



**Office of
Inspector General**
PALM BEACH COUNTY

2018 ANNUAL REPORT

October 1, 2017 to September 30, 2018

Insight

Promoting efficiency
and effectiveness

Oversight

Holding government
accountable

Foresight

Preventing fraud,
waste, and abuse

“Enhancing Public Trust in Government”

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Message from the Inspector General

Citizens of Palm Beach County:

It is my pleasure to present the Fiscal Year 2018 (FY2018) Annual Report summarizing the activities of the Office of Inspector General (OIG) for the period of October 1, 2017 through September 30, 2018. This report highlights our major efforts to promote integrity, efficiency, and overall effectiveness in government over the past year.

Some of our most significant accomplishments in our independent oversight of the County government, the 39 municipalities within Palm Beach County, Solid Waste Authority, and the Children's Services Council include:

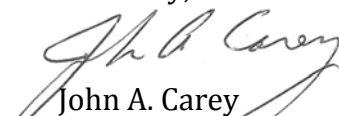


- **Guarding our taxpayers' dollars:** We discovered **over \$9.7 million** in questioned costs and **over \$1.6 million** in potential cost savings to taxpayers in dollars being returned or in future avoidable costs.
- **Promoting integrity in government:** We referred **17 matters to law enforcement or the County or State Commissions on Ethics.**
- **Preventing fraud, waste, and abuse/Providing oversight:** We monitored contract activities, to include the penny sales tax contracts, involving **millions of taxpayers' dollars.**
- **Making government better:** We made **153 recommendations** to management in order to facilitate compliance with laws and regulations, or to be more efficient or effective.

I would like to take this opportunity to thank the OIG staff for their commitment and professionalism in serving the citizens of Palm Beach County. Additionally, I want to thank the County and municipal governments, the Solid Waste Authority, and the Children's Services Council for their cooperative work with our office; the Inspector General Committee for its support; and you, the citizens of Palm Beach County, for your continued support.

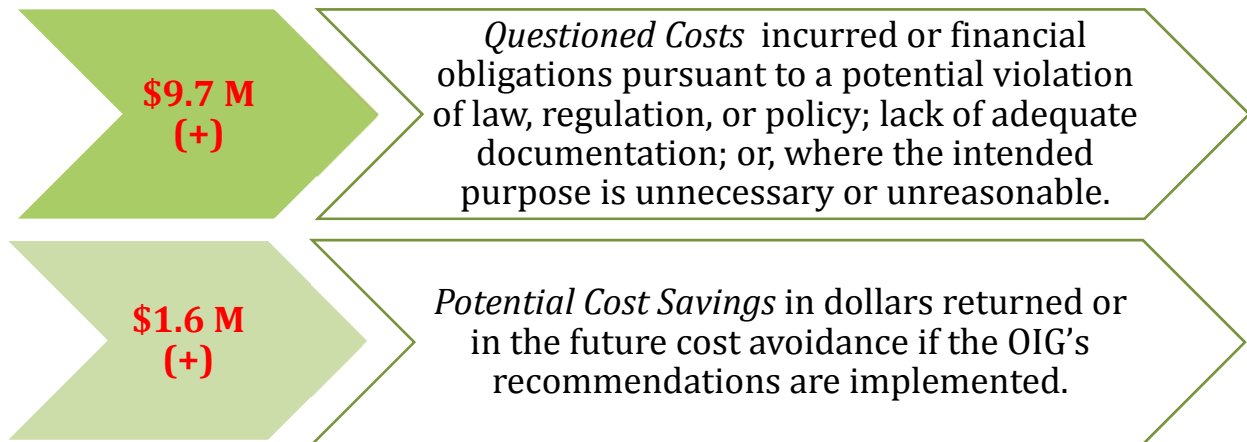
The OIG team and I look forward to our continued service in our unique role as independent agents for positive change and champions of accountability, transparency, and integrity in government.

Sincerely,


John A. Carey
Inspector General

SUMMARY OF THE OIG FY2018 SUCCESSES

Guarding Taxpayers' Dollars



Promoting Integrity in Government



Making Government Better



21 Reports with 153 Recommendations

To improve government operations and to save taxpayer dollars.



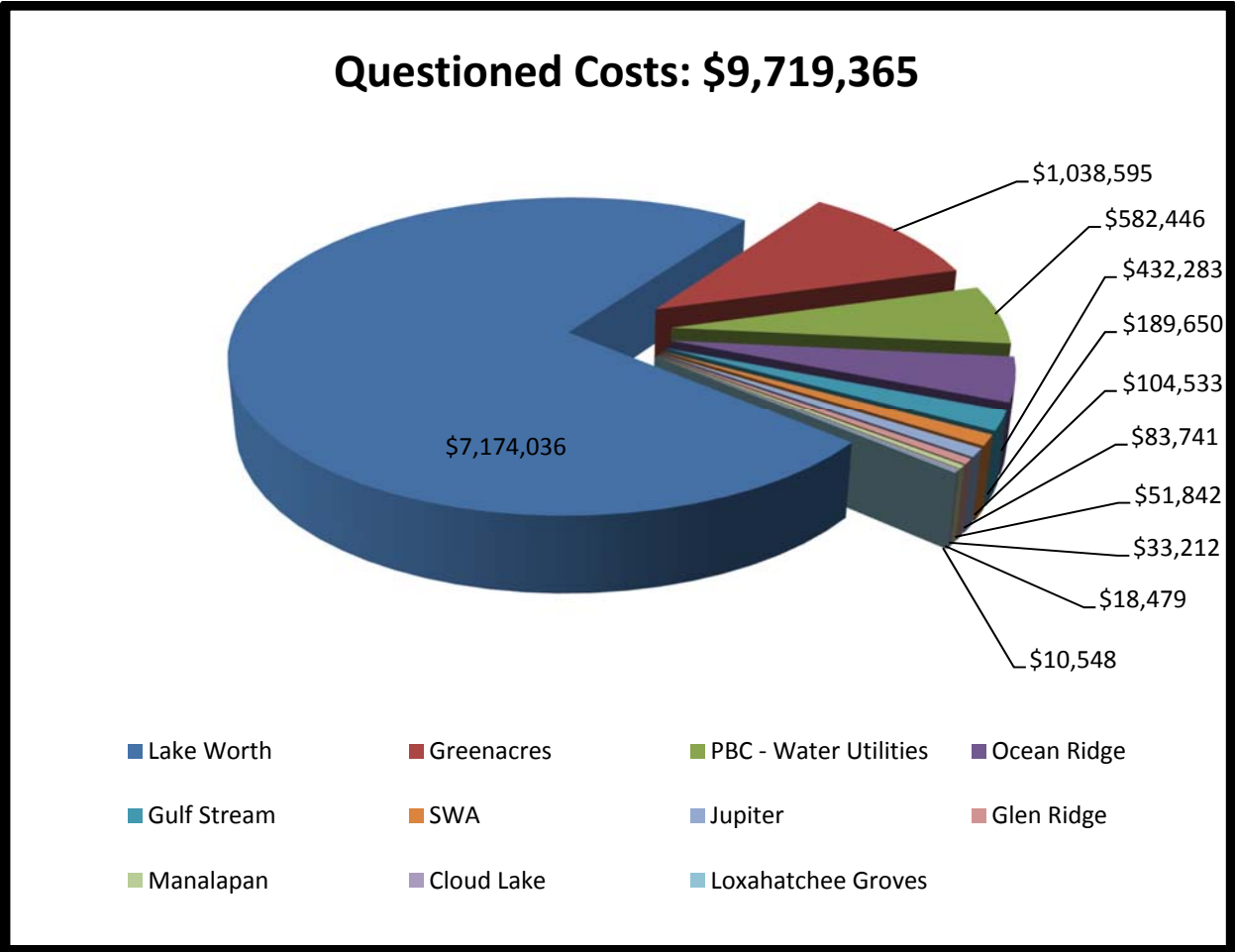
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Responses to citizens' calls and written correspondences voicing concerns, complaints, or requests for assistance.

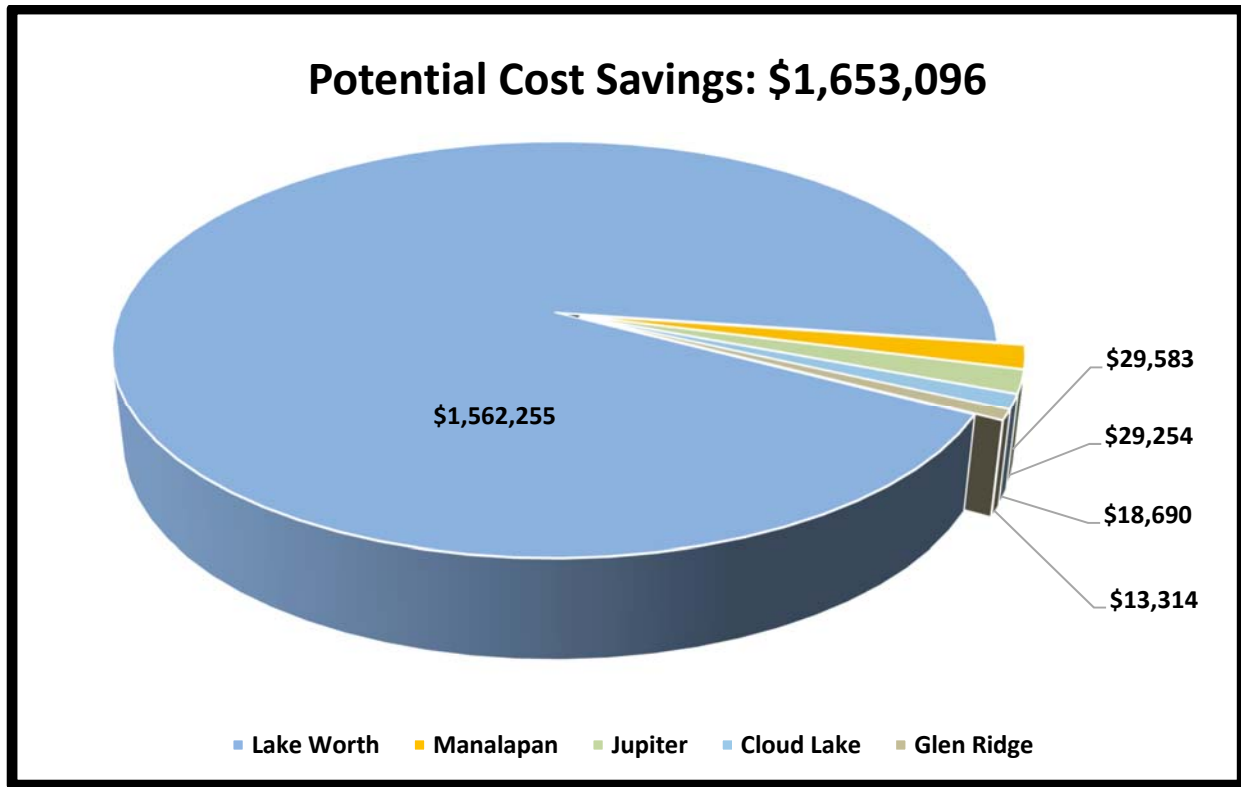
At the end of the day, the OIG provides *“Enhanced Trust in Government.”*

FINANCIAL DISCOVERY BREAKDOWN

Guarding Taxpayers' Dollars



Questioned Costs are costs or financial obligations pursuant to an alleged violation of law, regulation, contract, grant, cooperative agreement, other agreement, policy and procedures, or documents governing the expenditure of funds; costs or financial obligations not supported by adequate documentation; and/or the expenditure of funds where the intended purpose is unnecessary or unreasonable. As such, not all questioned costs are indicative of fraud or waste.



Potential Cost Savings Include:

- **Identified Costs:** Costs that have the potential of being returned to offset the taxpayers’ burden.
- **Avoidable Costs:** The dollar value for costs that will not have to be incurred, lost funds, and/or an anticipated increase in revenue over three years or the contract period (dollars saved) if the OIG’s recommendations are implemented.

Detail for Potential Cost Savings

| Entity | Identified Costs | Avoidable Costs | Total |
|--------------|------------------|-----------------|-------------|
| Lake Worth | \$36,151 | \$1,526,104 | \$1,562,255 |
| Manalapan | \$0 | \$29,583 | \$29,583 |
| Jupiter | \$109 | \$29,145 | \$29,254 |
| Cloud Lake | \$0 | \$18,690 | \$18,690 |
| Glen Ridge | \$80 | \$13,234 | \$13,314 |
| Total | \$36,340 | \$1,616,756 | \$1,653,096 |

MISSION, VISION, AND VALUES

Mission Statement (Why we exist and What we do)

Our purpose (why we exist) is to provide independent and objective insight, oversight, and foresight in promoting integrity, efficiency, and overall effectiveness in government.

Our promise (what we do) is to accomplish our purpose through audits, investigations, contract oversight, and outreach activities.

Vision Statement (Where we are going)

To promote positive change throughout local governments and public organizations in Palm Beach County with an inspired and skilled team that strives for continuous improvement.

Values (What we believe and How we behave)

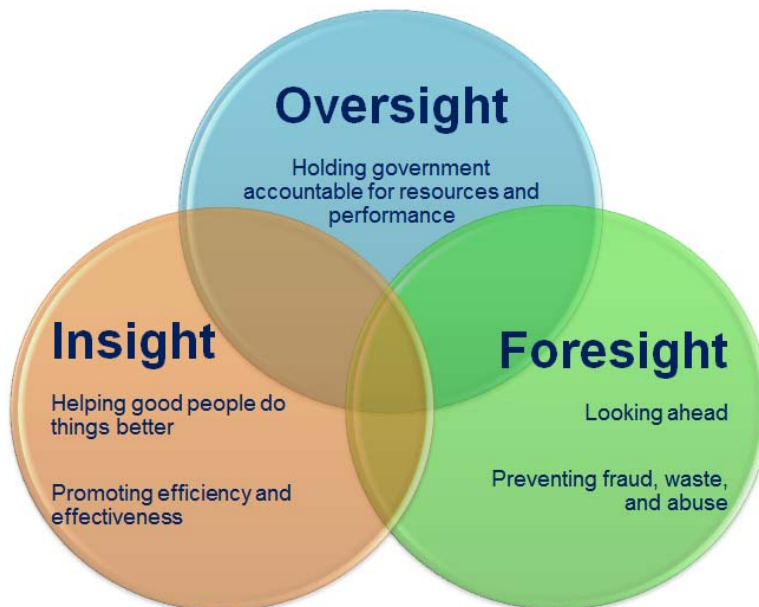
Professionalism – We take pride in our purpose, profession, products, results, and conduct.

Respect – We are respectful of others and recognize their value.

Integrity – We do the right thing, the right way, for the right reason.

Dedication – We are dedicated to our purpose, our work, and the people we serve.

Excellence – We strive for excellence in everything we do.



