

PALM BEACH COUNTY
BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 11/21/2006

[] Consent [X] Regular
 [] Public Hearing

Department:

Submitted By:

Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to ratify: the County Internal Auditor's signature on an agreement with Cass, Levy and Leone, L.C. to provide fraud examination services relative to Discover Palm Beach County at an estimated cost of \$15,000 to \$20,000.

Summary: After an alleged fraud was discovered at Discover Palm Beach County, the County Internal Auditor was tasked with leading an investigation into the fraud. The accounting firm of Cass, Levy and Leone was selected to perform the fraud investigation based on recommendations from the law firm of Carlton Fields and on reference checks with three local attorneys. Countywide(PFK)

Background and Justification:

Discover requested the County's assistance in examining the alleged fraud and convened a working group of two of its board members, Discover key staff, the Clerk and Comptroller's office, and the County's Internal Auditor. Discover's attorney had contacted Carlton Fields for recommendations for an accountant to conduct a fraud examination and the group selected Cass, Levy and Leone (CLL) subject to verification of references. References were checked with three local attorneys who uniformly gave CLL very positive recommendations and comments. The objectives for the fraud examination are to determine the period(s) involved, what accounts or assets were involved, the dollar amount of the fraud, the party or parties involved, how the fraud was committed, any liabilities resulting from the fraud, what internal control weaknesses contributed to the fraud and how those controls could be improved, and finally to provide documentation to support prosecution for the fraud and legal action to recover losses.

CLL provided a cost estimate of \$15-20,000 based on their preliminary review of the circumstances relative to the alleged fraud. However, they point out that additional work may be necessary as the work progresses and new information is developed. The Internal Auditor will monitor the cost of the examination and approve any appropriate additional costs subject to existing purchasing requirements.

Attachments:

Engagement letter with Cass, Levy and Leone, L.C.

Recommended by:

Joseph F. Bergeron
 Internal Auditor

11.6.06

Date

Recommended by:

[Signature]
 County Administrator

11/8/06

Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2006	2007	2008	2009	2010
Capital Expenditures					
Operating Costs		20,000			
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT		20,000			
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes ☐ No ☒

Budget Account No.: Fund ☐ Department ☐ Unit ☐ Object ☐

Program Number ☐ Revenue Source ☐

B. Recommended Sources of Funds/Summary of Fiscal Impact:

Funds are available from reserves in the Tourism Fund account 1454-710-7395-9902.
Expenditures will be made from account 1454-710-7420-3201.

Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

Elizabeth Green 11/6/06
Budget/OFMB

PM
11-6-06

Jim J. [Signature] 11/6/06
Contract Administration

B. Legal Sufficiency:

Paul F. [Signature] 11/7/06
Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.



CASS, LEVY & LEONE, L.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

440 COLUMBIA DRIVE, SUITE 500
WEST PALM BEACH, FL 33409

PHONE: 561.689.7888

FAX: 561.689.0478

WWW.CASSLEVY.COM

MARTIN CASS, CPA
HOWARD S. LEVY, CPA
MICHAEL S. LEONE, CPA

November 2, 2006

Mr. Joseph Bergeron
Internal Auditor
Palm Beach County Board of County Commissioners
P.O. Box 1989
West Palm Beach, FL 33401

Dear Mr. Bergeron:

Thank you for the opportunity to submit our proposal to perform a fraud examination regarding certain allegations which have come to the attention of the Palm Beach County Convention and Visitors Bureau (the "Bureau"). The objectives of our engagement are to determine the following:

1. The period(s) in which the alleged fraud occurred.
2. The assets or accounts that are involved.
3. The dollar amount of the alleged fraud.
4. The party or parties that committed the alleged fraud.
5. The manner in which the alleged fraud was committed.
6. Any liabilities outstanding as a result of the alleged fraud.
7. Provide documentation in support of the prosecution of any alleged fraud and in support of legal action for recovery of any losses.

Our examination will include:

1. Obtaining an understanding of the systems and procedures of the organization.
2. Obtaining, inspecting and analyzing the financial records and documents of the Bureau.
3. Preparation of a formal report which discusses our conclusions, copies of which will be submitted to the Internal Auditor of the Palm Beach County Board of County Commissioners, the Clerk & Comptroller of Palm Beach County, and the Board of Directors of the Palm Beach County Convention and Visitors Bureau.

Palm Beach County Board of County Commissioners
Fraud Examination
November 2, 2006
Page 2 of 4

The fraud examination is being performed on behalf of Palm Beach County. Cass, Levy & Leone, L.C. will report its findings to Palm Beach County through a committee consisting of Joseph Bergeron, Internal Auditor of the Palm Beach County Board of Commissioners and Alan L. Bray, Manager, Audit Services of the Clerk & Comptroller of Palm Beach County.

