

OKALOOSA COUNTY CLERK OF CIRCUIT COURT



DEPARTMENT OF INSPECTOR GENERAL



INVESTIGATIVE REPORT: OKALOOSA COUNTY WATER AND SEWER

**REPORT NO. INV-22-01
REPORT ISSUED AUGUST 26, 2022**

ISSUED BY: BRAD E. EMBRY, INSPECTOR GENERAL

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Executive Summary

On July 25, 2022, our office met with the Deputy Director of Okaloosa County Water and Sewer regarding a possible violation of the county's fraud, waste and abuse policy by an Okaloosa County Water and Sewer (OCWS) employee. At the meeting it was disclosed that an OCWS employee (Subject), while acting in official capacity, offered to repair a homeowner's sewer line for \$1400. The arrangement was made on Tuesday, July 19th, 2022, after the homeowner had called OCWS customer service regarding a sewer backup at her residence. A sewer maintenance crew was dispatched and determined that the cause of the backup was on the customer's side of the easement, requiring the homeowner to facilitate the repair.

While at the residence, the Subject asked to speak with the homeowner privately. The Subject offered to return to her residence on his own time to complete the repair. The homeowner requested a written estimate for the work. The Subject completed a written estimate for the work (Exhibit A). The estimate stated: "*roots in sewer line section gonna (sic) have to be replaced where white flags are 3 ½ feet deep cleanout installed at the house \$1,400.*" The handwritten invoice also contained the Subject's name and personal cell phone number (redacted from attachment). OCWS crew members worked at the homeowner's residence intermittently over the course of three days, utilizing a total of 6 crewmembers and total of 31 man-hours. The other crew members stated they were not aware of the arrangement between the Subject and the homeowner. The work was completed on Thursday, July 21, 2022, prior to lunch.

Our investigation determined that at the time the subject accepted payment, on the afternoon of Thursday July 21, 2022, all items listed on the invoice had either been completed or located by OCWS staff. It was also determined that all work completed at the residence was completed during normal OCWS business hours. The subject returned the funds to the homeowner on Saturday, July 23, 2022.

Our work resulted in substantiated policy violations as well as two recommendations for policy / procedural improvements.

A written referral was made to the Okaloosa County Sheriff's Office for criminal investigation.

Background

On July 25, 2022, our office opened an investigation after we met with the Deputy Director of Okaloosa County Water and Sewer regarding a possible violation of the county's fraud, waste and abuse policy by an Okaloosa County Water and Sewer (OCWS) employee. It was disclosed that an OCWS employee (Subject), while acting in official capacity, offered to repair a homeowner's sewer line for \$1400. The arrangement was made on Tuesday, July 19th, 2022, after the homeowner had called OCWS customer service regarding a sewer backup at her residence. A sewer maintenance crew was dispatched and determined that the cause of the backup was on the customer's side of the easement, requiring the homeowner to facilitate the repair. On July 21, 2022, the Subject accepted and cashed a \$1300 check from the homeowner while acting in official capacity.

Scope & Methodology

The scope of our investigation included interviews with the subject, homeowner and other OCWS employees; review of Okaloosa County Human Resource policies and procedures; obtaining and reviewing 51 OCWS workorders from May 01, 2022, through July 21, 2022, as well as contacting OCWS customers to inquire about services received and offered by OCWS employees.

Our investigation was performed in compliance with the *Quality Standards for Investigations* found within the *Principles and Standards for Offices of Inspector General* as published by the Association of Inspectors General. The standard or degree of proof required to establish a conclusion of fact is at least "by a preponderance of evidence," which indicates evidence that establishes the fact sought to be true is more probable than not.

Investigations by the Department of Inspector General will reach one of the following four conclusions of fact per allegation: substantiated, unsubstantiated, unfounded, or not legally sufficient. **Substantiated** means there is sufficient information to justify a reasonable conclusion that the allegation is true. **Unsubstantiated** means there is insufficient information to either prove or disprove the allegation. **Unfounded** means there is sufficient information to indicate the allegation is false. **Not-Legally Sufficient** means that the allegation does not violate current governing directives.

