role of the Committee is set out in Sec. 602.305 of the City Ordinance Code; see Appendix 1 for additional details. The Committee composed of seven members (or the member's designee) selected as follows:

- (1) The President of the Jacksonville City Council
- (2) The State Attorney of the Fourth Judicial Circuit
- (3) The Chair of the Jacksonville Ethics Commission
- (4) The Chair of the Jacksonville TRUE Commission
- (5) The Public Defender of the Fourth Judicial Circuit

Overview of the OIG

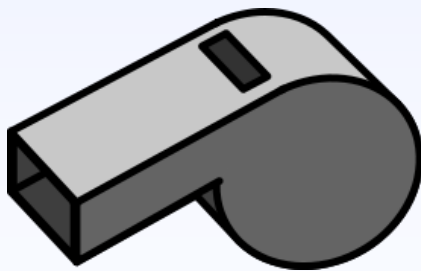
- (6) The Chief Judge of the Fourth Judicial Circuit
- (7) The Mayor of the City of Jacksonville

The OIG is responsible for audits, investigations, and contract oversight as directed by the Inspector General. These responsibilities are currently carried out by the IG and three staff members. The OIG's staff is experienced and accomplished and strives to provide the City Council, Mayor's Office and other city leaders with timely and factual information to improve operations, champion integrity, and detect and prevent waste, fraud and abuse.

OIG Authorities

According to the OIG's enabling legislation, the OIG shall have the power to require production of documents from and receive full and unrestricted access to the records of the Mayor, all elected and appointed city of Jacksonville officials and employees, city departments, divisions, contractors, their sub-contractors and lower tier sub-contractors and other persons and entities doing business with the city of Jacksonville and/or receiving city funds.

In addition to this authority, the IG also has the authority to issue subpoenas to compel the production of documents. Most often, the OIG is able to acquire the same information and/or obtain the same documentation using mechanisms already available to us through our enabling ordinance, contract language, and other legally binding agreements. When a subpoena is necessary, the OIG provides notice prior to serving the subpoena to the State Attorney's Office (SAO) for the Fourth Judicial Circuit to insure that the issuance of our subpoena will not interfere with an on-going criminal investigation. OIG subpoenas are enforceable through the Fourth Judicial Circuit.



The IG is considered the appropriate local official for the purposes of Whistle-blower protection. Florida Statute section 112.3187, which states:

It is the intent of the legislature to prevent agencies or independent contractors from taking retaliatory action against an employee who reports to an appropriate agency violations of law on the part of a public employer or independent contractor that create a substantial and specific danger to the public's health, safety, or welfare. It is further the intent of the legislature to prevent agencies or independent contractors from taking retaliatory action against any person who discloses information to an appropriate agency alleging

Overview of the OIG

improper use of governmental office, gross waste of funds, or any other abuse or gross neglect of duty on the part of an agency, public officer, or employee.

In order to be granted Whistle-blower status the complaint(s) must meet one of the following statutory criteria:

(a) Any violation or suspected violation of any federal, state, or local law, rule, or regulation committed by an employee or agent of an agency or independent contractor which creates and presents a substantial and specific danger to the public's health, safety, or welfare.

(b) Any act or suspected act of gross mismanagement, malfeasance, misfeasance, gross waste of public funds, suspected or actual Medicaid fraud or abuse, or gross neglect of duty committed by an employee or agent of an agency or independent contractor.

In addition to these statutory authorities, the IG has entered into agreements that establish protocols for conducting work which impacts the OIG and other oversight entities. These protocols define responsibilities and ensure coordination between the entities. The IG has agreed upon protocols with the Office of Ethics, Oversight and Compliance for mutual support and coordination and with the SAO for determining the types of cases that are appropriate for referral to SAO and procedures for making referrals.

The Mayor's Office has issued a Reporting Policy whereby City employees shall report to the OIG any fraud, theft, bribery, contract mismanagement (misuse or loss exceeding \$5,000), or other violations of law, which appear to fall under the jurisdiction of the OIG on matters related to City business. The Policy further stipulates that all officials and employees are expected to fully cooperate with the OIG in the exercise of the OIG's functions, authority and powers. Such cooperation shall include, but not limited to, providing statements, documents, records, and other information.

The Association of Inspectors General

The Association of Inspectors General (AIG) was organized on October 26, 1996. As stated in the Association's Articles of Organization, Constitution and Bylaws, the purpose of the Association is to:

