

# OKALOOSA COUNTY CLERK OF CIRCUIT COURT



**DEPARTMENT OF INSPECTOR GENERAL**



## **INVESTIGATIVE REPORT: ALLEGED VENDOR KICKBACKS - FACILITIES MAINTENANCE**

**REPORT NO. INV-23-002  
REPORT ISSUED AUGUST 7, 2023**

**ISSUED BY: ANDREW THURMAN, INSPECTOR GENERAL**

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## Executive Summary

On April 24, 2023, the Inspector General for the Okaloosa County Clerk and Comptroller met with the Director of Human Resources (HR) for the Okaloosa County Board of County Commissioners. HR requested an independent review of policy violations by a Facility and Parks Maintenance employee named Randy Overly. On April 28, 2023, the Inspector General Team (IG) met with HR. During the meeting it was disclosed that Overly may be too closely aligned with a County vendor - Dakin Applied and that there were rumors he may be involved in a kickback scheme with the vendor.

During the interview with Overly, he denied asking for, being offered, or receiving anything of value from the Vendor other than one meal paid for by the Vendor during a recent HVAC convention in Atlanta and the Vendor offering a comped room during the same convention which Facility and Parks Maintenance management advised Overly he could not utilize. Overly did indicate he used the Vendor; Daikin Applied, on a regular and continuing basis because of their pricing, response time, and overall satisfaction with their work.

## Background

On May 5, 2023, our office opened an investigation after meeting with the Director of Human Resources regarding a possible violation of the county's fraud, waste, and abuse policies by an Okaloosa County Facility and Parks Maintenance employee.

## Scope & Methodology

The scope of our investigation included interviews with various county employees, review of Okaloosa County Human Resource policies and procedures and review of financial documents and contracts in the County OnBase system.

The 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

**Allegation 1:** Facility and Parks Maintenance Supervisor Randy Overly may be involved in a vendor kickback scheme.

**Governing directives:** Okaloosa County Human Resources Policy Manual

1. Chapter XXIII – Code of Conduct- Section B – Ethics, Purchasing and Gifts 3) No employee shall solicit nor accept gifts, gratuities, favors, anything of monetary value or loans from organizations, business concerns, or individuals with whom the employee has official relationships or business of the Okaloosa County government. These limitations are not intended to prohibit the acceptance of articles of negligible value which are distributed generally, not to prohibit employees from accepting social courtesies which promote good public relations, nor to prohibit employees from obtaining loans from regular lending institutions. All employees must guard against relationships that might be construed as evidence of favoritism, coercion, unfair advantage, or collusion.
2. Chapter XXXII, Anti-Fraud Policy Section C, 2d) Profiteering as a result of insider knowledge of County activities: f) Accepting or seeking anything of material value (more than \$100) from contractors, vendors, or persons providing services/materials to the County; k) Vendor kickbacks; l) misuse of authority for personal gain.
- 3.

## Investigative Narrative

NAME	TITLE
Amanda Maxwell	Administrative and Finance Director (FM)
John Callahan	Sr. Operations Supervisor (FM)
Butch Hendrick	Director of Facility and Parks Maintenance
Zan Fedorak	Administrative and Finance Director – Public Works
DeRita Mason	Purchasing Manager
Randy Overly	Maintenance Supervisor (FM)

On April 28, 2023, the Department of Inspector General (IG) for the Okaloosa County Clerk and Comptroller met with the Director of Human Resources (HR). The meeting was requested by HR regarding concerns about policy violations by the Facility and Parks Maintenance supervisor Randy Overly. The IG opened an investigation following the meeting with HR. Interviews were sworn and recorded except Callahan who was not sworn prior to the recorded interview.

Amanda Maxwell was interviewed on May 5, 2023, at the Okaloosa County Courthouse in Crestview. Maxwell stated that Randy Overly has had a close relationship with a vendor: Daikin Applied. She said that Daikin Applied is being used on a regular and continuing basis. Maxwell has heard consistent rumors from the previous Operations Manager and others in the department that Overly and his family were provided gifts by Daikin. Maxwell believes Overly's relationship with Daikin has been more than a professional efficient relationship for the County. She stated that she has no direct knowledge that Overly is receiving incentives from the contractor.

Overly has been a supervisor for about 4 years, but the Daikin relationship has grown since he was promoted. Maxwell provided multiple instances of Overly's attempts to replace competing manufacturer's equipment with units manufactured by Daikin. Maxwell has also noticed multiple invoices for the same facility with varying amounts of labor only on them and increased numbers of invoices have only labor and no parts on them. A contract was signed for the purchase of two HVAC units from Daikin in January 2022 which have not been delivered., Daikin has given several reasons over the last 16 months for the delay. Overly keeps stating only that it has been pushed out. Maxwell stated that she thinks Daikin is stalling while they generate revenue from repairs on these units.