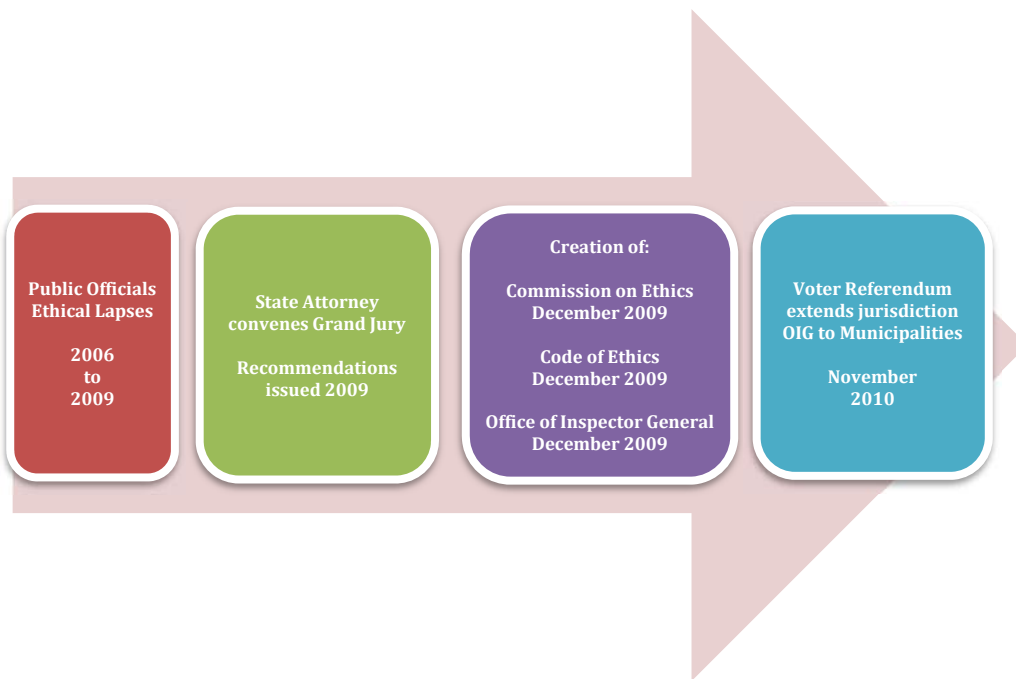
Our Motto

“Enhancing Public Trust in Government”

HISTORY

Between 2006 and 2009 a series of federal prosecutions of elected officials from the Palm Beach County (County) Board of County Commissioners (BOCC) and the West Palm Beach City Commission for public corruption led the State Attorney to convene a state grand jury. In early 2009, the grand jury issued its report, which included recommendations to create a County Code of Ethics, Commission on Ethics, and OIG. In response to that report, the County began a comprehensive effort to develop an ethics initiative aimed at promoting public trust in government and establishing a more transparent operating model for its citizens. In December 2009, the BOCC adopted an ordinance that established the OIG to oversee County government. In November 2010, 72% of the voters approved a countywide referendum to amend the County Charter and permanently establish the OIG. A majority of voters in each of the 38 county municipalities that existed at the time approved an expansion of OIG jurisdiction to cover all municipalities within the county.

Palm Beach County Ethics Movement



The IG Committee selected Sheryl G. Steckler as the County’s first IG in June 2010. The OIG enabling legislation, known as the IG Ordinance, was drafted in 2011 by the IG Drafting Committee, which was comprised of representatives from the municipalities, County, Palm Beach County League of Cities, citizens appointed by the County, and the Inspector General. Once completed, the IG Ordinance was unanimously approved by the BOCC with an effective date of June 1, 2011. John A. Carey became the County’s second IG in June 2014.

AUTHORITIES AND RESPONSIBILITIES

The purpose, duties, and responsibilities of the IG are specified in the IG Ordinance (Article XII, Section 2-422 and 2-423, Palm Beach County Code). The IG Ordinance is available on our website at: [http://www.pbcgov.com/OIG/docs/ordinances/4 C ORD 2011-009 0517.pdf](http://www.pbcgov.com/OIG/docs/ordinances/4%20C%20ORD%202011-009%200517.pdf). Some of the functions, authority, powers, and mandated requirements include:

The Inspector General Jurisdiction

The IG jurisdiction covers the County government,¹ the 39 municipalities of Palm Beach County, and other entities which contract with the IG (currently the Solid Waste Authority [SWA] and the Children’s Services Council [CSC]). All elected and appointed officials and employees, instrumentalities, contractors, their subcontractors and lower tier subcontractors, and other parties doing business or receiving funds of covered entities are subject to the authority of the IG.



The Inspector General Authorities

- The Inspector General has the authority to receive, review, and investigate any complaints regarding any municipal or County funded programs, contracts, or transactions.
- We can review and audit past, present, and proposed municipal or County funded projects, programs, contracts, or transactions.

¹ Excluding County Constitutional Officers, Judiciary, and Independent Special Districts unless contracted for services with the IG.

The IG can require the production of documents and receive full and unrestricted access to records. The IG has the power to subpoena witnesses and administer oaths. Additionally, the IG is “an appropriate local official” for whistleblower reporting and protection.



County and Municipal Officials and Employees, Contractors, and Others

All elected and appointed officials and employees, County and municipal agencies, contractors, their subcontractors and lower tier contractors, and other parties doing business with the County or municipalities and/or receiving County or municipal funds shall fully cooperate with the IG in the exercise of the IG’s functions, authority, and powers.

The County administrator and each municipal manager, administrator, or mayor, where the mayor serves as chief executive officer, shall: 1) promptly notify the IG of possible mismanagement of a contract, fraud, theft, bribery, or other violation of law which appears to fall within the jurisdiction of the IG; and, 2) coordinate with the IG to develop reporting procedures for notification to the IG.

What to Report

Required By Ordinance:

- **Fraud**
- **Theft**
- **Contract Mismanagement**
- **Bribery**
- **Any other violation or conduct that appears to be within jurisdiction of the OIG (e.g. abuse, misconduct, mismanagement)**

LAWSUIT REGARDING OIG FUNDING



In December 2009, the BOCC adopted IG Ordinance 2009-049, which gave the OIG oversight over County governmental operations. Thereafter, on **November 2, 2010, 72% of voters in the municipalities in the County approved a countywide referendum amending the County Charter to expand the OIG's jurisdiction to municipal agencies and instrumentalities.** The ballot question posed to voters specified that the OIG would be, “funded by the County Commission and all other governmental entities subject to the authority of the Inspector General.” After the referendum passed, the County adopted Ordinance 2011-009 to implement the will of the voters.

On November 14, 2011, several municipalities filed a Complaint against the County disputing the mechanism for funding the OIG. On March 12, 2015, the trial court entered Final Judgment against the municipalities.

The municipalities appealed the trial court's ruling to the Fourth District Court of Appeal for the State of Florida. On December 21, 2016, the appellate court reversed the lower court's decision. The County declined to appeal the Court's decision to the Florida Supreme Court.

Because of this suit and subsequent related decisions of the BOCC, the OIG has not been fully funded. In 2018 the OIG was only funded for 57% of the staffing contemplated for the office, while still providing oversight of the County and all 39 municipalities.

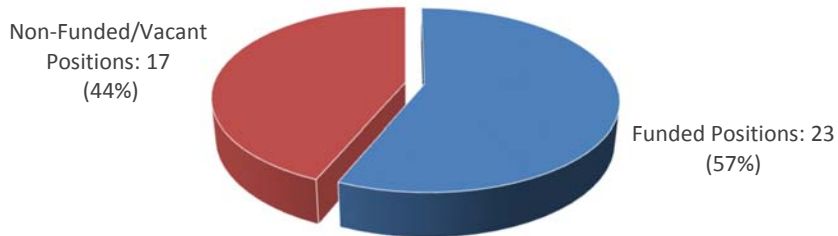
The OIG requested the County begin in FY2018 to fund its 17 unfunded positions. The County denied the OIG's request but asked the municipalities to voluntarily contribute to funding the positions. No municipality offered to fund this void.

The County approved funding for 2 additional OIG positions starting in FY2019, which will bring the OIG staffing level up to 62.5%.

STRUCTURE AND STAFFING OF THE OFFICE OF INSPECTOR GENERAL

The Inspector General Structure

OIG Personnel Complement 40 Approved Positions

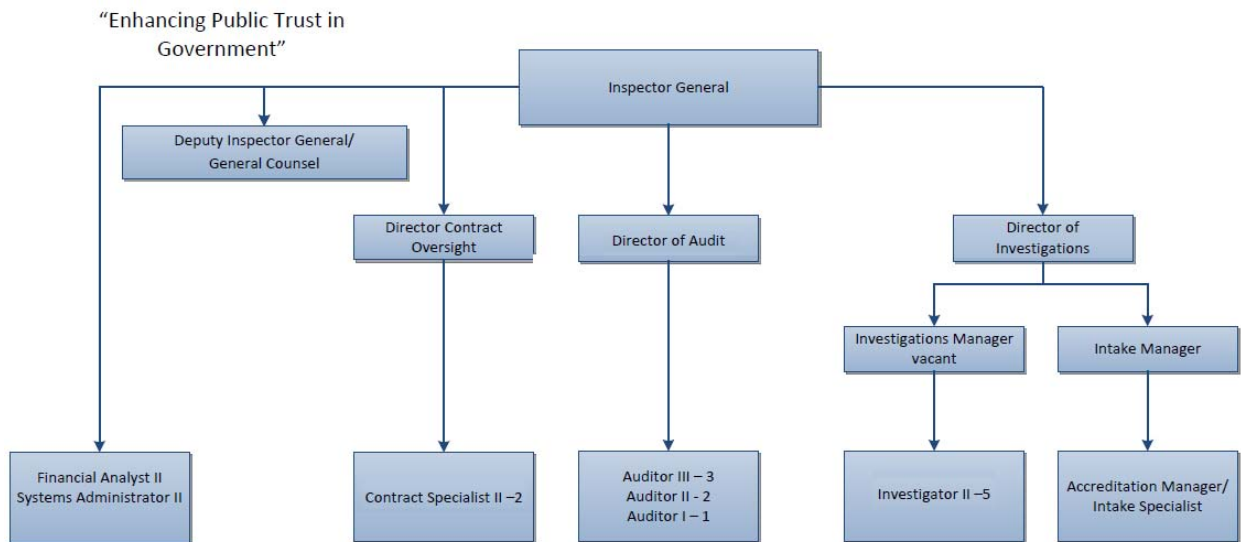


Due to the lawsuit regarding OIG funding and subsequent BOCC decisions (see page 8), the OIG has never been fully funded. During FY2018 our office had funding for only 23 (57%) of the 40 approved positions. The BOCC agreed to fund 2 additional positions in FY2019.

The OIG is comprised of a Mission Support Section and three operating divisions: Investigations, Audits, and Contract Oversight.



Office of Inspector General Palm Beach County
Organizational Chart



December 2018

The OIG Leadership Team



*Seated from left to right: John Carey, Inspector General; Kalinthia Dillard, General Counsel/Deputy IG
Standing from left to right: Megan Gaillard, Director of Audit; Stuart Robinson, Director of Investigations;
Evangeline Rentz, Intake Manager; Karen Mayer, Director of Contract Oversight*

Inspector General Staff Qualifications

To ensure success in accomplishing our mission, the OIG hires highly qualified individuals who not only reflect the diversity of the community, but also have the necessary level of skills, abilities, and experience for their respective positions on the OIG team. Staff members bring an array of experiences from the Federal and State IG Communities; the Federal Bureau of Investigation; not-for-profit community based organizations; federal, state, and local government; public accounting firms; and the construction industry.



Staff members have backgrounds in and/or academic degrees in:

- Accounting
- Auditing
- Business Administration
- Public Administration
- Financial Administration
- Financial Analysis
- Grant Administration
- Investigations
- Law
- Law Enforcement
- Strategic Analysis
- Information Technology

STANDARDS AND ACCREDITATION FOR THE OIG

Who Watches the Inspector General?

Common questions are “Who inspects the Inspector General?” or “What standards does the OIG follow in its investigations, audits, and reviews?” The Association of Inspectors General (AIG) is a national professional organization comprised of IGs from the federal, state, and local levels of government. The AIG *Principles and Standards for Offices of Inspector General* (Green Book) is one of the main standards we use. It provides guidelines for the overall operations of OIGs, as well as, specific standards for investigations, audits, and other IG related activities. OIG audits are performed in accordance with *Generally Accepted Government Auditing Standards* (*Government Auditing Standards* [Yellow Book], issued by the Comptroller General of the United States). In August 2015 and again in August 2018, the OIG was peer reviewed by the AIG. **The AIG found our office “met all current and relevant standards.”**



Accreditation by the Commission for Florida Law Enforcement Accreditation

The Commission for Florida Law Enforcement Accreditation (CFA) is the designated accrediting body for law enforcement and OIGs within the State of Florida. Not every State law enforcement agency or OIG obtains or maintains this high standard of accreditation status. The OIG received its initial accreditation from the CFA in February 2012 and was re-accredited in February of 2015 and 2018. **CFA Assessors noted, “It is apparent all members are supportive of the commitment and are driven to provide excellent, professional, and dedicated service to all the components of the OIG.”**



\$ OFFICE OF INSPECTOR GENERAL FY2018 BUDGET \$

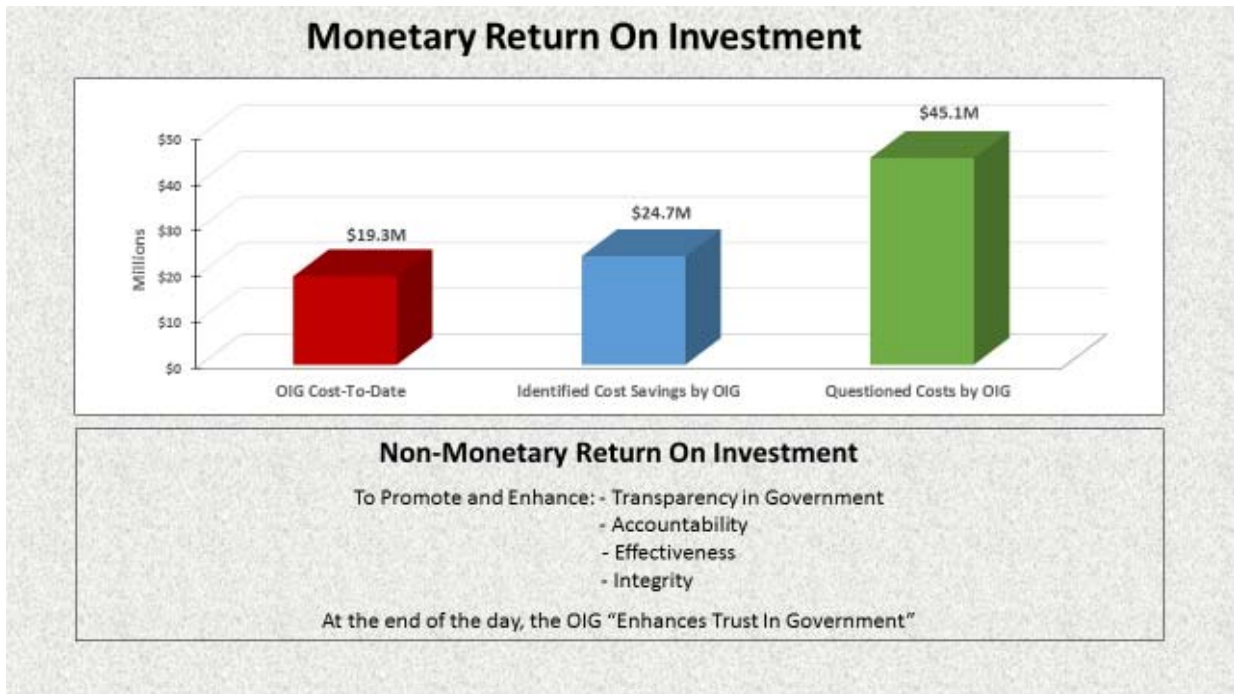
The OIG strives to use taxpayer dollars frugally. In FY2018, the OIG expended \$2.77 million (91%) of its approved \$3 million budget. The cost to operate our office was approximately \$1.75 per citizen per year. This does not take into account the value added by our services, which for FY2018 includes identified costs for better use, and potential future avoidable costs savings to the taxpayers, through OIG investigations, audits, and reviews.