Allegations

Governing directives: Okaloosa County Human Resources Policy Manual

1. The subject, while acting in official capacity as a county employee, solicited personal business and received payment from an Okaloosa County Water and Sewer customer in violation of Okaloosa County Policy.

Investigative Narrative

On July 25, 2022, our office met with the Deputy Director of Okaloosa County Water and Sewer regarding a possible violation of the county's fraud, waste and abuse policy by an Okaloosa County Water and Sewer (OCWS) employee. We met with the (OCWS) Deputy Director, Deputy County Administrator, and OCWS Director (telephone). At the meeting it was disclosed that an OCWS employee (Subject), while acting in official capacity, offered to repair a customer's sewer line for \$1400.

The business arrangement was made after a customer had called regarding a sewer backup at her residence on Tuesday, July 19th, 2022. A sewer maintenance crew was dispatched and determined that the issue was on the customer's side of the easement, which required the homeowner to facilitate the repair. While at the residence, the Subject spoke with the homeowner privately. The Subject offered to return on his own time to complete the repair. The homeowner requested a written estimate for the work. The Subject, at the homeowner's request, completed a written estimate for the work (Exhibit A). The estimate stated: *"roots in sewer line section gonna (sic) have to be replaced where white flags are 3 ½ feet deep cleanout installed at the house \$1,400."* The handwritten invoice also contained the Subject's name personal phone number (redacted from attachment). We were provided a copy of a photograph of the invoice along with a work order for the residence dated July 19, 2022.

Based on our assessment of OCWS documents, homeowner provided documents, GPS information as well as interviews with the OCWS crew members, homeowner, and the Subject we were able to determine the following:

The work order dated July 19, 2022, requested 4' PVC, 4" 45-degree PVC, 4" cleanout cap, sewer box and two 4" 'ferco' (sic). It was determined that the crew was able to alleviate the backup at the customer's home by cutting a 2" hole in the sewer line to alleviate pressure. The crew accessed the customer's sewer line by digging a hole in her backyard. The crew was unable to scope the line with a camera. The sewer cleanout and other items listed on the work order were intended to be installed on county right of way and directed towards the sewer main. At some point, during the installation of the cleanout, a root cutter was inserted into the sewer line on the customer's property to remove the roots causing the back up. During this process, the sewer line was broken.

The Subject and one other OCWS crew member returned to the residence on Wednesday, July 20, 2022, with county equipment to remove surface roots above the damaged sewer line. No further work was completed on this day due to a force main break in Crestview. We were unable to locate a work order for the work completed on July 20, 2022.

A second work order was generated on Thursday, July 21, 2022. This work order included the following items: 4" PVC (x4), 4" WYE, 4" 45 degrees, 4" cleanout, 3/4" PVC T, 1" slip, 3/4" pipe and 1" pipe. OCWS Crew members, including the Subject, returned to the location on Thursday, July 21, 2022, repaired the damaged sewer line (originally marked by the white flags by the Subject), and installed a clean out directed towards the home. Crew members also located and uncovered a cleanout adjacent to the home. The crew repaired the hole that had been drilled into

the line and backfilled all the areas that had been dug up. The cleanout adjacent to the home was left exposed. The work was completed around lunch time.

In the afternoon of July 21, 2022, after the crew had left the residence, the Subject reached out to the homeowner and requested payment. The homeowner stated during her interview that all work had been completed around lunchtime on July 21, 2022, and no additional work was mentioned by the Subject. The homeowner stated that she questioned the Subject about the work being completed during regular business hours and with county personnel and equipment. The homeowner contends that the Subject told her not to worry, he told his supervisor that he broke the pipe when he was clearing roots with the root cutter.