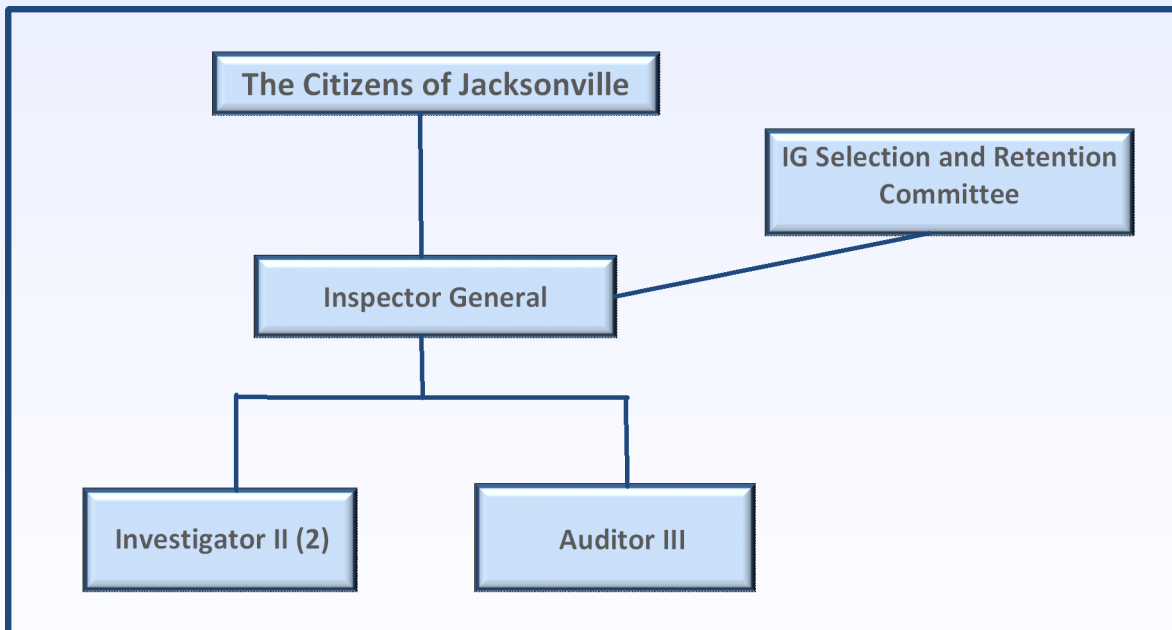
foster and promote public accountability and integrity in the general areas of the prevention, examination, investigation, audit, detection, elimination and prosecution of fraud, waste and abuse through policy research and analysis; standardization of

Overview of the OIG

practices, policies, and ethics, encouragement of professional development by providing and sponsoring educational programs, and the establishment of professional qualifications, certification, and licensing. (Principles and Standards for Offices of Inspector General, May 2014 Revision)

The AIG provides standards for the operations of and work performed by OIGs that ensures compliance with the highest requirements for competence, accuracy and quality. They provide a peer review program for OIGs to ensure compliance with these standards. Our Office's goal is to comply with the standards promulgated by the AIG, and to request a peer review from the AIG as soon as our policies and procedures are in place and adequately tested, and we have the budgetary resources to provide the necessary support for the peer review. Both of our investigators have passed the Certified Inspector General Investigator (CIGI) course administered by the AIG, and the IG is scheduled to attend the Certified Inspector General Institute in 2016.

Organizational Chart



Overview of the OIG

Staff Certifications and Professional Affiliations

To accomplish the statutory and city ordinance mandated requirements, technical expertise and a variety of specialized skills are necessary for creating innovation and proficiency within the OIG. OIG employees are certified in a variety of disciplines including auditing, accounting and investigations. The following certifications are held by OIG staff (many employees have more than one certification):

Certified Public Accountant
Certified Internal Auditor
Certified Government Auditing Professional
Certified Law Enforcement
Certified Inspector General Investigator
Commission for Florida Law Enforcement Accreditation Inc. Accreditation Manager
Certified Government Financial Manager

OIG staff members participate in the following professional organizations:

National Association of Inspectors General
Florida Chapter of the Association of Inspectors General
Association of Certified Fraud Examiners
Association of Government Accountants

Budget

The OIG was funded with \$206,319 appropriated from the Office of General Counsel (OGC) retained earnings account in FY 2015. \$138,711 of that funding was expended by September 30, 2015. For FY 2016 (October 1, 2015 through September 30, 2016), the City Council provided the OIG with a budget of \$811,371, broken down as follows:

Salaries and Benefits	\$677,509
OGC Legal Support	50,301
Building Costs	42,935
City Services (copier, information technology support, etc.)	16,687
Hardware/Software Costs	15,593
Supplies/Dues/Subscriptions	4,301
Travel Costs	2,520
Training	1,525
Total	<u>\$811,371</u>

Overview of the OIG

Operational Divisions within the OIG

Audit Division

The Audit Division provides risk based independent audits that will focus on helping management strengthen controls in areas most susceptible to fraud, waste and abuse and improve the economy and efficiency of operations in areas where there are opportunities for significant cost savings.

Audits are conducted in accordance with *Generally Accepted Government Auditing Standards* (GAGAS) published by the Government Accountability Office.

Contract Oversight Division

The purpose of the Contract Oversight Division is to conduct contract oversight activities that enhance a business friendly procurement environment that is open, competitive and ensures contracts are awarded equitably and economically. Our contract oversight reviews of the City's procurement process will result in recommendations to address shortcomings, irregularities and/or opportunities for improvement.

Investigation Division

The Investigation Division is responsible for conducting and coordinating investigations in order to detect, deter, prevent and eliminate fraud, waste, and abuse within the executive and legislative branches of the City of Jacksonville and, effective January 1, 2016, the Constitutional Officers and Independent Authorities. OIG investigations are conducted in order to resolve allegations of violations of Florida Statute, and/or City of Jacksonville ordinances, policies, rules and/or directives. The Investigation Division conducts investigations involving City of Jacksonville employees, and vendors, contractors, or consultants doing business with the city.

Investigations may be initiated as a result of information received from City of Jacksonville employees, private citizens, state or federal agencies, or through the OIG Hotline. The Investigation Division refers all criminal violations to the appropriate local, state and federal authorities. The Investigation Division works closely with the State Attorney's Office for the Fourth Judicial Circuit.

Investigations are conducted in accordance with the quality standards for investigations as outlined in the *Principles and Standards for Offices of Inspector General*, published by the Association of Inspectors General.