At a cost of **\$2.77 million** with **23** funded positions, OIG oversight responsibilities included:

- PBC, Municipalities, SWA, and CSC annual budgets of approximately **\$7B**
- PBC, Municipalities, SWA, and CSC employ approximately **14,500** people (excluding part-time, seasonal, and contract employees)
- PBC, Municipalities, SWA, and CSC auditable units identified: **1,141**
- Oversight of **billions of dollars** of contracting activities

“The sheer size of government operations that your office oversees and your office’s jurisdiction and responsibility are unparalleled by any other local government inspectors general office.”

2015 Association of Inspectors General Peer Review Report on the Palm Beach County OIG

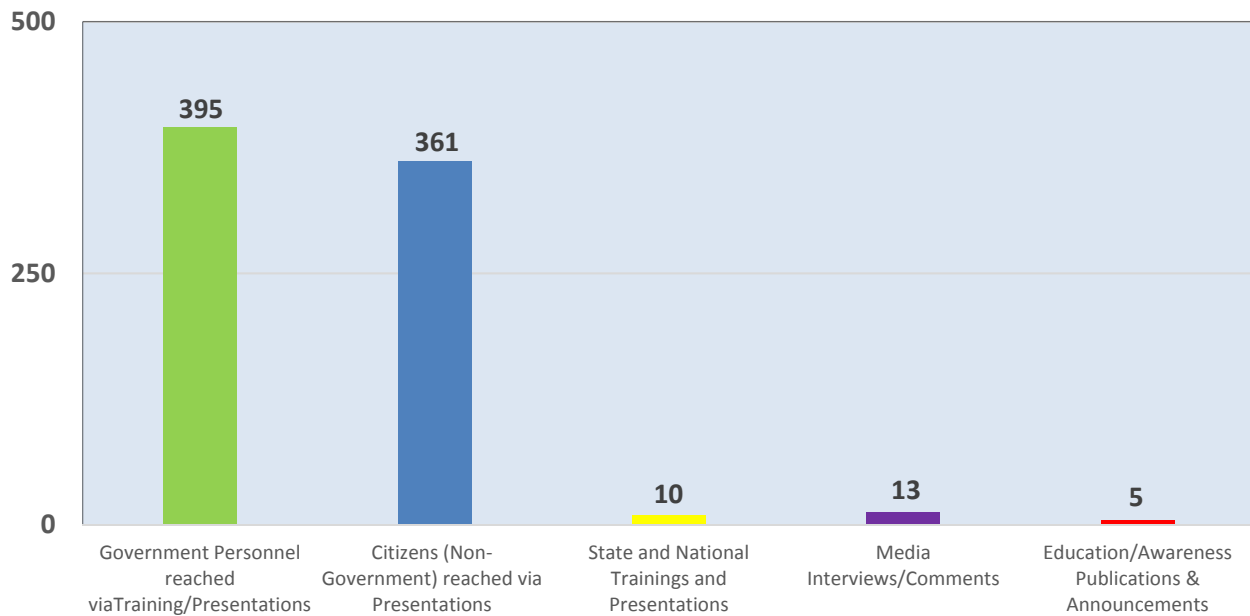


OUTREACH, EDUCATION, AND PREVENTION

Outreach is an important component of OIG operations, and takes place both inside and outside of government. OIG outreach includes education on common trends and best practices; red flags to assist in spotting fraud, waste, and abuse; and ways to contact our office. Our success depends on listening as much as speaking.

TRAINING AND OUTREACH

An ounce of outreach is worth a pound of enforcement.



During FY2018, we delivered over 100 speeches/presentations/training sessions to the public, business community, and/or county and municipal governments. Various media outlets contact the OIG on a regular basis. A total of **13 media interviews** were conducted with the IG during FY2018, resulting in numerous news articles and televised news features.

Social Media

Citizens can follow us on Facebook, Twitter, YouTube, or through our website and subscribe to receive emailed notices of OIG reports and other items of interest. Our website is continuously updated to include all recent OIG activity. An important feature on the website is a section labeled “Tips, Trends, and Training.” Here, we post briefings and information updates throughout the year along with other helpful information to the public and government employees. Please take the time to visit our website at: <http://www.pbcgov.com/OIG/>.

Outreach/Coordination in Palm Beach County

Promoting integrity, accountability, and transparency in government is a “team sport” that goes beyond the bounds of the OIG. Accordingly, the IG attends and participates in several local forums, including the Palm Beach County Internal Auditor/ Inspector General Forum and the South Florida Inspectors General Council. Other local key partners in promoting integrity in government include the PBC IG Committee, the PBC Commission on Ethics, the PBC Ethics Coalition, and Florida Atlantic University’s LeRoy Collins Public Ethics Academy.

The Palm Beach County Ethics Partnership

| | |
|--|---|
|  LEROY COLLINS PUBLIC ETHICS ACADEMY College for Design and Social Inquiry Florida Atlantic University Ethics Research and Training (561) 297-4049 Email: ethics@fau.edu |  Hotline: (877) 766-5920 palmbeachcountyethics.com |
|  ETHICS COALITION PALM BEACH COUNTY |  Hotline: (877) 283-7068 www.pbcgov.org/oig |

During the year the IG has provided presentations to community businesses and service organizations, and in academic classes and forums on such topics as ethics in government and the role of inspectors general. The IG continued to serve this year as a judge in the Palm Beach County high school ethics bowl.



Section A – Overview

Examples of community organizations where the IG has made presentations:



Our Director of Audit serves on the Board of Directors as the President for the Palm Beach County Institute of Internal Auditors Chapter. She manages the activities of chapter committees and has primary responsibility for educational programs, seminars, and conferences. Additionally, she serves as the Chapter Liaison to help promote and build the chapter connections.

Our Deputy IG/General Counsel is a graduate of Leadership Palm Beach County's flagship Leadership Program called "Leadership Engage." **Leadership Palm Beach County (LPBC) was part of a community-wide ethics initiative formed in 2007 to help establish a Culture of Ethics in local government in Palm Beach County.** Each year, LPBC invites the IG to speak to Leadership Engage participants about the history of the OIG and its role in promoting ethics in government. Leadership Engage is a year-long leadership development program that exists to connect and educate Palm Beach County's leaders on the history of the county and to strengthen the participants' leadership skills and commitment to serving the community.



Special Outreach to Government Managers

The OIG has continued to proactively reach out to government leaders through one-on-one meetings and by providing presentations on lessons learned from OIG projects. Additionally, we published three "Tips and Trends" reports designed to provide useful lessons from our OIG projects. This type of outreach pays great dividends by both preventing problems and sharing best practices.



Outreach/Impact Beyond Palm Beach County



The OIG does not stop at the borders of Palm Beach County in promoting integrity, effectiveness, and efficiency in government. Of particular note, the IG is on the executive board of the national Association of Inspectors General. The Association is a non-profit organization which promotes excellence in the inspector general community by



establishing and encouraging adherence to quality standards, sponsoring professional development, and certifying individuals in IG-specific disciplines. The IG is on the Association's Professional Development Board and Training Committee. Additionally, the IG serves on the board of the Florida Chapter of the Association of Inspectors General.

Our Director of Audit serves on the National Professional Development Committee for the Association of Government Accountants (AGA). This committee develops quality technical programs for the annual National AGA Conference. She specifically ensures the technical program is responsive to the needs of government financial management policy makers and leaders.



Additionally, the Director of Audit is a frequently requested State and National speaker/instructor for audit and accounting training. The Director of Audit spoke for an Accountability Talks Podcast on Data Analytics for Fraud, the IIA Leadership Academy, and the AGA National Professional Development Conference.



Our Deputy IG/General Counsel serves on The Florida Bar's Professional Ethics Committee. The Professional Ethics committee issues formal advisory opinions to guide attorneys admitted to The Florida Bar in interpreting and applying the Ethics Rules governing the practice of law, answers ethics inquiries from members of The Bar concerning their own proposed conduct, and reviews informal advisory opinions issued by The Florida Bar ethics department attorneys. She also serves on the Palm Beach County Bar Association's Judicial Campaign Practices Committee (JCPC), which works to ensure that campaigns for judicial office are conducted in a manner consistent with the dignity and integrity expected of the legal profession and the judicial system. The JCPC issues advisory opinions in response to written complaints of violations of Canon 7 of Florida's Code of Judicial Conduct. For her service to the Florida Bar and the education community, she was awarded the **"2018 Attorney of the Year"** by the Florida Law-Related Education Association.

INVESTIGATIONS DIVISION

The Investigations Division investigates allegations of fraud, waste, abuse, mismanagement, and misconduct. Additionally, it manages the OIG Hotline program.

The investigative activity conducted by the Division strictly adheres to the *Principles and Standards for Offices of Inspectors General* (Green Book) as developed by the Association of Inspectors General and the Inspector General Accreditation Standards issued by the Commission for Florida Law Enforcement Accreditation, Inc. These principles are most important as they ensure the quality of our investigations.



While OIG investigations are administrative in nature, criminal violations are sometimes discovered during the investigative process. When a determination has been made, that the subject of an investigation has potentially committed a criminal violation, those findings are discussed with local, state, or federal law enforcement agencies or are referred directly to the State Attorney's Office or the U.S. Attorney's Office for potential criminal investigation and prosecution.

INVESTIGATIONS HIGHLIGHTS

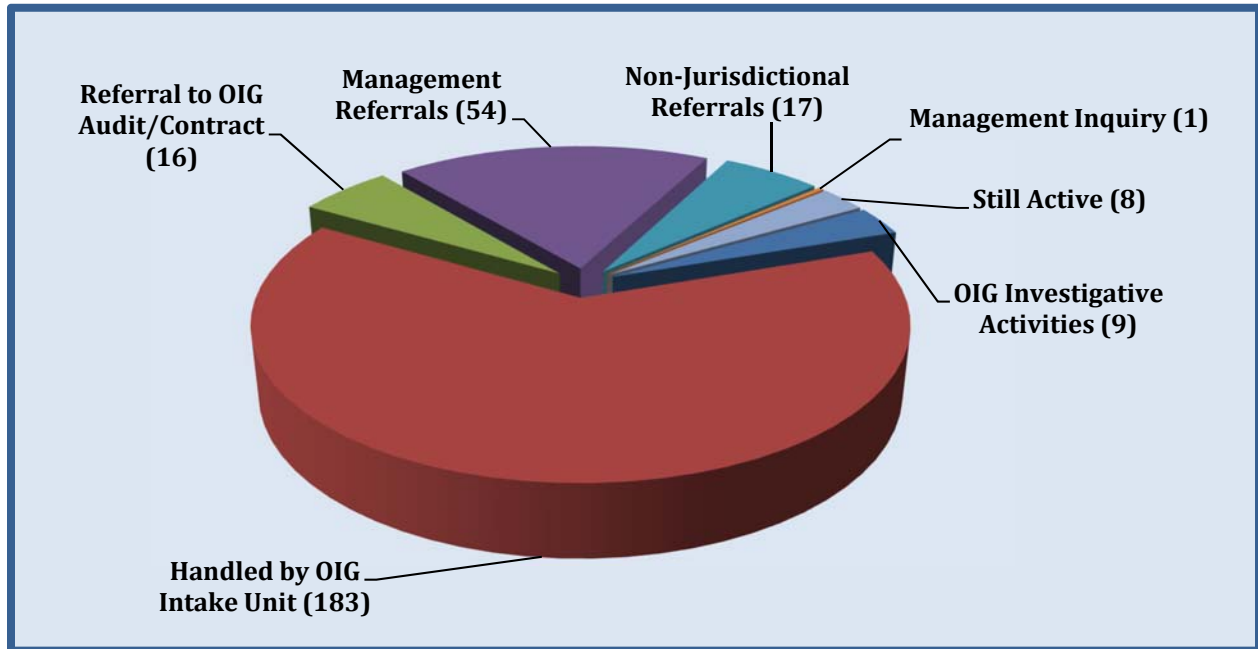
During FY2018, the Investigations Division issued **four** reports, plus made significant contributions to **one** joint report with the Contract Oversight Division, containing a total of **23** allegations. Questioned Costs for these reports totaled **\$10,547.94**. Where allegations were substantiated, we referred administrative or disciplinary actions to county, municipal, and/or contracted entities. Additionally, we referred **five** investigative matters for possible criminal investigation and prosecution, including referrals to the Federal Bureau of Investigation, the State Attorney's Office, and Internal Revenue Service Criminal Investigations. These reports and management responses can be found at <http://www.pbcgov.com/oig/archreports.htm>. A brief summary of the recommendations is also contained in Section D Appendix 1 of this report.

17

Referrals to law enforcement or the County or State Commissions on Ethics.