The homeowner stated, during her initial interview and in follow up conversations, that she wrote a check to the Subject and provided it to him late afternoon on Thursday the 21st. She also stated that the check cleared her account on the same day. The homeowner obtained and provided a copy of the cleared check from her bank (Exhibit B). The document indicates the check was cashed on July 21st and was made payable to the subject in the amount of \$1300. The homeowner stated that she was only able to pay \$1300 at the time she wrote the check.

The homeowner stated that the Subject returned to her residence on Friday, July 22nd to receive the other \$100.00. She told the subject that she did not have the money. She also told the Subject that there was someone in a white shirt and tie from the County asking questions about the work being completed at her residence. The homeowner stated that the information was not true, but she felt as if she had been taken advantage of by the subject and wanted the subject to leave. She stated she felt uncomfortable paying for work that she believed would be completed by the subject afterhours, that was completed by county employees during regular business hours. The homeowner stated that the Subject showed her pictures of Okaloosa County commissioners and asked her to identify the person asking questions. The homeowner stated she pointed at a photo of one of the individuals. The homeowner did not know the person she identified. According to the homeowner, the Subject told her that the person she identified had been after him for years.

On Saturday July 23, 2022, the Subject returned to the residence with a letter for the homeowner to sign, returning the cash to the homeowner. The homeowner was able to take a photograph of the letter after she signed it. The letter (Exhibit C) stated: *"I and (redacted homeowner's name) agreed on a price to repair a sewer line of \$1300 that she paid for with a check I returned the \$1300 in cash after the county broke the sewer line trying to cut roots out causing the county to be responsible for the issue July 21, 2022."* The homeowner indicated that the Subject gave her the letter and she signed it on July 23, 2022. The Subject returned the \$1300 in cash after she signed the letter.

The homeowner was provided with a statement form on July 26, 2022. She completed the sworn written statement on July 29, 2022. The dates on the statement are written in number format rather than days of the week. The dates on the written statement (apart from July 23rd) are off by one day when compared to her verbal statements (this information was verified on August 5, 2022, via a telephone call to the homeowner).

It should be noted that the handwritten invoice provided to the homeowner on July 19, 2022, stated there were two things which needed to be completed: section of pipe replaced where white flags are and cleanout installed at the house, both of which were either completed or located by Okaloosa County Water and Sewer, prior to the Subject receiving payment on July 21, 2022. Furthermore, the letter provided to the homeowner by the Subject on July 23, 2022, at the time the money was returned, contradicts the Subject's statements that there was more work to be done at the residence.

The other OCWS crew members, who assisted at the residence, stated they had no knowledge of the arrangement between the Subject and the homeowner at the time they were doing the work.

During our investigation, we obtained and reviewed OCWS workorders from May 01, 2022, through July 21, 2022. We reached out to the customers listed on the work orders to ascertain information about services received and offered by OCWS employees. We made contact with 20 customers.

We found no other instances of OCWS employees offering services to customers in exchange for payment.

Findings of Fact and Recommendations

Allegation 1: The subject, while acting in official capacity as a county employee, solicited personal business and received payment from an Okaloosa County Water and Sewer customer, in violation of Okaloosa County Policy, is **SUBSTANTIATED**.

Finding 1: On July 19, 2022, the Subject, while in official capacity as an OCWS employee engaged a homeowner about completing utility work on the customer's property after hours. The Subject provided a handwritten invoice to the homeowner which identified two areas of work: replacing the sewer line underneath the area marked by white flags and install a cleanout at the house. OCWS crewmembers, during the course of OCWS employment, completed all of the items listed on the invoice by Thursday, July 21, 2022. After the work was completed and crew members departed the residence, the Subject returned to collect payment. The Subject admitted he returned to the home while on duty and obtained a \$1300 check from the homeowner. The Subject also admitted to cashing the check while on duty. On Saturday July 23, 2022, the Subject returned \$1300 in cash to the homeowner. The Subject claimed there was additional work which need to be completed; however, he did not have the time to complete the work. The Subject's statements conflict with the letter he asked the homeowner to sign at the time the funds were returned.

We identified four applicable Okaloosa County policies which prohibit the Subject's actions.