Our First Year in Review



Investigation Division

Professional Accomplishments FY 2015

Two Investigator II positions were filled during this fiscal year (one in February 2015, and the second at the end of September 2015). Both investigators are Certified Inspector General Investigators (CIGI) attained through the Association of Inspectors General. Both also have a current Florida Notary Public Commission. One Investigator II has completed the Commission of Florida Law Enforcement Accreditation, Inc. Accreditation Manager Course.

Complaint Processing

The Investigation Division is responsible for the initial intake and assessment of all complaints that come into the division through the OIG Hotline, online submissions, or walk-ins.

During FY 2015, the Investigation Division received 100 correspondences from various sources to include City of Jacksonville employees, private citizens, and /or contractors doing business with the City in the form of letters or emails outlining concerns, complaints and/or specific allegations. Each correspondence was reviewed and assigned a unique correspondence number and subsequently was processed through one of the following methods:

Handled/Closed: Correspondences that were reviewed by the Investigation Division generally requiring minimal or no action; lack substantive information, or did not fall within one of the following categories.

Management Referral: Correspondences that were referred to City of Jacksonville management for handling. No response to the OIG was required. Corrective Action may have resulted from the referral.

Management Inquiry: Correspondences that were referred to City of Jacksonville management for handling requiring a response to OIG. Corrective action may have resulted from the inquiry.

Investigation Division Activity: Correspondences that were assigned to the Investigation Division for further review and/or investigation.

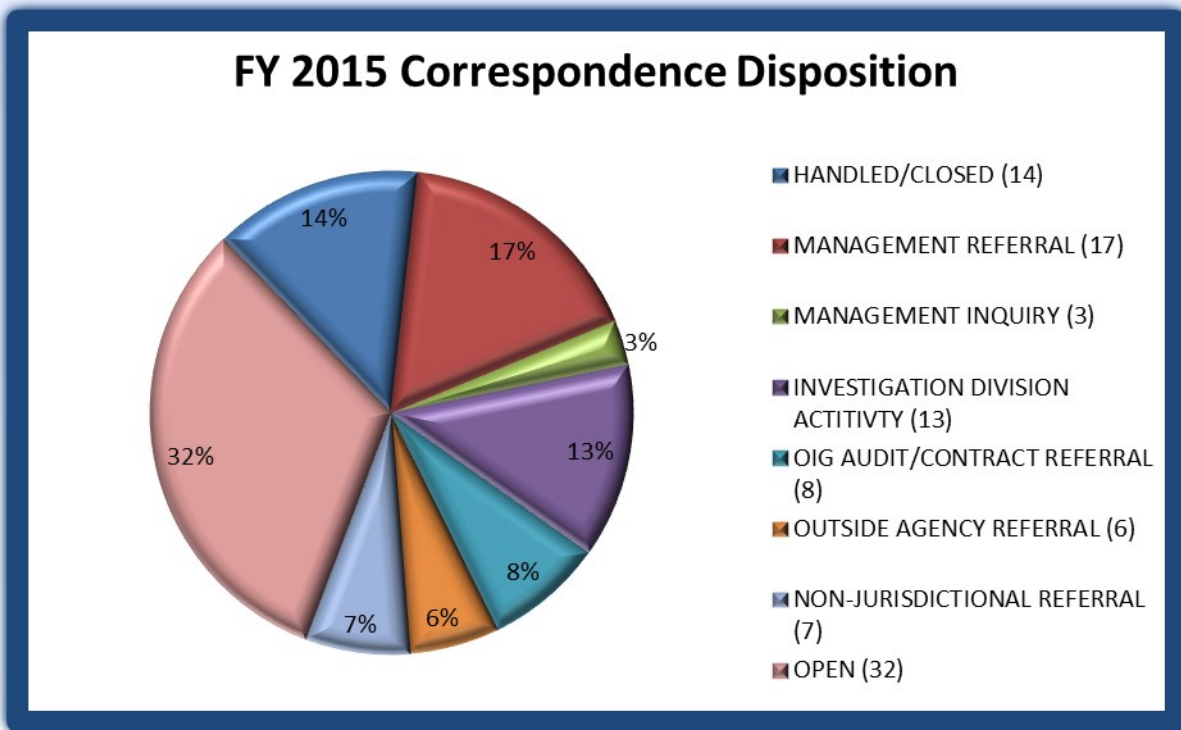
Our First Year in Review

OIG Audit or Contract Oversight Referral: Correspondences that were referred to OIG Audit or Contract Oversight Division for further review and/or handling.

Outside Agency Referral: Correspondences that dealt with entities that fell under OIG's jurisdiction but were initially referred to local, state or federal government entities for review and consideration (including those alleging criminal violations). These correspondences may be returned to OIG for handling.

Non-Jurisdictional Referral: Correspondences that dealt with issues outside of OIG's jurisdiction and were referred to local, state or federal government entities.

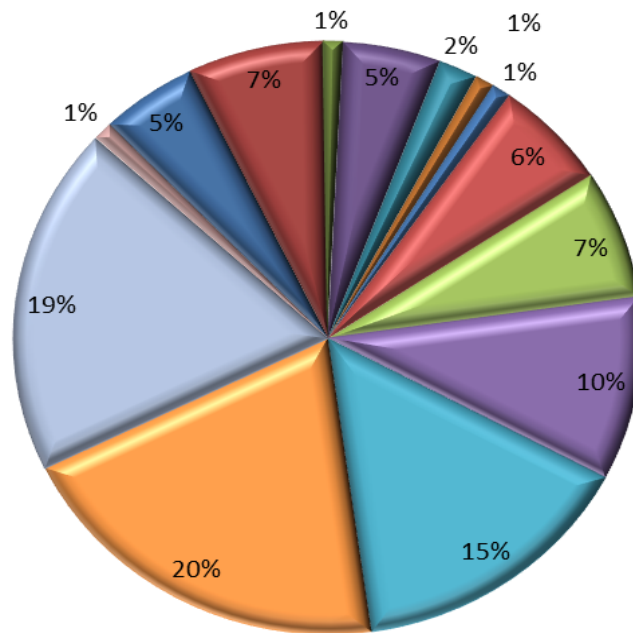
The following chart illustrates the disposition of the 100 correspondences received in FY 2015.