John Callahan was interviewed on May 10, 2023, and May 18, 2023, at Okaloosa County Courthouse in Crestview. Immediately after commencing employment Callahan heard rumors in the department that Daikin and SSI (an HVAC controls vendor) had a close relationship to Overly, but no confirmation was ever provided to Callahan. Callahan stated Overly routinely reaches out to Daikin to provide repair proposals. Ultimately Overly is the individual approving proposals even though someone else may be signing off on the dollar amount of the purchase, he is the one the county is depending on to assure the proposals are fair value.

Callahan provided multiple instances of Overly aggressively pushing the use of Daikin for HVAC repairs and equipment replacement. He feels that when he approaches Overly with options that he is not open to using different vendors. When asked about suspicions Overly is receiving kickbacks/gifts from the Daikin, he stated that he does not know anything specific.

Callahan states that Overly and the Daikin representative recently met with Purchasing to get the Daikin contract renewed. Callahan, Maxwell, and Hendrick were not aware of the meeting. Callahan stated Overly is also used as a resource by other county entities such as the Airport for input on HAVC issues.

Butch Hendrick was interviewed on May 15, 2023, at the Okaloosa County Courthouse in Crestview. Hendrick stated that Overly has had a close relationship with Daikin. These concerns were voiced to him by a previous Operations Manager and a previous manager. Hendrick stated numerous people in Facility and Parks Maintenance have made remarks about Overly and his relationship with Daikin.

Hendrick provided several examples of Overly's perceived overutilization and dependance on Daikin. Recently, Callahan reached out to a competing manufacturer to get additional pricing on

equipment and when Overly found out he came to Hendrick complaining that they should continue to use Daikin.

Zan Fedorak was interviewed on May 16, 2023, at Okaloosa County Courthouse in Crestview. Fedorak stated that Randy Overly has had a close relationship with Daikin after reviewing proposals in the normal course of her job. Fedorak stated that Overly at one point was the only one signing off on proposals without them going through Purchasing. Fedorak had issues with the control over the purchasing process as Overly was determining the need, providing specifications for the job, and purchasing equipment. Fedorak stated she was more at ease when the new Director Butch Hendrick came on board as he was licensed in the HVAC field and Fedorak ceased being involved with Overly daily.

DeRita Mason was interviewed on May 17, 2023, at Okaloosa County Courthouse in Crestview. Mason stated that Daikin representatives and Overly attended a meeting to discuss the Airport HVAC amendment to a contract. Mason stated that Overly did not have input, that he was just in attendance. Mason indicated she thought Overly was there because she was also asking Daikin about some equipment that had been ordered but not delivered after an extended period.

Randy Overly was interviewed on May 22, 2023, at Okaloosa County Courthouse in Crestview. Overly denied Daikin or any other Vendor wanting him to do favors for them. Overly states he could not do that; he could not be involved in providing information or revealing anything to them about a bid. He stated, “they would not give you the best price if you did those things.” Overly indicated “that would not be fair.”

Overly states he was at a meeting recently with Daikin and Purchasing but he was there to speak about a generator not the contract extension. Daikin and Overly were having their monthly meeting to go over ongoing maintenance work and he just went over to Purchasing with Kyle, the manager, and Spence, the salesperson representing Daikin.

Overly denies having any type of non-professional relationship Daikin employees. Recently he attended a trade show where Daikin offered to comp him a room, but his management would not allow it, he stated he did attend one meal that was paid for by Daikin during the show.

Overly denied Daikin offering or providing him or his family anything of value during their relationship, no trips or money. He stated, “he works three jobs to support his family.” He stated that he cuts grass and drives trucks for his brother on the side.

## **Findings of Fact and Recommendations**

**Allegation 1:** Facility and Parks Maintenance Supervisor Randy Overly may be involved in a vendor kickback scheme.

**Finding 1: UNSUBSTANTIATED.** None of the individuals interviewed had proof of a kickback scheme. The employee alleged to be receiving kickbacks stated under oath that he denied asking for, being offered, or receiving anything of value from the Vendor other than one meal paid for by

the Vendor during a recent HVAC convention in Atlanta and the Vendor offering a comped room during the same convention. The Clerk of the Court and Comptroller Inspector General lacks the statutory authority to review employee financial records for verification purposes.

**Recommendation:** To mitigate the perception that there is preferential treatment of certain vendors, Facility and Parks Maintenance should consider developing a formalized criteria-based process for selection of outside contractors used for HVAC repair and new equipment purchases and initiate a completed work invoice approval process with multiple levels of review.

*Tom Saunders*

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