CORRESPONDENCES

Correspondences to the OIG include letters and emails that cover a wide variety of areas from comments, suggestions, questions, and complaints. The **288** correspondences received during FY2018 were processed as follows:

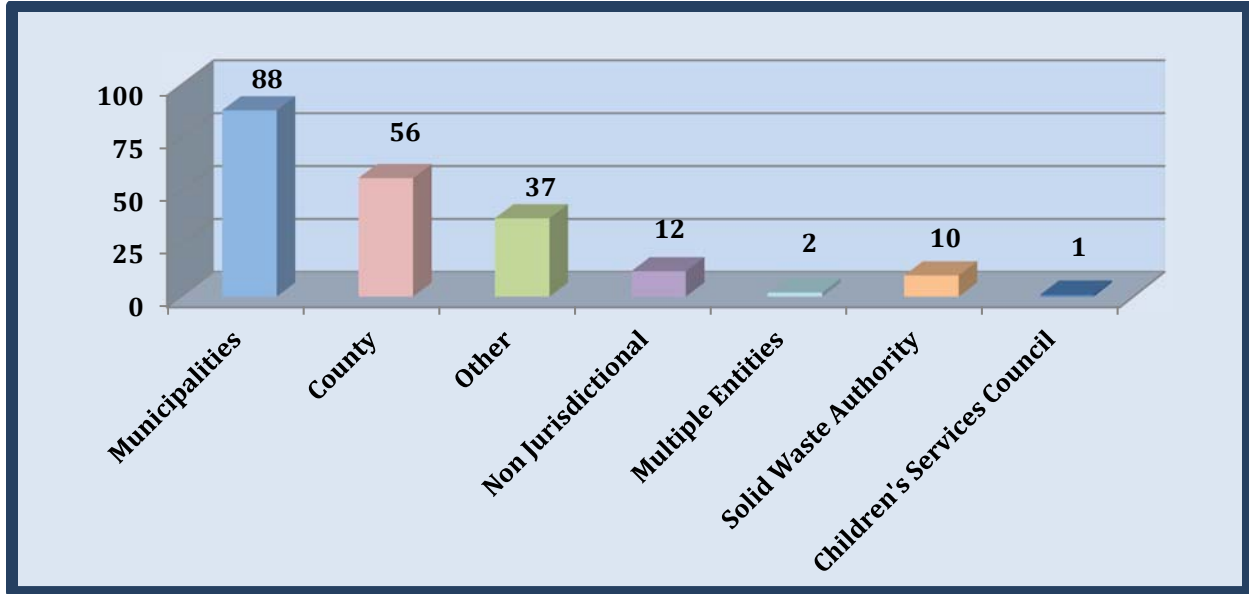


- **Handled by OIG Intake Division (183 or 63.2%):** Correspondences that are handled by the OIG, Information Only, and/or Closed with No Action.
- **Management Referrals (54 or 18.8%):** Correspondences forwarded to respective management for handling. No response to the OIG is required.
- **Non-Jurisdictional Referrals (17 or 5.9%):** Correspondences that do not fall within the jurisdiction of the OIG.²
- **OIG Investigative Activities (9 or 3.1%):** Correspondences that are assigned to the Investigations Division.
- **Referral to OIG Audit or Contract Oversight (16 or 5.6%):** Correspondences forwarded to OIG Audit and/or Contract Oversight Divisions for further review.
- **Management Inquiries (1 or .3%):** Correspondences forwarded to respective management for handling. A response to the OIG is required.

² During FY2018, the OIG received a total of 75 Correspondences related to entities not within the jurisdiction of the OIG.

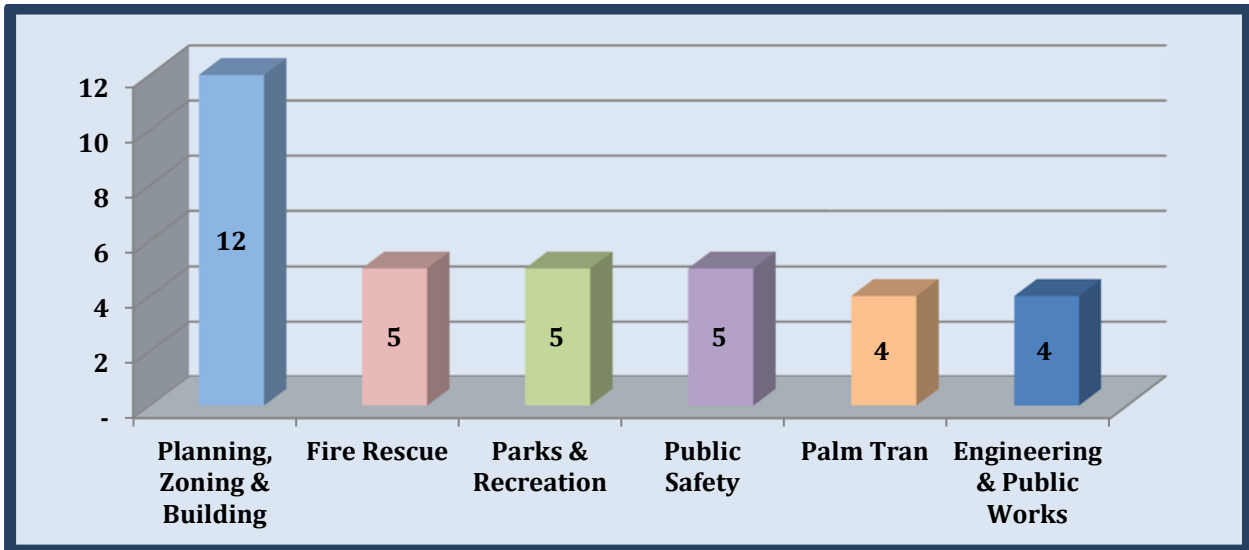
COMPLAINTS BY ENTITY

Of the **486** telephone calls and **288** correspondences processed in FY2018, we received **206** complaints. These complaints related to the following entities³:



COMPLAINTS BY COUNTY DEPARTMENT (TOP 6)

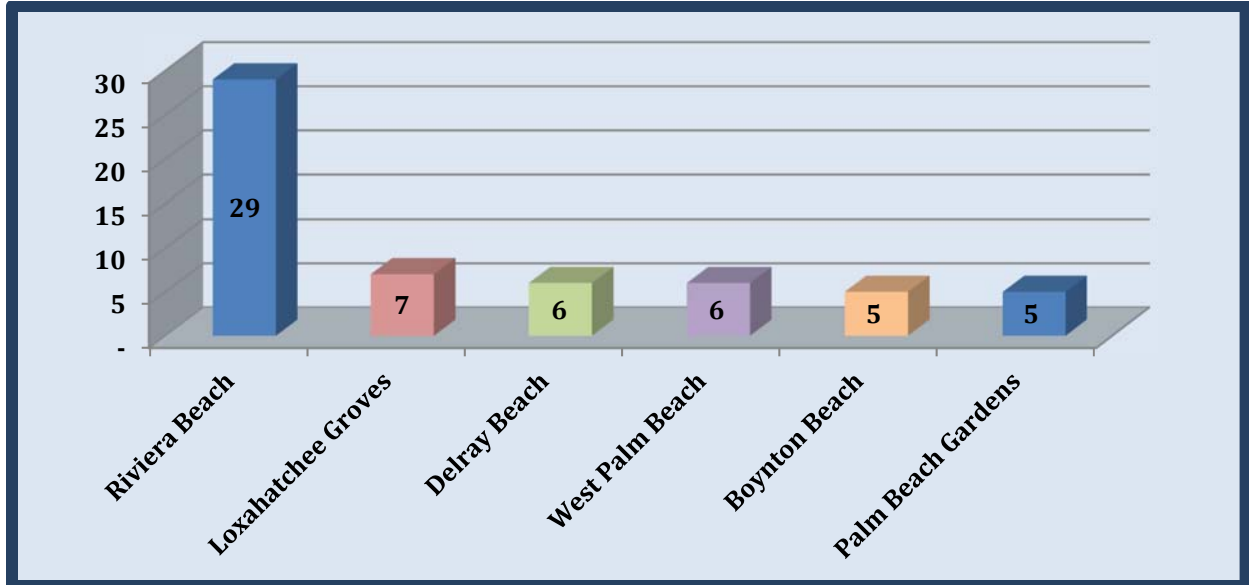
The following is a breakdown of complaints by the **Top 6** County Departments.



³ "Non-Jurisdictional" refers to correspondences concerning government entities not under the jurisdiction of the OIG. "Other" includes correspondences related to other entities such as private organizations, homeowner's associations, etc.

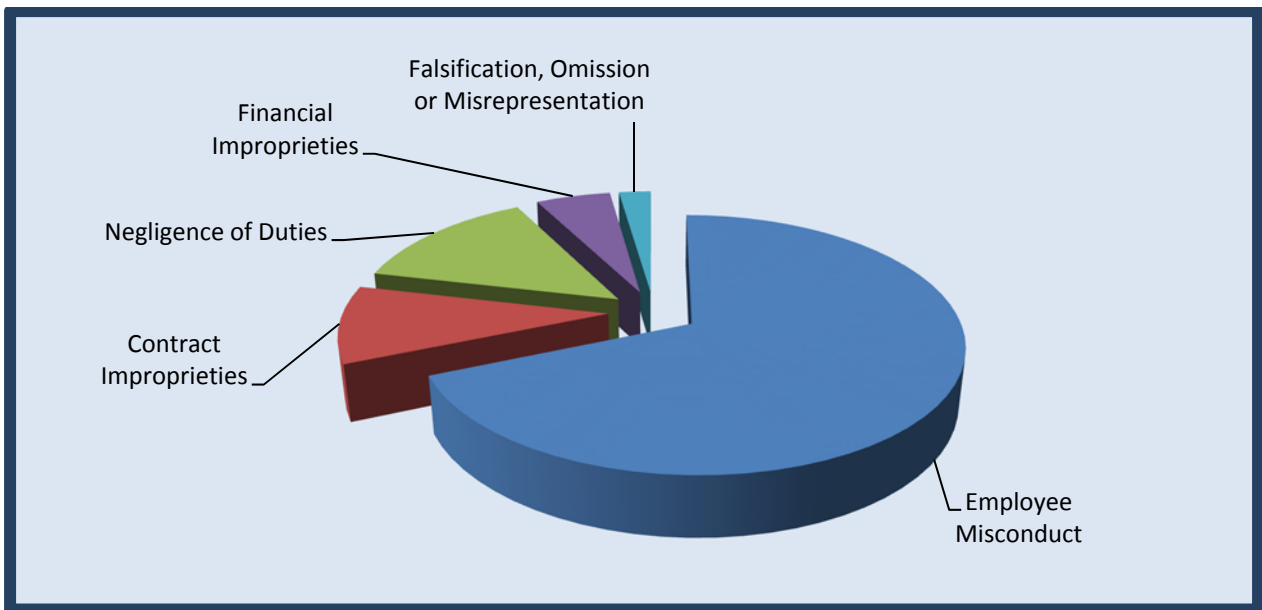
COMPLAINTS BY MUNICIPALITIES (TOP 6)

Of the **206** complaints received, **88** involved Municipalities. The following is a breakdown of complaints by the **Top 6** Municipalities.



ALLEGATION TYPES

Of the **206** complaints, a total of **142** allegations of potential wrongdoing were made. Of those **142** allegations, **131** were identified in the following top five categories:



INVESTIGATIVE ACTIVITIES

The following are highlights from reports issued in FY2018:

Palm Beach County Parks and Recreation Department, Recreation Services Division Riverbend Park Coordinator - Improper Use of Position - Improper Use of County Equipment

The OIG received a complaint alleging that the Riverbend Park Coordinator used County equipment during undisclosed outside employment, directed his supervisees to perform work on his park caretaker's residence, and used County equipment and computers for non-County purposes.



Our investigation determined that the Park Coordinator:

- Directed County staff under his supervision to perform renovations and maintenance work at his county-provided caretaker residence.
- Regularly used the County's email and computer systems for his outside employment.
- Used his County-provided vehicle and a county generator for personal purposes.

As a result of the OIG investigation recommendations, the Palm Beach County Parks and Recreation Department took corrective personnel actions, implemented new equipment and fuel tracking systems, and undertook efforts to ensure that employees comply with County policies.

Children's Services Council of Palm Beach County - Transportation Consultant - Improper Billing



The OIG conducted our review based on the referral of a CSC internal audit of transportation agreements. That internal audit identified alleged overbilling by CSC transportation consultant.

We found that a CSC transportation consultant:

- Did not ensure that written contracts with taxi vendors accurately reflected agreed rates, and terms and conditions.
- Did not verify that taxi companies billed in accordance with agreed upon fees, lacked documentation to justify the amount billed to CSC, and could not explain how the amounts billed to CSC had been calculated.

Our investigation will assist CSC in avoiding inaccurate payments to contractors, and should reduce CSC's costs for providing transportation to clients.

Palm Beach County Department of Housing & Economic Sustainability Housing Contracts – Improper Administration of Statutory and Ordinance Requirements – Operational Improvements

The OIG conducted our review based on a whistleblower complaint concerning the County Department of Housing & Economic Sustainability’s (DHES) administration and implementation of various housing programs.



We found that the DHES:

- Was in compliance with some, but not all, programs cited by the whistleblower.
- Issued a letter detailing its compliance in an assistance program despite it not being in compliance.
- Did not fill Affordable Housing advisory committee positions required by ordinance.

Our recommendations will assist the DHES in statutory compliance and in the proper appointment of oversight personnel.

Town of Loxahatchee Groves Professional Services Agreement for Town Management Services – Improper Oversight and Improper Payments to the Contracted Town Management Firm

The OIG conducted our review based on a complaint that Underwood Management Services Group, LLC, the contracted Town of Loxahatchee Groves town management firm, was overpaid.



We found that:

- Town Management miscalculated contract management consumer price index base fee adjustments.
- Fee adjustments paid did not accurately reflect the applied contract methodology.
- As a result of our findings, we identified **\$10,547.94** in Questioned Costs.

If implemented, our investigation recommendations will assist the Town with proper calculation and application of its town management fee payments and potentially recoup overpayments. **However, the Town has not responded to our recommendations.**

AUDIT DIVISION

The Audit Division conducts audits intended to add value by helping management strengthen internal controls; prevent fraud, waste, and abuse; and identify opportunities to operate more efficiently and effectively.

All audits are performed in accordance with *Government Auditing Standards (Yellow Book)*.

AUDIT HIGHLIGHTS

During FY2018, we issued **thirteen** reports with total Questioned Costs of **\$9,414,634** and **\$1,653,096** in Potential Cost Savings. Collectively, these thirteen reports contain **120** recommendations to strengthen internal controls and improve the efficiency and effectiveness of operations. Management has implemented or is in the process of implementing 116 (97%) of our recommendations. The reports and management responses can be found at <http://www.pbcgov.com/oig/archreports.htm>. A brief summary of the recommendations is also contained in Section D Appendix 1 of this report.

Audit of City of Lake Worth Water Utility Services



We conducted an audit of the City of Lake Worth Water Utility Services. The audit focused on selected water utility operations including billing and revenue collections, rate setting practices, compliance with policies and procedures, and financial transactions. Based on exceptions during audit planning and testing, the scope was expanded to review warehousing and inventory, contracts, and inter-fund loan activities.

We found significant control weaknesses and operational areas that need improvement for both the City and the Water Utility Department. The weaknesses included:

- Loan between multiple funds did not have initial authorization and did not uphold the terms of the original loan;
- Lack of written policies and procedures for utility warehousing and inventory, annual utility fund contributions, and utility billing charges; and
- Lack of consistent application of requirements for utility late fees and deposit refunds, collection of credit card convenience fees, and procurement.

Section B - Activities

As a result of our audit, we identified **\$7,174,036** in Questioned Costs and **\$1,562,255** in Potential Costs Savings.