The following chart illustrates the breakdown of the 100 correspondences by City departments.

Our First Year in Review

Correspondence Breakdown by City of Jacksonville Departments



- CITY COUNCIL (5)
- EMPLOYEE SERVICES DEPARTMENT (7)
- FINANCE SERVICES (1)
- INTRA-GOVERNMENTAL SERVICES DEPARTMENT (5)
- MAYORS OFFICE (2)
- JACKSONVILLE CHILDREN COMMISSION (1)
- MILITARY AFFAIRS AND VETERANS DEPARTMENT (1)
- OFFICE OF ECONOMIC DEVELOPMENT (6)
- PARKS, RECREATION AND COMMUNITY SERVICES DEPARTMENT (7)
- PLANNING AND DEVELOPMENT DEPARTMENT (10)
- PUBLIC WORKS DEPARTMENT (15)
- REGULATORY COMPLIANCE DEPARTMENT (20)
- NON COJ/NON-OIG JURISDICTION DURING FY 2015 (19)
- PUBLIC RECORDS REQUEST (1)

Our First Year in Review

Investigation Highlights

During FY 2015, the Investigation Division issued two Reports of Investigation (Management Reviews) which resulted in the recommendation that eleven corrective actions be taken by the City of Jacksonville. The Investigation Division also forwarded seventeen Management Referrals and three Management Inquiries which resulted in the City of Jacksonville management taking corrective action.

2014-0002WB - Access to Capital Program

The OIG received a complaint alleging that the \$1.2 million loan pool from the City of Jacksonville's, Jacksonville Small Emerging Business Access to Capital Program was missing and/or unaccounted for. This allegation was substantiated in part in that our investigation determined that the program had effectively gone dormant in July 2012, however the loan pool (remaining funds totaling \$932,032.65) had been returned to the City of Jacksonville during the months of July and August 2014. The funds had been sitting sedentary in the City of Jacksonville's "unidentified remittance liability account" since that time.

As a result of this investigation OIG recommended three corrective actions, and all three were implemented and/or addressed by City of Jacksonville management.

Identified Costs: \$100,000.00. Questioned Costs: \$859,916.69.

2015-0004 - Office of Public Parking (OPP)

The OIG received a complaint alleging that the (now former) Public Parking Officer used his position to provide free parking in the Duval Street Main Library garage for a community wedding event held at Hemming Park in January 2015. This allegation was unsubstantiated, however during the investigation four issues were identified which included failure of the OPP to bill Everbank Center for parking usage at the Water Street Garage from September 2014 through March 2015; OPP had not followed established procedures related to placing special event rates into effect; that billing and collection of parking revenues were inconsistent and not in compliance with the City of Jacksonville's standard operating procedures, and lacked internal controls to prevent fraud, waste and/or abuse; and that Rental Car agencies' citation fees and penalty as far back as November 2013 had not been processed.

As a result of this investigation OIG recommended eleven corrective actions. At the close of FY 2015, four corrective actions were implemented and/or addressed by Office of Public Parking, and the remaining seven corrective actions were in progress.

Identified Costs: \$45,164.70 (unbilled parking revenue) Questioned Costs: \$2,000 (unprocessed citation fees and penalties (minimum))

Our First Year in Review

Management Referral and Management Inquiry

Twenty correspondences were forwarded to City management either as a Management Referral (no response required) or Management Inquiry (response required). Nine corrective actions were taken by City management pursuant to the referrals and/or inquiries.

The nine corrective actions include: a cost avoidance of \$42,000 relating to cancelling a hangar lease; the enhancement or institution of policies and/or procedures by the various departments, and one personnel action (suspension), as highlighted below.

Employee Services Department – Four corrective actions as follows:

- 1. Internal procedures were enhanced for verifying and handling of employee confidential records prior to release in order to comply with Florida Statutes, Chapter 119, Public Records.**
- 2. Employee Services Division enhanced internal controls relating to meeting and tracking required certifications/licensures for city employees that do not have a work unit dedicated to this function and have instituted disciplinary procedures if certifications/licensures are not maintained. This corrective action was a result of the corrective action necessary by Mosquito Control Division (see item #2 under Mosquito Control Division) related to the noncompliance of helicopter certification.**
- 3. A breach of confidentiality of employee information resulted in a three day suspension of a city employee.**
- 4. Internal procedures relating to the employee separation process were enhanced. Additionally, the employee separation process internal policy was redistributed and refresher training was given to Employee Services Department staff in order to ensure the timely out-processing of employees as it relates to separation and continued payment of salary after an employee has left employment with the City.**

Military Affairs and Veterans Department – One corrective action as follows:

Policy was instituted related to the receipt of donated products and services prohibiting staff, volunteers and family members and immediate relatives from receiving such products or services that are intended for distribution to eligible Veterans.