Ethics, Purchasing and Gifts Chapter XII, Section B (2) of the Okaloosa County Human Resource Manual states in part that any attempt by an employee or officer to realize personal gain through conduct which is inconsistent with the proper discharge of the employee's duties shall have committed a breach of public trust which constitutes a conflict of interest.

Unlawful Acts Prohibited Chapter XVIII, Section 1(a) of the Okaloosa County Human Resource Manual states: any employee of Okaloosa County who violates any of the following provisions

shall forfeit their position in the County service. Provision (ii) states: no person shall directly or indirectly give, render pay, offer, solicit, or accept any money, service or other valuable consideration for any service or personal gain.

Disciplinary Actions Chapter XX, Section B (4)(q) of the Okaloosa County Human Resource Manual identifies “conduct unbecoming a county employee” as an offence in which disciplinary action can be taken.

Anti-Fraud Chapter XXII, Section C of the Okaloosa County Human Resource Manual identifies actions constituting fraud, waste, or abuse. Items applicable to the Subjects actions include: any dishonest or fraudulent act; misappropriation of funds, securities, equipment, supplies or other assets, and misuse of authority for personal gain.

Recommendation 1: The County should consider mandatory **annual** refresher training for county employees related to ethics, fraud waste and abuse and employee code of conduct. The Okaloosa County Human Resource manual contains policies to address all the topics mentioned in this recommendation; however, formal procedures do not exist to retrain or refresh employees on the topics.

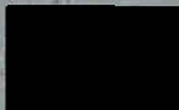
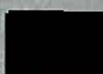
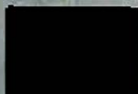
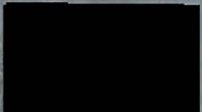
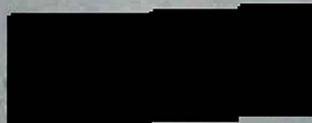
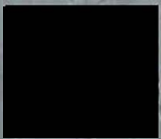
Recommendation 2: OCWS should consider written procedures for addressing sewer backups to prevent or reduce unnecessary risk to the county. During our investigation, we noted a lack of clearly defined procedures for addressing service calls. The work completed and materials listed on the July 21, 2022, work order did not serve to improve county infrastructure. While we recognize that a universal policy to address every situation is impractical, there should be clearly defined boundaries and approval processes for completing work on private property.

Exhibits Listed

- Exhibit A – Written estimate provided to the homeowner by the Subject on July 19, 2022
- Exhibit B – Copy of Cleared check provided to the subject by the homeowner.
- Exhibit C– Written letter provided to the homeowner by the Subject when the funds were returned on July 23, 2022.

Roots in sewer line
section gonna have to be replaced
where white flags are
5 1/2 ft deep clean out installed
at the house

A1400



~~✓~~


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EXHIBIT B

Fort Walton Beach, FL 32547 3258
63-466/631

7-21-22
DATE

PAY TO THE ORDER OF [REDACTED] \$1,300^{00/100}

One thousand three hundred ~~_____~~ DOLLARS 

 **REGIONS**

FOR Bal. 100 dollars ^{Remaining} ~~_____~~ _{Receipts.} [REDACTED]

[REDACTED] [REDACTED]

Member FDIC

00124 0011 20220721

3258
/601

MICROFILM FOR NON-REPRODUCTION PURPOSES

SIGNATURE

[REDACTED]

[Signature]

| | |
|----------------------|--|
| Posting Date | Jul 21 2022 |
| DB/CR | D |
| Amount | \$1,300.00 |
| Item Bank | 92 |
| Account | [REDACTED] |
| Check No | 3258 |
| Posting Seq No | [REDACTED] |
| Business Unit Seq No | 0000000000 |



EXHIBIT C

I and [REDACTED] agreed on a price to Repair a sewer line of \$1300 that she paid for with a check I returned the \$1300 in cash after the county broke the sewer line trying to cut roots out causing the county to be responsible for the issue.

July 21, 2022