Our report contained recommendations to assist the City of Lake Worth and the Water Utility Department in strengthening internal controls and complying with City Resolutions. The City and the Water Utility Department concurred and accepted all of our recommendations.

Audit of Palm Beach County Facilities Development and Operations - Contracts and Vendors



We conducted an audit of the Palm Beach County Facilities Development and Operations (FDO) Contracts and Vendors. The audit focused on whether the department had appropriate policies and procedures, properly documented and approved its invoices and purchases, and effectively managed its contracts.

We conducted an initial review of relevant information related to the audit; the controls surrounding the FDO processes appeared to be generally adequate. Based on our initial review, and to avoid duplication of efforts with the County's Internal Audit Department, we closed the audit. We provided suggestions to the FDO Director for management consideration to improve the contract review and compliance processes. The audit had no formal findings or recommendations.

Audit of Town of Manalapan Water Utility Department



We conducted an audit of the Town of Manalapan's Water Utility Department. The audit focused on review of utility operations including billing, collections, compliance with policies and procedures, and rate setting practices.

We found control weaknesses and operational areas that needed improvement because the Town did not properly:

- Obtain proof of inspection certificates or collect the applicable administrative fees and registration fees for backflow prevention devices;
- Assess or collect late fees;
- Read water meters;
- Write off uncollectible accounts receivable;
- Credit customers' accounts for interest accrued on service deposits; and
- Implement policies and procedures for the collection process and write-off of past due accounts; reviewing and monitoring of the monthly water billing collection process; and facilitation of seasonal shut-offs/turn-ons for water meters.

Section B - Activities

As a result of our audit, we identified **\$33,212** in Questioned Costs and **\$29,583** in Potential Costs Savings.

Our report contained recommendations to assist the Town's Water Utility Department in strengthening internal controls and complying with its Ordinance and Resolutions. The Town concurred and accepted all of our recommendations.

Audit of Town of Cloud Lake Revenue



We conducted a revenue audit of the Town of Cloud Lake. This audit focused on revenue and related cash receipt activities. Based on observations made during testing, the scope was expanded to include investments.

We found generally adequate controls for the receipt of revenue and proper recording of financial transactions. We found weaknesses that the Town did not properly:

- Obtain proof of the required supporting documentation for rent payments, as required by the lease agreement;
- Verify sales tax payments from the lessee to the State of Florida Department of Revenue; and
- Invest in high yield accounts to optimize investment returns.

As a result of our audit, we identified **\$18,479** in Questioned Costs and **\$18,690** in Potential Costs Savings.

Our report contained recommendations to assist the Town in strengthening internal controls and enhance compliance with the lease agreement. The Town concurred and accepted all of our recommendations.

Economic Incentive / Development Program Survey

We conducted an Economic Incentive / Development Program survey of entities under the jurisdiction of the OIG. This survey was performed as part of the FY2018 Annual Audit Plan. Our survey obtained information about entities that received grant funds or issued funds for Economic Incentive / Development Programs during FY2017 (October 1, 2016 – September 30, 2017). The survey focused on municipalities and the Solid Waste Authority (SWA). The results were used in considering audit entity selection.



The results of the survey project were:

- 30% (12 of 40) of the entities surveyed either issued funds or received grant funds for Economic Incentive / Development Programs.

Section B - Activities

- 20% (8 of 40) issued a total of 25 individual Economic Incentive / Development grants or agreements that promoted Economic Incentive / Development in FY2017.
- 12.5% (5 of 40) of the entities surveyed received funding from state or federal government grants for Economic Incentive / Development Programs. Funding awards ranged from \$180,000 to \$1,389,100 per entity.
- 42% (5 of 12) had either an external or internal audit conducted for those programs, agreements, or grants.

We suggested that entities review this report in order to discover how other entities are using Economic Incentive / Development Programs and as a benchmark to compare their own utilization of funds. We also suggested entities that have not had external or internal audits of their Economic Incentive / Development Programs ensure they adequately and properly monitor and oversee the program, agreements, or grants.

Audit of Palm Beach County Water Utility Department – System Efficiency Credit



We conducted an audit of the Palm Beach County Water Utility Department (WUD) - System Efficiency Credit. This audit was performed as a result of a whistle-blower complaint. The audit focused on addressing the whistle-blower's allegations, determining whether controls were adequate related to the System Efficiency Credit and calculation, and assessing the reliability, accuracy, and authorization for issuing the System Efficiency Credit. We found that PBC WUD:

- Lacked proper approval or authorization to provide the System Efficiency Credit to Seacoast Utility Authority; and
- Did not account for the capacity reservation fees and the System Efficiency Credit in accordance with proper revenue recognition principles.

As a result of our audit, we identified **\$582,446** in Questioned Costs.

Our report contained recommendations to assist PBC WUD in strengthening internal controls and in complying with agreements. PBC WUD concurred and accepted all of the recommendations.

Audit of City of Palm Beach Gardens

We conducted an audit of the City of Palm Beach Gardens' Economic Incentive / Development Program. We performed this audit as part of the FY2018 Annual Audit Plan and focused on Economic Incentive / Development Program activities or agreements that were active in FY2017, including activities or agreements initiated during a prior period. We found generally adequate controls for the program processes, but noted some weaknesses that the City did not:



Section B - Activities

- Have written policies and procedures relating to the operation of the Program;
- Have a consistent process for review and approval of Program activities;
- Consistently monitor the Economic Development agreements to ensure that businesses reached milestones in the agreements; or
- Review earmarked funds for projects beyond the deadline to reach the agreed upon milestones.

Our report contained recommendations to assist the City in strengthening internal controls. The City concurred and accepted all of the recommendations.

Purchasing Cards Survey



We conducted a purchasing cards survey of municipalities under the jurisdiction of the OIG. Our survey obtained information about municipalities that have purchasing card programs and expenditures during FY2017. The results were used in considering future audits selection.

The results of the survey project were as follows:

- 95% (36 of 38) of the municipalities surveyed had purchasing card programs.
- Total purchasing card program expenditures for FY2017 for each municipality ranged from \$1,500 to \$9,187,373.
- 83% (30 of 36) had written policies and procedures for their purchasing card programs.
- 72% (26 of 36) self-reported that they had either an external or internal audit / review conducted for their purchasing card program.

We suggested that municipalities review this report as a benchmark to compare their own utilization of purchasing card programs and expenditures to other municipalities in Palm Beach County. We also suggested municipalities that have not had external or internal audits / reviews of their purchasing card programs ensure they adequately monitor and oversee the program and expenditures, including implementation of policies and procedures.

Audit of Town of Mangonia Park



We conducted an audit of the Town of Mangonia Park Water Utility Cross-Connection Program. We performed this audit because inadequate cross-connection controls and testing increase the risk that the quality of water may be impacted. The audit focused on Cross Connection Program policies, procedures, and controls. We found the Town enacted an Ordinance addressing cross-connections and backflow prevention devices. However, the Town had not implemented, administered, or maintained an ongoing cross-connection program in compliance with the Safe Drinking Water Act, applicable laws and regulations, or Ordinance.

Our report contained recommendations to assist the Town in establishing a cross connection program, help ensure that the Town maintains accurate records for monitoring and inspecting cross-connection and backflow prevention devices, and help the Town implement internal controls. The Town concurred and accepted all of the recommendations.

Audit of Town of Ocean Ridge

We conducted a capital assets audit of the Town of Ocean Ridge. This audit focused on the capital assets process and controls. We found generally adequate controls for the capital assets process and physical controls for safeguarding the capital assets. We found weaknesses that the Town:



- Had incomplete records for capital assets;
- Was not able to locate capital assets recorded in the Town's capital asset records;
- Did not record insured capital assets in the Town's capital asset records; and
- Did not follow its written procedures for the receipt of items, including capital assets.

As a result of our audit, we identified **\$432,283** in Questioned Costs.

Our report contained recommendations to assist the Town in strengthening internal controls, facilitate having accurate records for capital assets, and resolve potential insurance issues. The Town concurred and accepted six of the recommendations.

Audit of Town of Glen Ridge



We conducted a revenue audit of the Town of Glen Ridge. This audit focused on the revenue process and related cash receipt activities. Based on observations made during testing, the scope was expanded to include reviewing investments and credit card expenditures.

We found control weaknesses for the Town's accounting computer system user access, revenue receipt process, recording of financial transactions, credit card expenditure process and investment practices.

The Town:

- Did not invest in higher yield accounts and participate in a credit card reward program that may lessen the taxpayers' burden;
- Did not record revenue to the appropriate accounts causing revenue to be misclassified as expenses;
- Did not have proper controls and oversight of the revenue receipt process, permit fee deposit process, and credit card process; and
- Did not have adequate computer system user access controls.

Section B - Activities

As a result of our audit, we identified **\$51,842** in Questioned Costs and **\$13,313.85** in Potential Costs Savings.

Our report contained recommendations to assist the Town in strengthening internal controls and help ensure compliance with regulatory requirements. The Town concurred and accepted all of the recommendations.

Audit of City of Greenacres



We conducted a capital assets audit of the City of Greenacres. This audit focused on the capital assets process and controls. We found generally adequate controls for the capital assets annual physical inventory review process and physical controls for safeguarding the capital assets. We found the City:

- Was not able to confirm the existence of certain capital assets recorded in the City's fixed asset records;
- Did not properly impair capital assets for portions of capital assets that were damaged or disposed and obsolete assets;
- Incorrectly recorded an Amphitheater that was not put to intended use;
- Had inconsistent written guidance; and
- Lacked computer user accounts and access policy.

As a result of our audit, we identified **\$1,038,595** in Questioned Costs.

Our report contained recommendations that will assist the City in strengthening internal controls and facilitate having accurate records for capital assets. The City accepted all of the recommendations.

Audit of Town of Jupiter – Credit Cards

We conducted an audit of the Town of Jupiter's credit card program. This audit focused on the credit cards process and controls. We found internal control weaknesses and operational areas that need improvement related to:



- Lack of proper approvals and adequate documentation for credit card purchases;
- Did not obtain a more competitive rate for credit card rebates that would have optimized the Town's rebate return on purchases and cash transactions;
- Did not deactivate former employee cardholder accounts timely; and
- Lack sufficient written guidance for managing the credit card program.

Town management did not provide requested documentation until after the audit was completed, approximately seven months after the initial request.

Section B - Activities

As a result of our audit, we identified **\$83,741** in Questioned Costs and **\$29,254.01** in Potential Costs Savings.

Our report contained recommendations to assist the Town in strengthening internal controls and enhance compliance with credit card procedures. While Town management has not accepted the findings, we are encouraged that the Town is implementing a number of the recommendations.

OIG Tips and Trends #2018-0001 Alternative Fuel Credits, Rebates, and Tax Refunds - November 2017

Alternative fuels are derived from sources other than petroleum. For entities that use alternative fuels, the entity may be eligible for alternative fuel credits or rebates through the State of Florida and/or the Internal Revenue Service. Some eligible types of gas or gas equivalents for various programs include ethanol, electricity, biodiesel, compressed natural gas, liquefied natural gas, propane, or liquid fuel derived from coal.



We suggested that entities seek legal and/or tax advice to determine if the entity is eligible for these programs; consider filing or refiling the last three years of tax returns; and monitor legislative action for approval of additional or continued alternative fuel credits or rebates and programs that the entity may be eligible to participate.

AUDIT FOLLOW-UP

During the year, we continued to perform quarterly follow-up on the status of all pending audit recommendations. We use an Audit Recommendation Tracking Report, which assists us in planning future audit work, as well as, monitoring management's progress in taking corrective action on our audit findings. Our follow-up process has helped ensure timely corrective action on our audit recommendations. Since the inception of the OIG, of the 493 audit recommendation made, 479 (97%) have been implemented or are pending implementation.



AUDIT RISK ASSESSMENT AND ANNUAL AUDIT PLAN

Our “audit universe” is comprised of the County, 39 municipalities, Solid Waste Authority, and Children’s Services Council. Our goal is to make the most effective use of our resources focusing on areas of high risk for fraud, waste, and abuse, as well as, areas where costs can be reduced or revenue increased. To this end, we conducted a comprehensive risk assessment in order to best utilize our limited resources in FY2019.

The risk assessment process was conducted using a combination of several methods of research and information gathering in order to create an overview of the risks for entities within the OIG’s jurisdiction. Additional risks were included drawing upon the professional expertise and experience of the OIG staff. Risks were assessed based on their global area of significance and impact. Our FY2019 Annual Audit Plan (Appendix 3) was created using this risk assessment methodology.



CONTRACT OVERSIGHT DIVISION

The Contract Oversight Division reviews procurement and contracting activities to promote competition, transparency, accountability, integrity, and efficiency throughout the procurement and contracting process.

To that end, we:

- Initiate, conduct, supervise, and coordinate oversight activities to detect, deter, prevent and eliminate fraud, waste, and abuse in county and municipal government procurement;
- Periodically attend contract selection, oral presentation, interview, and negotiation meetings and provide feedback, where appropriate;
- Conduct contract oversight reviews of an entity's procurement process, which may result in recommendations to address shortcomings, irregularities, and opportunities for improvement;
- Conduct contract monitoring reviews at any point in the implementation of a contract or after contract closeout to determine if appropriate policies and procedures were followed;
- Provide County and municipal entities with relevant data that supports effective procurement practices;
- Conduct procurement and fraud awareness training for County and municipal employees and vendors/contractors; and,
- Promote full and open competition and arm's-length negotiations with vendors and contractors so that public funds are used in the most efficient and effective manner.
- Respond to requests for assistance from entities under our jurisdiction and to citizen and vendor complaints.

The County Code, Article XII, Section 2-423(8) requires the IG to be "notified in writing prior to any duly noticed public meeting of a procurement selection committee [sealed bids, proposals, or negotiations] where any matter relating to the procurement of goods or services by the county or any municipality is to be discussed." Notifications are sent to igcontracts@pbcgov.org.

CONTRACT OVERSIGHT HIGHLIGHTS

During FY2018, the Contract Oversight Division (COD) issued **four** reports with total Questioned Costs of **\$294,183.03**. Collectively, these four reports included **fifteen** recommendations for improvements, all of which have been accepted by management. All fifteen accepted recommendations are pending full implementation. The recommendations generally included creating needed policies and procedures, and completing contract monitoring activities. The reports and management responses can be found at <http://www.pbcgov.com/oig/archreports.htm>. A brief summary of these recommendations are also contained in Section D Appendix 1 of this report.

City of Boynton Beach – Municipality Contract Monitoring Follow Up

We completed a review, which included a survey of the contract monitoring policies and procedures for all Palm Beach County municipalities in FY2014. The City of Boynton Beach completed the survey, and we conducted an on-site review to determine if the City's responses were accurate. We issued a report in FY2018 regarding the City's policies and procedures. We found that the City did not have any documented policies or procedure for contract monitoring, and there was no formal citywide process for monitoring contracts.



We issued recommendations to assist the City in strengthening internal controls and contract monitoring. The City accepted our recommendations.