Our First Year in Review

Mosquito Control Division (Regulatory Compliance Department) – Two corrective actions as follows:

1. One corrective action resulted in the cancellation of a hangar lease as of February 2015, which resulted in a cost avoidance of \$42,000 (cost avoidance of \$2,000 per month for the period of March 2015 through November 2016, when the lease was due to expire).
2. The second corrective action resulted in one employee obtaining two current certifications related to helicopter pilot competency and pesticide application.

Parks, Recreation and Community Services Department – One corrective action as follows:

The department developed a checklist that will be used to monitor the Jacksonville BMX/ Ray Green Park License Agreement to ensure the agreement is properly reviewed and monitored in accordance with the terms of the license agreement.

Public Works Department – One corrective action as follows:

A contract hauler was counseled as a result of an appearance of special services/ treatment being performed by the contract hauler.



Audit Division

OIG hired its first auditor in September 2015. As a result, and due to the backlog of complaints under investigation, our audit function has only recently been initiated. Subsequent to the reporting period but prior to the issuance of this report, the OIG auditor developed a risk assessment based on both qualitative and quantitative factors, and has designed an audit plan that reflects this risk assessment and OIG's audit goal of realizing savings in the form of questioned, avoidable and identified costs. OIG has (also subsequent to the end of the reporting period) initiated four audits in the areas of open purchase orders, real estate management, fleet management and community planning. See Appendix 2 on the *FY 2016 Audit Plan* for further information.

Our First Year in Review



Contract Oversight Division

A Contract Oversight Specialist was hired earlier in FY 2015 but subsequently left the Office after a short period of time. Given the makeup of the workload, the IG opted to hire another investigator in lieu of refilling this staff position. Funds were provided in the FY 2016 budget to hire a Contract Oversight Specialist. Subsequent to the reporting period covered by this report but prior to issuance, candidates to fill this position were interviewed and the position was offered to and accepted by the best candidate. This person will report to OIG at the beginning of the second quarter of FY 2016.

OIG Outreach

In addition to our Hotline and open door policy for citizens and City employees and contractors/vendors, the OIG has implemented an active outreach program to inform and train City managers, employees and the public about the OIG mission and activities. The OIG participates in the monthly New Employee Orientation to explain the function and role OIG. We have also discussed our Office with City managers, Independent Authorities, Constitutional Officers and 630-CITY staff.

The IG is always available to discuss OIG matters that are appropriate for public release. The IG has been formally interviewed by the local media six times since coming on board in July and has responded to many requests for comments or background information.

Looking Forward

OIG's plans for FY 2016 are designed and dedicated to the continued growth in our capabilities and our production through supplementing our staffing, seeking accreditation, continuing outreach and enhancing our operational funding.

Staffing

OIG's FY 2016 budget includes funds to hire three additional staff members. These hiring activities, described below, are in various stages of progress and are critical to continuing to address the backlog of complaints in-house and expand OIG's oversight capabilities.

Contract Oversight Specialist – This position is critical to finalizing OIG's oversight program. Upon filling this position OIG will have at least one staff member specialized in and dedicated to each of our designed oversight areas. We filled this position subsequent to the reporting period.

Director of Investigations – This position will be a senior staff member, second only to the IG in authority and responsibility. Given the extent to which investigations comprise OIG's present workload and will continue to for the immediate future, a Director leading the investigative team and accreditation process will provide needed leadership and be a valuable asset. We promoted our senior investigator to this position subsequent to the reporting period.

Intake Specialist – This is an administrative position that also requires technical skills in complaint intake, analysis and data integrity. This position will fill a critical role for the investigative team and will make that team a complete and wholly functional unit, the first for this OIG. At the present time we are designing the position description and preparing to post this job announcement.

Accreditation

Law enforcement agencies and OIGs in Florida can attain accredited status through the Commission for Florida Law Enforcement Accreditation, Inc. (CFA). This accreditation process includes a rigorous review process, and imparts professionalism and excellence to the agencies that successfully meet the accreditation requirements. In preparation for OIG's accreditation, our senior investigator attended the Accreditation Manager training administered by the CFA.

OIG Outreach

OIG plans to expand our outreach program beyond internal city meetings and presentations in 2016, and is currently developing informal presentations for interested

Looking Forward

civic and community groups. These presentations will include information on the operations of the OIG and how it benefits the citizens of Jacksonville. Information on those programs will be highlighted on OIG's website when it is available.

Potential Future Funding

Contract Oversight Funding Fee

OIG and City managers have discussed a fee that contractors and vendors doing business with the City would be required to pay on invoiced costs under their contract(s). This fee would likely be a reduction in the amount paid to the contractor, with the fee amount transferred to OIG operating funds for the purpose of supplementing the contract oversight function. A fee of one-half of one percent (0.005) has been proposed. However, it was determined that the current accounting system used by the City is not capable of maintaining and applying such as fee. The design for a new Enterprise Resource Planning system, which will include a new accounting system, is currently in progress and it is planned to include the capacity for billing and collecting an Inspector General Contract Fee. The IG has participated in planning procedures to ensure this capacity is included in the new system.

Funding related to Jurisdictional Expansion

In a referendum vote, the citizens of Jacksonville expanded the OIG's jurisdiction to include all Independent Authorities and Constitutional Officers of the City of Jacksonville. However, funding related to the expansion was not provided for in the OIG's FY 2016 budget. As a result, the IG has discussed the potential for obtaining funds directly from these entities with both the City Council and with many of the heads of those entities. These discussions are ongoing.