In addition, Cass, Levy & Leone, L.C. is authorized to have discussions concerning this matter with Jeff Koons, County Commissioner, the Board of Directors of the Bureau, the officers and legal counsel of the Bureau, Sharon Bock, Clerk & Comptroller of Palm Beach County, Bob Fagin, Chief Financial Officer for the Clerk & Comptroller of Palm Beach County, and the Audit Services Staff of the Clerk & Comptroller of Palm Beach County.

Communication with these individuals regarding work under the engagement is specifically authorized within applicable law and standards of conduct.

This consulting engagement will be conducted in accordance with Statements on Standards for Consulting Services established by the American Institute of Certified Public Accountants, subject to the terms and conditions set forth herein. This consulting engagement will not constitute an audit made in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion on the elements, accounts, or items of a financial statement. Therefore, Cass, Levy & Leone, L.C. will not be in a position to express, and will not express an opinion, or any other form of assurance, with respect to any matters, as a result of such consulting engagement.

Cass, Levy & Leone, L.C. will perform the consulting engagement independent from all parties enumerated herein.

Our fraud detection engagement cannot be guaranteed to determine all fraud that exists in an organization.

Our fee for this service will be billed at our standard hourly rates in effect at the time services are rendered. These rates are currently as follows:

Director	\$250
Managers	\$140 to \$175
Staff	\$ 80 to \$125

We will reduce these fees by a courtesy discount of 10%.

The engagement will be under the direct supervision of Martin Cass. Harris Newman will act as the field supervisor.

Palm Beach County Board of County Commissioners
Fraud Examination
November 2, 2006
Page 3 of 4

Because fraud detection engagements often evolve as evidence is gathered, it is very difficult to estimate fees. Based on our initial analysis, we estimate our fees for the fraud examination will be approximately \$15,000 to \$20,000. As we further analyze the records, we may find it necessary to revise our estimate for the work to be performed.

In order to maintain our fees at this level, it is important that we receive assistance from the Bureau's staff in receiving the necessary financial records and documents in a prompt and organized fashion.

All services and expenses will be billed monthly and shall be payable upon the issuance of our report. In the event it is necessary for us to incur attorney's fees and costs to collect outstanding fees, you agree to pay such fees and costs of collection.

The working papers prepared in conjunction with our work are the property of Cass, Levy & Leone, L.C., constitute confidential and proprietary information and will be retained by us in accordance with our policies and procedures.

We will provide a complete copy of all workpapers obtained or generated both hardcopy and/or electronically to Joseph Bergeron, Internal Auditor for the Palm Beach County Board of County Commissioners and Alan L. Bray, Manager, Audit Services of the Clerk & Comptroller of Palm Beach County.

If any provision of this agreement is held by a court of competent jurisdiction to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way, unless such partial invalidity materially affects the intent of the parties.


This agreement contains all the understandings between the parties and supersedes all prior offers, negotiations and agreements relating to the subject matter hereof.

Please indicate your agreement with the contents of this letter by signing the enclosed copy and returning it to us.

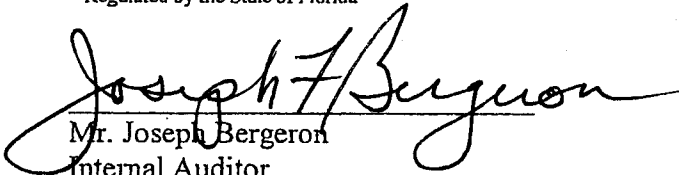
Palm Beach County Board of County Commissioners
Fraud Examination
November 2, 2006
Page 4 of 4

We are grateful for the opportunity to assist you and look forward to a mutually satisfactory relationship. In the event you have any questions or comments, please contact me.

Very truly yours,



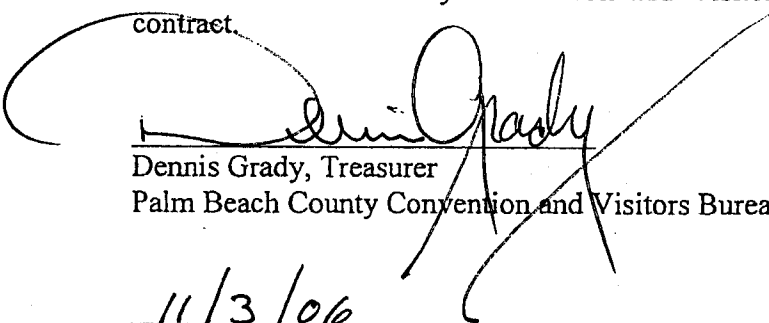
Martin Cass, CPA/CVA
* Regulated by the State of Florida



Mr. Joseph Bergeron
Internal Auditor
Palm Beach County Board of County Commissioners

2 Nov 2006
Date

The Palm Beach County Convention and Visitors Bureau is in full agreement with this contract.



Dennis Grady, Treasurer
Palm Beach County Convention and Visitors Bureau

11/3/06
Date