Delray Beach Lifeguard Towers



We responded to a complaint that the City's award of a Request For Proposal (RFP) was improper and unfair because there was only one bidder, the City did not confirm the vendor's qualifications, specifications limited competition, vendor qualifications were too restrictive, and the price was higher than other public purchases of similar items.

Our review of the RFP and award process found:

- The public entity's bid specifications and vendor qualifications were justified and not unduly restrictive;
- The City followed its policies and procedures for the award to the sole bidder; and
- The price was fair, reasonable, and within the market range.

Therefore, no recommendations were made.

Solid Waste Authority – Disparity Study

We responded to a concern raised by a Solid Waste Authority (SWA) Board member about the processes and procedures used to acquire and utilize a consultant to assist in drafting a Request for Proposal (RFP) for professional services to conduct a disparity study. This review was conducted in partnership with the OIG Investigations Division.



Our review found:

- The Executive Director did not sufficiently document “a set of such unusual circumstances” that would justify waiving normal procedures for hiring a consultant;
- SWA exceeded its contracting authority by extending the RFP consultant’s contract beyond three years without SWA Board approval; and
- SWA paid for consulting services performed after the contract expired and in excess of the contract amount.

As a result of our review, we identified **\$104,533.03** in Questioned Costs.

We made recommendations that will assist SWA in strengthening internal controls for contract payments and complying with agreements. SWA accepted our recommendations.

Town of Gulf Stream – Municipality Contract Monitoring Follow Up



We conducted a Contract Oversight Review in FY2014 to assess the contract monitoring policies and procedures for the municipalities in Palm Beach County. The Town of Gulf Stream did not respond to the Survey request. Therefore, the OIG conducted an on-site follow-up to assess the contract monitoring policies and procedures used by the Town.

Our review found the Town did not:

- Have documented policy or procedure for contract monitoring, and there was no formal process for monitoring contracts;
- Follow the audit selection requirements contained in section 218.391, Florida Statutes regarding external audit selection requirements; and
- Use a risk assessment tool in contract management.

As a result of our review, we identified **\$189,650** in Questioned Costs.

Our report contained recommendations that the Town implement written policies and procedures for contract monitoring; establish an audit committee and follow the audit selection procedures as statutorily prescribed in section 218.391, Florida Statutes; and that the Town develop and implement a contract monitoring risk assessment tool. The Town accepted our recommendations.

OTHER CONTRACT OVERSIGHT ACTIVITIES & OUTREACH

Procurement personnel working for the entities within OIG jurisdiction have articulated that OIG presence helps to ensure the integrity of the selection process and assists them in facilitating more efficient and equitable selections. During FY2018, we proactively observed **124** procurement/contracting related activities. These activities included selection committee meetings, contract review committee meetings, pre-construction meetings, construction site visits, and meetings with municipal officials.

The specific type and number of meetings attended is as follows:

| | |
|---|------------|
| • County Selection Committees | 22 |
| • County Contract Review Committees | 23 |
| • County Meetings | 13 |
| • Municipal Selection Committees | 34 |
| • Municipal Meetings | 14 |
| • Other Covered Entities – Selection Committees | 3 |
| • Other Covered Entities – Meetings | 15 |
| TOTAL | 124 |

In terms of outreach completed by COD staff during the above referenced meetings, the number of people in attendance is as follows:

| | |
|---|--------------|
| • County Selection Committees | 364 |
| • County Contract Review Committees | 227 |
| • County Meetings | 328 |
| • Municipal Selection Committees | 364 |
| • Municipal Meetings | 137 |
| • Other Covered Entities – Selection Committees | 50 |
| • Other Covered Entities – Meetings | 307 |
| TOTAL | 1,777 |

In the course of these meetings, COD staff is routinely asked to provide guidance to County and municipal staff in an effort to enhance efficiencies. This guidance has resulted in policy and procedure changes by the County and municipalities on how to score and rate proposals, refinement of determinations of responsiveness reviews, and developing evaluation criteria.

Occasionally, COD staff identifies issues with either a solicitation document or selection process and advises County or municipal staff of the error so corrections can be made as soon as possible in the solicitation process. Some examples of corrections include identifying errors or omissions in solicitation documents before the solicitation ends so that the entity can issue an amendment with corrections prior to the solicitation closing date; a scoring sheet not being signed by the selection committee member; miscalculation of selection committee scores, and engaging in activities that do not comply with statutory requirements.

The COD serves as a resource for sharing information between the municipalities. The COD has shared information, as well as, provided references to resource materials provided by organizations such as the National Institute of Governmental Purchasing.

ADDITIONAL AREAS WHERE CONTRACT OVERSIGHT ACTIVITIES ADD VALUE



The COD engages in an array of oversight activities that promote an open and competitive business environment and enhance public confidence that contracts are being awarded equitably and economically. The following highlights the division's positive impact:

OIG Tips and Trends #2018-0002 Recording Meetings within the Procurement Process - March 2018

Florida's Sunshine Law gives a right of access to any government meetings at which public business is to be transacted or discussed, except as specifically exempted by law. Such meetings require notification to the public and prompt recording in the form of written minutes made available for public inspection.



Florida law sets forth several limited exemptions to the open meetings requirements. These exempt meetings require that a complete recording be made of the meeting. These recordings must be made available to the public either when the agency provides notice of an intended decision or thirty (30) days after opening of the bids, proposals, or final replies, whichever occurs earlier, or up to a year if the agency rejects all bids.

We recommended that entities review their procurement ordinances, policies, and practices in light of these legal requirements and take appropriate actions.

OIG Tips and Trends #2018-0003 Uniform Guidance for Federal Procurements - September, 2018



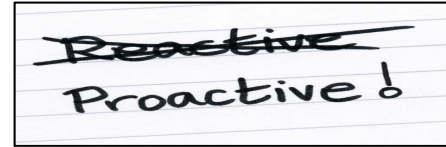
The COD provided insight regarding changes to the Uniform Guidance for Federal Procurements. These changes are important for government entities to be aware of since many receive federal funds, the expenditure of which must comply with these requirements.

Non-federal entities receiving federal awards must implement these new procurement standards by the start of the fiscal year beginning on or after December 26, 2017. The Uniform Guidance has procurement standards that must be met when federal funds are expended, the purpose of which is to foster open competition.

We recommended that local governments currently receiving or planning to receive federal funds review their policies and procedures for compliance with the Federal Uniform Guidance, as specified in 2 CFR 200 – Procurement.

Other Proactive/Preventative COD Activities

The COD has also issued specific guidance to the County and/or the municipalities in the following areas:



Selection Committees

A government employee was chairing a selection committee for the first time and asked for assistance regarding communication to and distribution of documents to the selection committee members. COD provided samples of another department’s documents used to establish their selection committee including memos and instructions.

COD checked individual scoring sheets from a selection committee meeting and found mathematical errors in two of the scoring sheets. These errors were communicated to the governmental entity and corrections were made. This information was used by the entity to reinforce to staff the importance of checking score sheets and resulted in a new procedure being implemented.

Procurement Assistance

Two municipalities were separately procuring software and hardware services and requested information from COD about any best practice information that we could provide. COD provided the municipalities with IT procurement information and best practices from the National Institute of Government Purchasing’s (NIGP), Public Procurement Practice, IT Procurement Series.

An Invitation to Bid (ITB) for janitorial services issued by an entity included evaluation criteria instead of just an award based on lowest price. Per the entity’s purchasing policy, ITBs are solely awarded based on lowest price. COD contacted the entity, which realized they had made an error and should have issued a Request for Proposals (RFP), because they wanted to evaluate factors other than cost. The entity cancelled the ITB and issued a RFP.

An entity was experiencing issues with its current contract for janitorial services. The entity wanted to improve its solicitation document requirements for its upcoming solicitation for these services. The COD was able to provide the entity with criteria used by another entity that was having the same type of issues. This improved the quality and experience level of guards provided.

Failure to Meet all Requirements of the Consultants Competitive Negotiation Act (CCNA)

To expedite the award process, a Selection Committee that met to shortlist proposals received for professional engineering services decided, after concluding the shortlist, to immediately reconvene for the final selection meeting. The Committee did not conduct vendor discussions or presentations prior to making an award recommendation, which is contrary to the requirements specified in section 287.055 Florida Statutes, CCNA and the

award conditions specified in the Request for Qualifications (RFQ). COD notified the entity of this oversight, and the entity corrected the problem prior to the final award recommendation being made.

Social Media

An entity asked if a Board, Council, or Committee member can post their opinions using social media, even on issues that may be considered at a Council meeting. COD staff and the IG Counsel provided the entity with Attorney General Opinions that opined that the potential for violation of the Sunshine Law occurs if a discussion, debate, or conversation takes place with another Board, Council or Committee member. As an example, if a member responds to another member's Facebook or Twitter post, that may be a violation of the Sunshine Law because it now becomes a public meeting.

One Penny Sales Surtax Oversight Committees

Two municipalities requested information about the requirements for formation of an Infrastructure Surtax Citizens Oversight Committee and the notification or approval of expenditure of surtax revenue by the Committee. COD staff provided the municipalities with samples of other county and municipal resolutions, policies, reports, and instructions to use as guidance in establishing and working with their Committee.

Cooperative Contracts

A local vendor contacted COD staff with questions about the use of cooperative contracts in public procurement, otherwise known as piggybacking. The vendor believed they'd missed out on an opportunity for business. COD staff talked the vendor through a presentation on cooperative contracts posted on the OIG's website; discussed how public entities share cooperative contracts; and how a business can compete for cooperative contract opportunities.

External Audit Solicitation Requirements

The Manager of an entity contacted COD asking about requirements for obtaining external audit services. COD staff provided information about the Auditor Selection Procedures contained in section 218.391 Florida Statutes including the establishment of an Audit Committee by the governing body and the other statutorily specified Committee requirements. COD also provided the entity with Request for Proposal (RFP)s issued by other public entities as samples.

Mark Up Rates and Termination Costs for a Construction Project

COD staff questioned construction subcontractor invoices submitted by the prime contractor for a terminated project for an entity that included an unverified markup rate applied to the total invoice amounts. No backup materials were submitted by the prime contractor to the entity to justify the markup, and the contract had no clause that allowed for the inclusion of such charges. COD also questioned a \$30,000 invoice for a material item that did not include a description or an indication that the item was provided to the public entity. The final payment was removed from consideration until corrections could be made. The entity also decided that it would further explore its termination process and procedure to make improvements to insure the proper expenditure of public funds.

OUTLOOK AND THE WAY AHEAD

Our OIG Strategic Plan looking out to 2022 sets out the following goals:

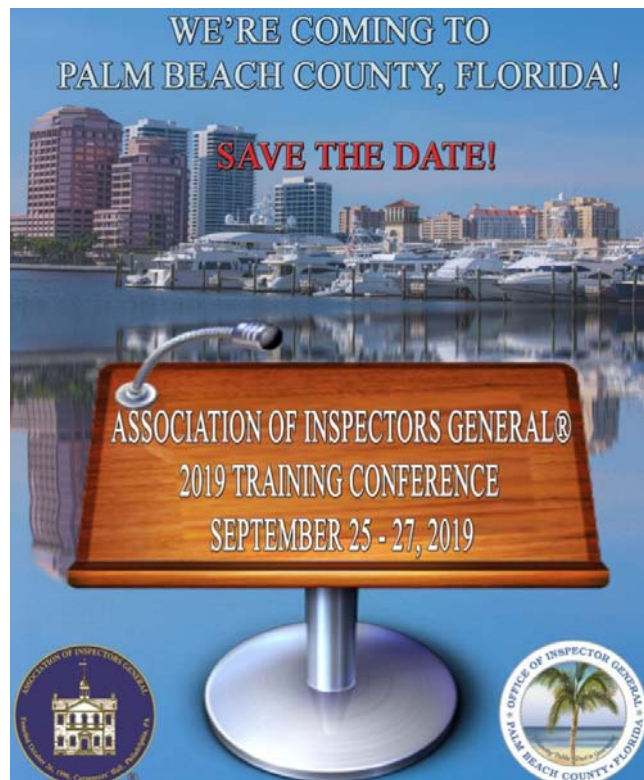
- Promote integrity, accountability, and transparency in government while improving the efficiency and effectiveness of operations.
- Promote sound government procurement practices.
- Expand and improve communications and engagement between the OIG, government officials and employees, and the public.
- Achieve organizational excellence in carrying out the mission of the OIG.



Our vision is to **promote positive change** throughout local governments and public organizations in Palm Beach County with an **inspired** and **skilled team** that strives for **continuous improvement**.

We will continue to center audit and contract oversight activities on risk/opportunity assessment models to ensure we are focusing on the major risks. We will prioritize the investigations that maximize our resources and our ability to expose waste, fraud, and mismanagement. We will focus our outreach and training programs on proactively sharing lessons learned, best practices, activities to avoid, and red flags that may indicate fraud, waste, or mismanagement with those to whom we provide our OIG services.

The OIG will be hosting the 2019 Association of Inspectors General annual training conference in West Palm Beach from September 25-27, 2019. It is the premier training for OIG professionals, providing information on the newest “tools and techniques of the trade,” legal issues, and OIG best practices. We anticipate attendance by approximately 400 OIG personnel, primarily senior OIG leaders, from the U.S. and foreign local, state, and federal agencies.



Appendix 1 – FY2018 Recommendations

**INVESTIGATIVE ACTIVITIES COMPLETED
(October 1, 2017-September 20, 2018)**

Date

4/09/2018

Report Number

2016-0005

Department of Housing & Economic Sustainability Palm Beach County

Recommendations:

1. DES create and implement one clear, specific set of guidelines for the Impact Fee Assistance Program and provide technical assistance training for staff on the proper interpretation and implementation of such guidelines. (*We note that such program guidelines were developed by DES during or after the OIG’s investigative activities and revised prior to the release of this report).

Implemented

2. DES create a clearly written policy delineating the process and procedure for making “technical revisions” to the Local Housing Assistance Plan, including whether such revisions require Commission approval.

Implemented

3. To meet statutory requirements, DES provide the Board of County Commissioners with recommendations of individuals for new appointments to the Commission on Affordable Housing advisory committee within a reasonable time before current terms expire.

Implemented

4. DES recommend to the Board of County Commissioners that it revise the Affordable Housing Ordinance to include language that it incorporates by reference any applicable amendments to federal or state statutory or administrative regulations. (*We note that the Ordinance was amended by the Board of County Commissioners after the OIG’s investigative activities and prior to the release of this report.)

Implemented

5. DES and its Assistant County Administrator maintain a written designation of authority for the “designee” of the County Administrator with signatory authority for documents pertaining to each particular program or item, as authorized by the Board of County Commissioners.

Implemented

Section D – Appendices

6. The Local Housing Assistance Plan strategies and fund allocations presented by the DES to the Board of County Commissioners correspond more precisely with strategies and allocations certified to the State of Florida.