APPENDIX 1: Office of Inspector General Ordinance

The following is excerpted from the Jacksonville, Florida Code of Ordinances:

PART 3. - INSPECTOR GENERAL

Sec. 602.301. - Establishment; Office of Inspector General.

There is created an Independent Office of Inspector General. The organization and administration of the Office shall be independent to assure that no interference or influence external to the Office adversely affects the independence and objectivity of the Inspector General.

Sec. 602.302. - Purpose.

The purpose of this Part is to establish a full-time Office of Inspector General in order to provide increased accountability, integrity, and oversight of the executive and legislative branches of the City of Jacksonville, as well as the City Constitutional Offices and Independent Authorities, to assist in promoting economies and efficiencies, improving agency operations, and deterring and identifying waste, fraud and abuse. This Part shall not apply to the Office of the State Attorney, and the Office of the Public Defender.

Sec. 602.303. - Duties and Functions.

The duties and functions of the Office of Inspector General shall include the authority, power and responsibility to:

- (a) Review and evaluate internal controls to protect the City's resources against waste, fraud, inefficiency, mismanagement, misconduct, and other abuses;
- (b) Audit, evaluate, investigate and review past and present the activities, accounts, records, contracts, procurements, change orders, grants, agreements, and other programmatic and financial arrangements undertaken by the City, and any other function, activity, process or operation conducted by the City; its officials and employees, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the City, and/or receiving City funds.
- (c) Conduct investigations, audits, contract oversight and reviews, issue reports, and make recommendations in accordance with applicable laws, rules, regulations, policies and past practices. Audits, investigations, inspections and reviews conducted by the Office of Inspector General will conform to professional standards for Offices of Inspector General such as those promulgated by the Association of Inspectors General; in accordance with current International Standards for the Professional Practice of Internal Auditing as published by the Institute of Internal Auditors, Inc., or where appropriate, in accordance with generally accepted governmental auditing standards. The Office of Inspector General shall develop and adhere to written policies in accordance with Florida accreditation standards for Inspector Generals.
- (d) Receive full and unrestricted access to the records of the City's officials and employees, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the City and/or receiving City funds.
- (e) Receive, review, and investigate any complaints regarding City projects, programs, contacts or transactions;
- (f) Establish a "hotline" to receive complaints, from either anonymous or identified persons.
- (g) Review referrals from the Director of the Office of Ethics Compliance and Oversight.

APPENDIX 1: Office of Inspector General Ordinance

- (h) Require all City Officials and employees, contractors, their subcontractors and lower tier subcontractors, and other parties doing business with the City and/or receiving City funds to provide statements; administer oaths; and, require the production of documents, records and other information. In the case of refusal by an official, employee or other person to obey a request by the Office for documents or for an interview, the inspector general shall have the power to subpoena witnesses, administer oaths, and require the production of documents.
- (i) In the case of refusal to obey a subpoena served to any person, the Inspector General may make application to any court of competent jurisdiction to order the witness to appear before the Inspector General and to produce evidence, or to give testimony relevant to the matter in question.
- (j) Where the Inspector General suspects a possible violation of any state, federal or local law, he or she shall notify the appropriate law enforcement agencies.
- (k) The Mayor or other City Officials shall promptly notify the Inspector General of possible mismanagement of a contract (misuse or loss exceeding \$5,000 in public funds), fraud, theft, bribery, or other violation of law which appears to fall within the jurisdiction of the Inspector General, and may notify the Inspector General of any other conduct which may fall within the jurisdiction of the Inspector General.
- (l) Engage in prevention and outreach activities, including but not limited to: develop public awareness to inform government officials and employees, as well as the general public, of the authority and responsibility of the Office.
- (m) Recommend remedial actions to be taken by the City/department to overcome or correct operating or maintenance deficiencies and inefficiencies that were identified by the Office.
- (n) Issue an annual report to the Ethics Commission, Mayor, the Council and deliver to the full City Council a verbal briefing on activities of the Office every six months.
- (o) Monitor implementation of the recommendations made by the Office.
- (p) Monitor, inspect and review, without limitation, the operations, activities, performance, and procurement processes including, but not limited to, bid specifications, bid submittals, activities of the contractor, their subcontractors and lower tier contractors, its officers, agents and employees, lobbyists, City Officials and staff, in order to ensure compliance with contract specifications and detect corruption and fraud.
- (q) Be notified in writing prior to any duly noticed public meeting of a procurement selection committee where any matter relating to the procurement of goods or services by the City is to be discussed.
- (r) Establish policies and procedures to guide functions and processes conducted by the Office.
- (s) Negotiate and execute agreements or memorandum of understanding with other public entities, including Independent Authorities or Constitutional Officers, which would authorize the Inspector General to provide independent oversight of any or all of the public entity's transactions, projects and operations, and to exercise any and all authority, functions and powers set forth in this chapter for the benefit of such public entity. Inclusive in the memorandum of understanding or agreement shall include a provision for fees to be paid to the City from the public entity in exchange for such benefits. Such rate shall be established by the Inspector General and agreed to by the other public entity to cover the cost of such benefit.
- (t) Exercise any of the powers contained in this chapter upon his or her own initiative.
- (u) The Office records related to active audits, investigations and reviews shall be confidential and exempt from disclosure, as provided by F.S. § 112.3188(2) and F.S. Ch. 119.

APPENDIX 1: Office of Inspector General Ordinance

- (v) The Inspector General is considered the "appropriate local official" of the City for purposes of whistleblower protection provided by F.S. § 112.3188(1);
- (w) The Inspector General has the power to appoint, employ, and remove such other personnel as is deemed necessary for the efficient and effective administration of the activities of the office. All such appointees shall serve at the pleasure of the Inspector General and shall be exempt from civil service. The Inspector General shall not have been employed by the City of Jacksonville or any other governmental entity subject to the authority of the Inspector General Office during the two-year period immediately prior to the selection, unless such employment has been with the Office of Inspector General, City of Jacksonville, Florida.
- (x) To enforce this chapter by all means provided by law, including seeking injunctive relief in the Fourth Judicial Circuit Court in and for Duval County.

Sec. 602.304. - Inspector General Established; Qualifications.

The Inspector General shall head the Office of Inspector General and shall have a bachelor's degree or higher from an accredited college or university, and at least ten years of experience in government auditing, investigation, or prosecutorial or criminal justice administration, public administration or business administration. A master's degree or higher is preferred. Professional certifications such as certified inspector general, certified inspector general auditor or investigator, certified public accountant, certified internal auditor, or certified fraud examiner are recommended. The Inspector General shall not have been found guilty of or entered a plea of nolo contendere to any felony, or any misdemeanor involving the breach of public trust. Unless a certification is already held, the Inspector General shall be required to obtain certification within 24 months of becoming the Inspector General.

Sec. 602.305. - Selection, Term, Contract, Removal and Vacancy.

- (a) Selection. The responsibility for selecting the inspector general shall be vested with the Inspector General Selection and Retention Committee, hereinafter, the "Committee."

The Committee shall be composed of seven members selected as follows:

- (1) The President of the Jacksonville City Council or his or her designee;
- (2) The State Attorney of the Fourth Judicial Circuit or his or her designee;
- (3) The Chair of the Jacksonville Ethics Commission or his or her designee;
- (4) The Chair of the Jacksonville TRUE Commission or his or her designee;
- (5) The Public Defender of the Fourth Judicial Circuit or his or her designee;
- (6) The Chief Judge of the Fourth Judicial Circuit or his or her designee; and
- (7) The Mayor of the City of Jacksonville or his or her designee.

The members of the Committee shall elect a chairperson who shall serve until the Inspector General is confirmed by the City Council. The Committee shall select the Inspector General with no less than four members approving the appointment from a list of qualified candidates submitted by the Jacksonville Employee Services Department. The Committee's selection is subject to confirmation by City Council.

- (b) Term. The Inspector General shall be appointed for a term of four years. The Committee shall convene at least six months prior to the end of the four-year contract term to determine whether to renew the contract of the Inspector General or to solicit new candidates.
- (c) Contract. The Chair of the Committee, in coordination with the Office of General Counsel, shall negotiate a contract of employment with the Inspector General. The Inspector General

APPENDIX 1: Office of Inspector General Ordinance

shall be an appointed employee exempt from civil service and shall be entitled to all rights and benefits normally accorded to appointed employees.

- (d) **Removal.** The Inspector General may be removed based on specified charges initiated by the Committee for the following: neglect of duty, abuse of power or authority, discrimination, or ethical misconduct. The Inspector General shall be provided sufficient advance notice of the reasons for the possible removal, and shall be given an opportunity to be heard on the charges. A decision of the Committee to remove the Inspector General must be approved by a minimum of four members of the Committee and be confirmed by the City Council.
- (e) **Vacancy.** In the event of a vacancy in the position of Inspector General, the Committee shall appoint an interim Inspector General until such time as a successor Inspector General is selected and assumes office. The Interim Inspector General shall meet all qualifications provided herein for the Inspector General.

Sec. 602.306. - Records Disclosure.

The Inspector General's final reports shall be public records to the extent that they do not include information that has been made confidential and exempt from release to the public by Florida or federal law.

Sec. 602.307. - Annual Budget.

The Mayor shall establish in the annual budget a separate activity for the Inspector General's Office similar to the budget presentation of a department of the City of Jacksonville. A minimum funding base is hereby established at \$400,000 annually.

Sec. 602.308. - Coordination with City Council Auditor's Office.

The Inspector General and the City Council Auditor shall mutually cooperate, subject to their respective standards on confidentiality, and where practicable, to avoid duplication of efforts in audit functions. The Inspector General and the Council Auditor shall obtain respective approval prior to an offer of employment of their respective employees.

Sec. 602.309. - Penalty Provisions.

It shall be unlawful and up to a \$500 fine for:

- (1) Any person to retaliate, punish, threaten, harass, or penalize any person for assisting, communicating or cooperating with the Inspector General; or
- (2) Any person to knowingly interfere, obstruct, impede or attempt to interfere, obstruct, or impede any investigation conducted by the Inspector General.

APPENDIX 2: Fiscal Year 2016 Audit Plan



OFFICE OF INSPECTOR GENERAL CITY OF JACKSONVILLE

ANNUAL AUDIT PLAN FOR FISCAL YEAR 2016

This document describes planned and not scheduled audits for the Office of Inspector General (OIG) for the period October 1, 2015 through September 2016. It was developed based on a risk assessment, elements of which included statistical information about City of Jacksonville (City) departments and divisions (revenues, expenditures, headcount, prior audit results, etc.)

This plan is not all-inclusive of the activities of the OIG Audit Division, which includes audit support to investigations and analyses and projects that contribute to the mission of the OIG. This plan is also not inflexible; the Audit Division will adjust the scheduling and timing of planned audits to address other requested work and priority assignments.