Implemented

5/23/2018
Report Number
2016-0004

Town of Loxahatchee Groves Professional Services Agreement for Town Management Services
Recommendations:

1. The Town establish additional internal controls and methods of review for invoices submitted by vendors to ensure that payments are made in compliance with agreements signed by the Town and its vendors, specifically the Town management company.

Not Implemented

2. Ensure that Town professional service agreement terms and the performance of such agreement terms are consistent.

Not Implemented

3. Review questioned costs and determine if that amount should be recouped.

Not Implemented

9/11/2018
Report Number
2017-0003

Children’s Services Council of Palm Beach County – Transportation Consultant
Recommendations:

1. Require transportation consultants to include itemized expense statements and/or other specific supporting documentation with monthly Reimbursement Detail reports.

Implemented

2. Require transportation consultants to provide CSC with copies of any and all subcontracts relating to performance of deliverables.

Implemented

3. Review and reconcile invoices and supporting documentation against the information in the monthly Reimbursement Detail prior to approving payments to transportation consultants.

Implemented

Section D – Appendices

4. Ensure that transportation contracts identify disallowable costs that will not be reimbursed.

Implemented

10/18/2017 **Riverbend Park Caretaker Palm Beach County**
Report Number
2017-0007 **Recommendations:**

1. Take appropriate personnel actions.

Implemented

2. Create a log or tracking system for Parks equipment that includes employee name, type of equipment, purpose of use, date and time of use, and date and time of return.

Implemented

3. Create a log or tracking system for all Parks fuel that includes the date the fuel was dispensed, the name of the employee that used the fuel, why the fuel was used, and in what County-owned vehicle or equipment the fuel was used.

Implemented

4. Ensure Parks staff is cognizant of County and Department PPMs regarding internet and email usage, requests for repair or maintenance services for County-owned facilities, County vehicle usage, and the use of County equipment for personal use.

Implemented

5. Parks add the Hatcher House on Riverbend property onto its already existing Service Agreement that it has with Facilities Development & Operations for other Caretaker residences.

Implemented

**AUDIT REPORTS COMPLETED
(October 1, 2017 – September 30, 2018)**

Date

12/18/2017

Report Number

2018-A-0001

City of Lake Worth – Water Utility Services Audit

Recommendations:

1. City staff should follow applicable ordinances, resolutions, and policies and procedures relating to the management of public funds of Lake Worth.

Implemented

2. City staff should perform a review of all transactions using investment funds to ensure that the transactions are authorized under the current investment policy.

Implemented

3. City staff should develop and implement a due diligence process for the use of City investment funds to ensure that funds identified for designated purposes (or that are reserved funds) are not used without proper approval.

Implemented

4. The Casino Fund should pay the Water Utilities and the Self Insurance Fund the unpaid interest of \$15,888 and adhere to the payment schedule for the loan.

Implemented

5. The City should develop written policies and procedures for the contribution rate calculation and obtain appropriate approval for the contribution rate.

Implemented

6. City management should review regulations, accounting rules, and legal guidance when establishing the contribution rate percentage and comply with all requirements.

Implemented

7. City staff should assess the reasonableness of the percentage used and further compare it to the actual tax loss for services provided to City owned property.

Implemented

Section D – Appendices

8. The City collect the 1.2% convenience fee, as provided in Resolution 45-2015.

Implemented

9. City management should train all staff processing utility payments on the applicable Schedule of Fees and Charges for Services and notify them of any future revisions or updates.

Implemented

10. All agreements should be approved in accordance with the City's Procurement Code.

Implemented

11. Expenditures should not be processed for payment without the proper approval, review, and/or supporting documentation.

Implemented

12. The City management should monitor the issuance and use of inventory to ensure that it is issued to authorized employees and that it is used for proper purposes. When City employees separate employment, City management and the IT Department should work collaboratively to update systems to delete the former employees' authorization privileges. Such practice will decrease the risk to unauthorized inventory issuance and improve the accuracy of records tracking inventory issuance.

Implemented

13. Written policies and procedures should be updated and/or developed to ensure:
- a. There is proper guidance for accounting, monitoring, and general oversight of the warehouse operations;
 - b. The system tracking inventory issuance is updated to accurately reflect new hires and remove terminated employees, and tracks inventory issuance; and
 - c. Work-orders are matched and verified with the disbursement of inventory removed from the "free-pick area" and warehouse areas.

Pending Implementation

14. Work orders should be used for managing/tracking inventory with a reconciliation performed of inventory purchased, issued, and used.

Pending Implementation

Section D – Appendices

15. Issuance and usage variance reports for work orders and inventory should be reviewed and discrepancies resolved prior to management sign off on the reports.

Implemented

16. The Water Systems Policies & Procedures Manual should be updated and clearly identify the employee responsible for rate changes in the billing system and include a verification prior to relying on revisions.

Pending Implementation

17. City management update their policies and procedures to incorporate on-going testing and management oversight, especially related to residential and commercial new/changing utilities rates (i.e. new meters, meter activation and testing / monitoring, validation of calculations, significant variances, and fire line charges).

Pending Implementation

18. Documented review and approval processes should be established to oversee all activities of the Utility Department related to meter billing, utility exception reports, and meter repairs and change outs.

Implemented

19. City management should revise the policy manuals and application to comply with the governing City Resolution including, but not limited to: the assessment of “Late Fee” calculations.

Implemented

20. City management should review and update the automated late fee calculation to ensure that it is consistently applied and is properly calculating the late fees on the delinquent utility bill balance.

Implemented

21. Staff should be trained on the proper policy.

Implemented

**1/10/2018
Report Number
2018-A-0002**

**Palm Beach County Facilities Development and Operations Department –
Contracts and Vendors Audit
Recommendations:**

None

2/13/2018
Report Number
2018-A-0003

Town of Manalapan – Water Utility Department Audit

Recommendations:

1. The Town establish and comply with internal policies and procedures to ensure proper oversight and monitoring of the annual inspections of cross-connection backflow prevention devices.

Implemented

2. The Town implement and collect all backflow related fees as required under the Town’s Resolutions.

Implemented

3. The Town comply with its ordinance relating to charging late fees and penalties.

Implemented

4. The Town should ensure that staff is properly trained to process payments and late fees in accordance with its ordinance.

Implemented

5. The Town take steps to establish review and monitoring procedures for the monthly water billing collection process.

Implemented

6. The Water Department strengthen controls for the monthly water meter readings and billings to ensure all meters are read and billed monthly for actual water consumed as required by the Town’s ordinance.

Implemented

7. The Water Department establish a formal, written process to facilitate seasonal shut-offs / turn-ons. Additionally, training should be provided to staff on the process.

Implemented

8. The Town invoice Hypoluxo for its Town Hall water usage during FY2016 and going forward for each month services are provided.

Implemented

Section D – Appendices

9. The Town establish policies and procedures for the collection and write-off of water utility accounts receivable.

Implemented

10. The Town establish an allowance for doubtful accounts.

Implemented

11. The Town monitor accounts receivable and provide timely notice and follow-up for customer account balances due that are aging.

Implemented

12. The Town ensure compliance with the Procurement Policy and Procedures for all aspects of the purchasing process.

Implemented

13. The Department Heads review and approve purchase requisitions as required by the Procurement Policy and Procedures.

Implemented

14. The Town implement a formal, written approval process for invoices to validate and document the receipt of the goods or services prior to authorization of payment.

Implemented

15. The Town provide training to ensure all staff understand and follow the Town's Procurement Policy and Procedures.

Implemented

16. The Town comply with Resolution No. R-2-2011 and Resolution No. R-4-2017, as applicable, for the accrual of interest on customer deposits.

Implemented

17. The Town consider retroactively crediting customer accounts for interest accrued on service deposit charges to comply with the Resolution.

Implemented

18. The Town develop and implement a process for monitoring interest accrued and distributed on customer deposits and compliance with the Resolution.

Implemented

Section D – Appendices

19. The Town Commission re-evaluate and revise the dual responsibilities of the Town Manager / Finance Director to ensure proper segregation of duties.

Implemented

20. The Town Manager review and document approval for billing/accounts receivable adjustments.

Implemented

21. The Town Commission consider revising the various duties related to the billing/accounts receivable processes to separate incompatible functions and strengthen the internal controls.

Implemented

2/26/2018
Report Number
2018-A-0004

Town of Cloud Lake – Revenue Audit

Recommendations:

1. The Town consider investing excess funds in a higher yield (Qualified Public Depository) bank account based on approved risk levels to maximize the interest revenue earned or one of the other options available under section 218.415(17), Florida Statutes.

Implemented

2. The Town consider adopting an investment policy to document the types of accounts approved for investments.

Pending Implementation

3. The Town obtain the required documentation for future rent payments from Outfront Media and verify those amounts paid are in accordance with the lease agreement

Pending Implementation

4. The Town obtain the required documentation for past rent payments from Outfront Media and complete a reconciliation to determine if revenue payments received were correct. If the correct amounts were not received, the Town should require Outfront Media to pay the additional amounts owed.

Pending Implementation

5. The Town consider executing a lease amendment to clarify the terms relating to sales tax and clearly define the documentation required to be provided to the Town to verify sales tax was paid by Outfront Media.

Pending Implementation

Section D – Appendices

6. The Town consider assuming the responsibility for collection and remittance of applicable sales tax directly to the Florida Department of Revenue as landlord/lessor to ensure the proper amount of sales tax due is timely and properly remitted.

Pending Implementation

7. The Town obtain documentation of proof of payment for prior sales tax obligations to ensure the proper amounts were remitted. If the correct amounts were not paid, the Town should require Outfront Media to pay the additional amounts owed including applicable penalties and interest.

Implemented

3/13/2018 Economic Incentive / Development Program Survey

Report Number
2018-A-0005

Recommendations:

None

5/1/2018 Palm Beach County Water Utility Department – System Efficiency Credit Audit

Report Number
2018-A-0006

Recommendations:

1. PBC WUD seek appropriate approval and authorization for the System Efficiency Credit provided to Seacoast Utility Authority, in compliance with the Agreement.

Implemented

2. PBC WUD review and comply with contract terms, as well as, policies and procedures relating to System Efficiency Credits (or similar credits), when applicable.

Implemented

3. The accounting records should properly reflect both the total amount of revenue per the Agreement and the System Efficiency Credit provided.

Implemented

5/7/2018 City of Palm Beach Gardens – Economic Incentive / Development Program

Report Number
2018-A-0007

Recommendations:

1. The City develop and implement written policies and procedures for the Economic Incentive / Development Program.

Pending Implementation

Section D – Appendices

2. The City should establish oversight procedures to ensure continuous recipient eligibility by regular monitoring of milestone deadlines, earmarked funds, payment requests, and disbursement schedules.

Pending Implementation

3. The City should perform, at a minimum, an annual review of the potential payment requests and milestone deadlines to ensure recipients are still eligible to receive the earmarked funds.

Pending Implementation

5/14/2018
Report Number
2018-A-0008

Purchasing Cards Survey

Recommendations:

None

6/4/2018
Report Number
2018-A-0009

Town of Mangonia Park – Water Utility Cross-Connection Program Audit

Recommendations:

1. Develop and implement a cross-connection control and backflow prevention program to comply with the EPA Safe Drinking Water Act.

Pending Implementation

2. Comply with its Ordinance or amend the Ordinance, where permissible.

Pending Implementation

3. Develop and implement written policies and procedures for the cross-connection program.

Pending Implementation

4. Identify and document water customers that must comply with the cross-connection program, including backflow prevention devices.

Pending Implementation

5. Ensure all required water customers have proper inspections/certificates for devices under the cross-connection program including backflow prevention devices.

Pending Implementation

Section D – Appendices

6. Develop and implement a monitoring program, including management review for the cross-connection program.

Pending Implementation

7. Train Town staff on the cross-connection program objectives and requirements.

Pending Implementation

8. Management should periodically review the program's implementation.

Pending Implementation

6/12/2018
Report Number
2018-A-0010

Town of Ocean Ridge – Capital Assets Audit

Recommendations:

1. Capital assets that could not be located should be found or written off from the Town's Capital Asset records.

Implemented

2. The Town implement a process to periodically review and update its capital asset records to ensure that all capital assets exist and records contain a clear description of the capital asset, including the current location.

Pending Implementation

3. The Town record the capital assets that are in existence and not listed in the Town's capital asset records, if applicable.

Implemented

4. The Town review and resolve any additional potential discrepancies in the Town's capital asset records to ensure the capital asset list is complete, accurate, and up-to-date based on additional review of insurance documentation.

Pending Implementation

5. The Town provide the insurance company an up-to-date and accurate list of the actual capital assets.

Pending Implementation

Section D – Appendices

6. The Town develop and implement a process to verify the insurance policy schedule agrees to the Town’s records to ensure the accuracy and adequacy of insurance coverage.

Pending Implementation

7. The actual process for receipt of items, including capital assets, be consistent with the written guidance.

Not Implemented

8. Staff should be trained on the written guidance and process.

Not Implemented

**7/16/2018
Report Number
2018-A-0011**

Town of Glen Ridge – Revenue and Credit Cards Audit

Recommendations:

1. The Town consider investing excess funds in a higher yield savings account at a qualified public depository or one of the other options available under section 218.415(17), Florida Statutes.

Implemented

2. The Town consider adopting an investment policy allowing it to invest its surplus public funds in any of the options available under section 218.415(16), Florida Statutes.

Pending Implementation

3. The Town update its Chart of Accounts and the Accounting Policies and Procedures to be in compliance with the statutory requirements.

Pending Implementation

4. The Town record/post revenue transactions in the proper revenue account based on the Uniform Accounting System Chart of Accounts.

Pending Implementation

5. The Town obtain an audit of the financial statements in accordance with section 218.39, Florida Statutes.

Pending Implementation

Section D – Appendices

6. The Town implement a review process and comply with the requirements for annual financial reporting and audits for municipalities, as required in Florida Statutes.

Pending Implementation

7. The Town comply with its Accounting Procedures for timeliness of deposits.

Pending Implementation

8. The Town establish internal controls to ensure that the permit fee revenue collected is deposited in full and records are regularly reconciled.

Pending Implementation

9. The Town update its accounting policies and procedures to clearly define and document financial procedures that ensure all aspects of the revenue and cash receipting process have proper reconciliation and review.

Pending Implementation

10. The Town establish a process for review that is consistent with the accounting policies and procedures, of all financial reports by an independent reviewer other than the preparer.

Pending Implementation

11. The Town require each computer system user to have a unique user ID and password that are kept confidential, and obtain additional user licenses, as needed.

Implemented

12. The Town develop a written policy or procedure to provide consistent guidance to computer system users regarding user access. At a minimum, written guidance should require separate user accounts, prevent password sharing, and require periodic password changes.

Implemented

13. The Town develop and implement written policies and procedures that include, at a minimum, guidance for allowable or unallowable expenditures for credit cards, the approval process (pre-approval and/or independent review of completed transactions), and the documentation required to support the transaction.

Implemented

Section D – Appendices

14. Sales tax should not be paid on transactions, and the Town should consider obtaining reimbursement for sales tax paid.

Implemented

15. The Town should lower the transaction limit threshold to a reasonable amount per transaction.

Implemented

16. An independent reviewer complete review and approval of the credit card expenditures by an itemized transactional list to ensure proper authorization and oversight of the individual transactions.

Pending Implementation

17. Credit cards should not be shared and should only be used by authorized individuals.

Implemented

18. The Town participate in the rewards program as part of its credit card program.

Implemented

19. The Town develop and implement written guidance to manage and control the rewards program if the Town decides to participate in the program.

Implemented

8/21/2018
Report Number
2018-A-0012

City of Greenacres – Capital Assets Audit

Recommendations:

1. Capital assets that could not be located and capital asset purchase amounts that could not be verified should be found or written off the City's fixed asset records.

Pending Implementation

2. The City review and update the fixed asset records to ensure that all capital assets contain a clear description of each asset, including its current location.

Pending Implementation

Section D – Appendices

3. The Finance Department provide training to the custodian departments for providing proper capital asset records information and completing the physical inventory requirements.

Pending Implementation

4. Capital assets that are acquired with grant funding should be noted as such in the fixed asset records to ensure that the grant agency is notified of disposal, destruction, destroyed, or otherwise impaired, to the extent required by the grant.

Pending Implementation

5. The City record the impairment of the capital assets that have been partially damaged or disposed.

Pending Implementation

6. The City impair or dispose of the obsolete capital assets.

Pending Implementation

7. The City develop and implement a process to periodically review and account for capital asset impairments.

Pending Implementation

8. The City follow the applicable written guidance for asset disposals when the disposal of a capital asset component occurs.

Implemented

9. The Finance Department retrain custodian departments on existing written guidance related to capital asset disposal.

Pending Implementation

10. The City determine if the asset will be used in future City operations or will be removed from the fixed asset records.

Pending Implementation

11. At the time of acquisition, the Finance Department should obtain the supporting documentation necessary to accurately record capital assets (e.g. an itemized breakdown of capital asset components, etc.).

Pending Implementation

Section D – Appendices

12. Prior to adding a capital asset to the fixed asset records, the Finance Department should verify construction/acquisition with the department acquiring the capital asset.

Pending Implementation

13. The City comply with the applicable ordinance, administrative directive, and procedure for fixed asset activities, records, and documentation.

Pending Implementation

14. The written guidance should be revised to be consistent throughout all written documentation related to the capital assets process.

Pending Implementation

15. Staff should be trained on the revised written guidance.

Pending Implementation

16. The City develop and implement a written policy to provide consistent guidance including, at a minimum, the computer user accounts and access controls.

Pending Implementation

9/12/2018
Report Number
2018-A-0013

Town of Jupiter – Credit Cards Audit

Recommendations:

1. Ensure that state sales tax is not paid on credit card purchases and consider seeking reimbursement for sales tax improperly paid.

Pending Implementation

2. The Town require credit cardholders to obtain proper approvals for purchases.

Implemented

3. Revise the Town’s credit card policy and procedures to require credit cardholders to submit to the Finance Department supporting documentation for each credit card purchase, to include an itemized receipt or sufficient detail to clearly show all the items purchased, that sales tax was not paid, and documentation of the reason for the purchase.

Not Implemented

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4. The Town develop and implement a process to monitor credit card purchases routinely for compliance with policy requirements and to ensure adequate documentation is provided.

Pending Implementation

5. The Town use its credit card system (SunTrust Enterprise Spend Platform) to produce reports of purchase transactions for monitoring and review.

Implemented

6. The Town review other programs, such as, the State of Florida Purchasing Cards Services contract, to determine if a more beneficial rebate program is available that meets the Town's credit card program requirements.

Pending Implementation

7. The Town develop and implement written guidance to help manage and control the credit card rebate program, including but not limited to, reconciliation / review of rebate amounts and the application / allocation of rebate amounts to Town funds and departments.

Not Implemented

8. The Town review all credit card statements for credit cards used by former employees for potential use after employee separation dates and determine if the transactions completed were appropriate.

Implemented

9. The Town should timely deactivate credit cards when an employee's employment with the Town ends.

Pending Implementation

10. The Town update the procurement policy or develop a separate written policy and procedures for the Credit Card program to, at a minimum, include:
 - a. Which employees or class of employees are eligible to request and receive a credit card.
 - b. The criteria used for approving requests for credit cards and the process and timeline for evaluating and approving requests for credit cards, including but not limited to, identifying employees responsible for managing the program and required documentation (i.e. itemized receipts) needed prior to approving requests.
 - c. Requirement for the cardholder to acknowledge receipt of the Cardholder Agreement and credit card.
 - d. Factual basis to justify changes to spending limits and the documentation thereof.
 - e. A process for ensuring that credit card spending limits align with the limits authorized by the Finance Director and the criteria justifying

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- changes to spending limits, a process for implementing spending limit changes, and obligations for oversight / monitoring of the spending limits.
- f. Detailed guidance for allowable purchases and penalties for accidental, personal, or disallowed purchases.
 - g. The process for deactivating cardholder accounts of employees who separate from employment with the Town, including but not limited to, assigning responsibility and timeline for notifying the Finance Department of the employee's separation, collection of the physical credit card, deactivation of the cardholder's account, and review of transactions that occur after the separation date, if any.
 - h. Periodic transaction monitoring and oversight of all purchases for compliance with policy and adequate documentation.
 - i. Cardholder training.

Pending Implementation

- 11. The Town update the procurement policy to include the recently implemented Cardholder's Agreement and Request Forms.

Pending Implementation

- 12. The Town ensure all current cardholders complete a new Cardholder Request Form acknowledging acceptance of the Cardholder's Agreement.

Implemented

- 13. The Town provide training on the updated policy and procedures to current cardholders, department directors, and any new cardholders prior to issuance of a credit card.

Pending Implementation

- 14. The Town review all cardholder accounts to determine if the current credit limits are accurate and appropriate for all users.

Implemented

**CONTRACT OVERSIGHT REPORTS COMPLETED
(October 1, 2017 – September 30, 2018)**

2/20/2018
Report Number
CA-2017-0100

City of Boynton Beach – Contract Monitoring Follow Up

Recommendations:

1. Implement a thorough citywide contract monitoring policy/procedure and provide staff training.

Pending implementation

2. Address in a policy and/or procedure a uniform method by which contract files shall be maintained.

Pending implementation

3. Develop and implement a contract monitoring risk assessment tool.

Pending implementation

8/14/2018
Report Number
CA-2018-0023

Solid Waste Authority – Disparity Study

Recommendations:

1. Develop and implement written policies and procedures to provide guidance for staff for contract administration.

Pending implementation

2. Review its internal controls and revise the Purchasing Manual to require the user department to verify there is a valid contract prior to requesting work from a vendor. Additionally, user departments should verify deliverables are consistent with contracts prior to approving invoices for payment.

Pending implementation

3. Revise its policies and procedures to clarify which department has responsibility for each component in the contract administration plan.

Pending implementation

4. Provide training to SWA staff about contract administration, the responsibilities of a contract administrator, and applicable policies and procedures and any amendments thereto.

Pending Implementation

Section D – Appendices

5. Ensure that its use of the Executive Director’s Exemption complies with the requirements of the Purchasing Manual.

Pending Implementation

6. The Purchasing Manual is revised to require SWA staff to regularly notify the SWA Board when the purchasing policies and procedures are waived to make a purchase.

Pending Implementation

7. Develop internal procedures that will ensure that purchase orders do not exceed the value specified in the contract.

Pending Implementation

8. Ensure that invoices are accurate prior to authorizing and issuing payment.

Pending Implementation

9. The Purchasing Manual be revised to include that the user department must verify the contract payment terms prior to approving payment of any invoice.

Pending Implementation

9/25/2018
Report Number
CA-2018-0041

Town of Gulf Stream – Contract Monitoring Follow Up

Recommendations:

1. Implement written policies and procedures for contract monitoring that include adequate training of staff assigned contract management responsibilities and establish clear delineation of contract monitoring duties.

Pending Implementation

2. Establish an audit committee and follow the audit selection procedures as statutorily prescribed in section 218.391, Florida Statutes.

Pending Implementation

3. Develop and implement a risk assessment tool and process for contract monitoring.

Pending Implementation

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Appendix 2 – Prior Years’ Significant Open Recommendations

The OIG has issued hundreds of recommendations since its creation in 2010 with an overall 93% of these having been accepted or pending implementation by management. This high acceptance/implementation rate reflects well upon the OIG staff working with management to develop realistic and achievable recommendations that make good business sense to improve government operations. The IG Ordinance requires the IG to report on *significant* recommendations described in previous annual reports for which corrective action has not been completed. The following lists these significant recommendations.

Date

7/27/2016

Report Number

2016-A-0003

Palm Beach County Department of Economic Sustainability – Grants

Management

Recommendations:

17. We recommend City of Riviera Beach Management consider seeking reimbursement from the resident for any unjustified relocation payments paid on behalf of the DRI grant participant.

Pending Implementation

18. We recommend the City of Riviera Beach continue its efforts in the recovery of the \$191 overpayment made to the contractor.

Pending implementation

3/22/2016

Report Number

2016-R-0001

City of West Palm Beach – Contract Monitoring Follow Up

Recommendations:

1. Implement a citywide contract monitoring policy/procedure and provide staff training.

Partially implemented and City continues to work toward completed implementation.

2. Address in a policy and/or procedure a uniform method by which contract files are maintained.

Implemented

3. Develop and implement a contract monitoring risk assessment tool.

Continuing to consider but have strengthened contract monitoring by contract managers.

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11/30/2016
Report Number
CA-2015-0076

City of Lake Worth – Municipality Contract Monitoring Follow Up

Recommendations:

1. Implement a citywide contract monitoring policy/procedure and provide staff training.

Pending Implementation

2. Address in a policy and/or procedure a uniform method by which contract files are maintained.

Pending Implementation

3. Develop and implement a contract monitoring risk assessment tool.

Pending implementation

8/1/2017
Report Number
CA-2017-0049

Town of Loxahatchee Groves – Solid Waste Assessment Program Study & Report

Recommendations:

1. The Town should evaluate proposals in accordance with evaluation criteria specified within the RFP.

Recommendation neither accepted or rejected

2. The Town Manager should properly document the evaluation to evidence that the proposals were reviewed and evaluated in accordance with the criteria and weight given to each criteria.

Recommendation neither accepted or rejected.

3. The Town should consider using a selection committee for competitive solicitations.

Recommendation neither accepted or rejected.

The Town has not responded to any of these recommendations.

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Appendix 3 – FY2019 Audit Plan at a Glance

| Audit | Objectives |
|--|---|
| Carryover Audits | |
| Capital Assets and Information Technology (IT) Inventory Assets – Town of Lantana | <ul style="list-style-type: none"> • Are asset controls adequate to safeguard government resources? • Are assets properly reported and recorded in the financial system? • Are asset processes working efficiently and effectively? |
| Revenue / Cash Intake – Town of Jupiter Inlet Colony | <ul style="list-style-type: none"> • Are controls in place and adequate for revenue and/or cash intake/receipt activities? • Are revenues recorded appropriately and accurately in compliance with financial requirements? • Are cash receipts accurately and timely recorded? • Is the Town making efficient use of the revenue through investments? |
| Purchasing Cards and Travel – City of Riviera Beach | <ul style="list-style-type: none"> • Are controls in place and adequate to appropriately govern purchasing card use, including controls to prevent and detect fraud, waste, and abuse? • Are purchasing card expenditures in compliance with policies? • Are controls in place and adequate to appropriately govern travel reimbursement programs and activities? • Are out-of-state travel expenditures in compliance with requirements and rates? |
| Water Utility Cross-Connection Programs – Town of Lake Clarke Shores | <ul style="list-style-type: none"> • Are controls adequate related to the cross-connection program? • Is the cross-connection program monitored appropriately and in compliance with regulatory requirements? |
| Sidewalk Rehabilitation and Construction Contract – Village of Tequesta | <ul style="list-style-type: none"> • Are controls adequate related to the Sidewalk Rehabilitation and Construction Contract? • Are controls adequate for the permitting and inspection processes? • Is the information for work completed reliable, accurate, and authorized prior to payments? |
| Palm Beach County – Office of Financial Management and Budget – Fixed Assets Management Office Operations | <ul style="list-style-type: none"> • Are controls adequate for processes and to safeguard assets? • Are assets properly reported and recorded in the computer systems? • Are the processes working efficiently and effectively? |
| Audit | Possible Objectives |
| Planned Audits | |
| Multiple Entities – Revenue / Cash Intake | <ul style="list-style-type: none"> • Are received revenues recorded accurately and appropriately in compliance with financial requirements? • Are cash receipts recorded accurately with timely deposits? • Are there adequate controls for the receipt of revenue and/or cash intake activities? |

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| Audits | Possible Objectives |
|--|---|
| | Planned Audits Continued |
| Multiple Entities – Contracts | <ul style="list-style-type: none"> • Are controls adequate to effectively manage contracts and related activities? • Are control procedures adequate to ensure that contracts are competitively procured, when required, and for appropriate activities? • Are invoices properly reviewed and approved prior to payment? • Are purchases and invoices properly documented and approved to avoid possible fraud, waste, and abuse? • Are vendor contracts effectively managed? • Were agreed upon deliverables received? |
| Multiple Entities – Travel | <ul style="list-style-type: none"> • Are controls adequate for travel programs and activities? • Are control procedures adequate to ensure that reimbursements and/or expenditures are for appropriate activities, documentation is properly reviewed, and activities are properly approved? • Are travel expenditures properly documented and approved to avoid possible fraud, waste, and abuse? • Are applicable rates in compliance with policies and procedures? |
| Multiple Entities – Accounts Payable / Cash Disbursements | <ul style="list-style-type: none"> • Are controls adequate for accounts payable expenditures and cash disbursements? • Are control procedures adequate to ensure that expenditures / cash disbursements are in compliance with requirements, allocated to appropriate activities, and invoices are properly reviewed and approved prior to payment? • Are purchases and invoices properly documented and approved to avoid possible fraud, waste, and abuse? |
| Multiple Entities – Water Utility Cross-Connection Programs | <ul style="list-style-type: none"> • Are controls adequate related to the cross-connection program? • Is the cross-connection program monitored appropriately and in compliance with regulatory requirements? |
| Multiple Entities – Payroll | <ul style="list-style-type: none"> • Are controls adequate for the payroll process? • Is payroll information properly secured, accurate, and reliable? • Are payroll operations in compliance with regulatory requirements, policies, and procedures? |
| Multiple Entities – IT Network Security | <ul style="list-style-type: none"> • Are controls adequate for network security to prevent network security breaches and/or loss of data? • Are network security activities operating efficiently and effectively? |



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A copy of this report has been made available for public inspection at the Office of the Inspector General, at County and municipal libraries, and is posted on the Office of Inspector General, Palm Beach County website.