Please note the hours and dates for each audit are an estimate for planning purposes. These factors, as well as the preliminary objectives for any given assignment, will be adjusted as needed to reflect new information or changes.

APPENDIX 2: Fiscal Year 2016 Audit Plan

Assignment Description	Preliminary Objectives	Estimated Start Date	Estimated End Date
Project: Compliance with Sunshine Law Division: N/A Audit Unit: N/A Status: Not Started	To ensure that City entities are in compliance with the Jacksonville Sunshine Law Compliance Act for meeting notices, locations and minutes.	4/1/2016	6/30/2016
Project: Audit of City Owned Real Estate Division: Public Works Audit Unit: Real Estate Status: Planning	To determine that City property inventory records reconcile to Property Appraiser's records. To ensure that properties owned by the city are properly maintained, routinely inspected and adequately insured. To review controls and processes over the acquisition and disposition of city property.	12/1/15	1/31/2016
Project: Audit of Open Purchase Orders Division: Intragovernmental Services Audit Unit: Procurement Status: Planning	To review purchase orders open for more than 3-5 years to ensure that purchase orders liquidated in a timely manner and purchases are appropriate and in accordance with the purpose and terms of the purchase order.	12/1/15	1/31/2016
Project: Audit of Community Planning Division: Planning and Development Audit Unit: Community Planning Status: Planning	To review controls and processes over projects from the initial inception /planning to project closeout. To ensure that projects adhere to the approved scope in order to limit cost overruns and ensure timely completion of projects. To determine that payment retainage terms are complied with.	1/5/2016	2/29/2016
Project: Audit of Fleet Management Division: Public Works Audit Unit: Fleet Management Status: Planning	To review controls and processes for: <ul style="list-style-type: none"> - fleet inventory for usage and assignment - routine and extraordinary maintenance - fuel purchases and insurance coverage. - acquisition and disposal of fleet vehicles - inventory of auto parts - auto repairs 	1/5/2016	3/31/2016
Division: Information Technology Audit Unit: Cellphone Inventory Status: Not Started	To review controls and processes over the issuance, employee usage, inventory tracking of cellphones. To determine that cellphones are returned by terminated employees in a timely manner.	2/15/2016	5/31/2016

APPENDIX 2: Fiscal Year 2016 Audit Plan

Assignment Description	Preliminary Objectives	Estimated Start Date	Estimated End Date
Project: Audit of Sports and Entertainment Division: Office of Sports and Entertainment Audit Unit: Sports and Entertainment Status: Not Started	To review controls and processes over public access, use, maintenance and upkeep of city owned facilities and grounds. To review controls and processes over the fees from receipt, collection to deposit. To ensure fees collected on the behalf the city and charges and fees billed to the city are in accordance with the pertinent contractual terms.	6/15/2016	9/15/2016
Project: Audit of Disaster Preparedness Division: Fire and Rescue Audit Unit: Emergency Preparedness Status: Not scheduled	To review controls and procedures over the controls and procedures for disaster response and recovery, continuity of operations, shelter policies and emergency response (fire, medical, etc.).		
Project: Audit of Recreation and Community Programming Division: Parks, Recreation and Community Services Audit Unit: Recreation and Community Programming Status: Not scheduled	To review controls and processes over public access, use, maintenance and upkeep of recreational facilities and grounds. To review controls and processes over the fees and assessments from receipt, collection to deposit.		
Project: Solid Waste Division: Public Works Audit Unit: Solid Waste Status: Not scheduled	To review controls and processes over: <ul style="list-style-type: none"> - the collection and processing of refuse from initial pick up to disposal in the Trail Ridge Landfill - monitoring and maintenance of the six closed landfills and the assessment and remediate of numerous former unlined dump sites throughout the county - recycling program 		

APPENDIX 2: Fiscal Year 2016 Audit Plan

Assignment Description	Preliminary Objectives	Estimated Start Date	Estimated End Date
Procurement Card Division: Finance Audit Unit: Treasury Status: Not scheduled	To review controls and processes over: the issuance of procurement cards purchases on procurement cards procurement card payments		
Project: Hiring and Payroll Controls Division: Employee Services Audit Unit: Talent Management/ Compensation and Benefits Status: Not scheduled	To review controls and processes over the hiring and termination of employees. To review controls and procedures over overtime pay, comp time and terminal payouts. Conduct a review for large and unusual payouts.		
Project: Supervisor of Elections Division: Supervisor of Elections Audit Unit: Supervisor of Elections Status: Not scheduled	To examine concerns noted by the True Commission over poll worker EIN verification and the development of standard operating procedures.		
Project: Fee Collection and Remittance Processes Division: Constitutional Officers and Independent Agencies Audit Unit: Constitutional Officers and Independent Agencies Status: Not scheduled	This is a generic assignment that will be performed on selected entities. The estimated hours are per audit. To determine that processes and controls over fee collections are adequate to ensure accurate and timely collections and processing from the point of initial receipt, processing and recording to bank deposit. To determine that fee structure, collection and remittance controls and processes comply with contract terms.		
Project: Treasury Operations Division: Finance Audit Unit: Treasury Status: Not scheduled	To determine that controls and processes over treasury operations are adequate, including bank and investment accounts, compliance reporting and pension operations.		
Project: 2017 Risk Assessment Division: N/A Audit Unit: N/A Status: Not Started	Conduct the risk assessment for the 2017 audit plan, expanded to include management interviews and surveys.		

Report fraud, waste or abuse to:

Email: InspectorGeneral@coj.net

Call Hotline: 904-630-8000



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