

300-1

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 8/18/2015

[X] Consent [] Regular
[] Public Hearing

Department:

Submitted By: County Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

- A. Audit reports reviewed by the Audit Committee at its June 17, 2015 meeting as follows:
 1. 15-08 Community Services - *Division of Senior Services* (2014-17)
 2. 15-09 Risk Management - *Property and Casualty Insurance* (2014-07)
 3. 15-10 Criminal Justice Commission - *Procurement to Payment* (2015-03)
 4. 15-11 Criminal Justice Commission - *Performance Management* (2015-19)
 5. 15-12 Public Affairs - *Procurement to Payment* (2015-14)
 6. 15-13 Public Affairs - *Performance Management* (2015-29)
- B. Audit recommendation status follow-up report as of March 31, 2015 reviewed by the Audit Committee at its June 17, 2015 meeting.

Summary: Ordinance 2012-011 requires the Internal Audit Committee to review audit reports prior to issuance. Ordinance 2012-012 requires the County Internal Auditor to send those reports to the Board of County Commissioners. At its meeting on June 17, 2015, the Committee reviewed and authorized distribution of the attached audit reports. The Committee also reviewed and authorized distribution of the Audit Recommendation Status Follow-up Report as of March 31, 2015. We are submitting these reports to the Board of County Commissioners as required by the Ordinance. Countywide (PFK)

Background and Policy Issues: The Internal Audit Committee reviewed and authorized distribution of audit report 15-08 through 15-13 and the Audit Recommendation Status Follow-up Report as of March 31, 2015 at its June 17, 2015 meeting.

Attachments:

Audit reports as identified above

Audit recommendation status follow-up report as of March 31, 2015

Recommended by: Joseph F. Bergeron 29 July 2015
County Internal Auditor Date

Recommended by: [Signature] 8/3/15
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2018	2019
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	*None				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes ___ No ___
 Budget Account No.: Fund ___ Agency ___ Org. ___ Object ___
 Program Number _____ Revenue Source _____

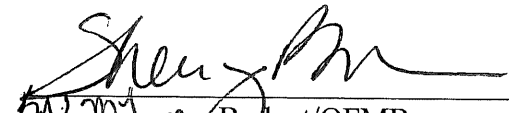
B. Recommended Sources of Funds/Summary of Fiscal Impact:

* No fiscal impact

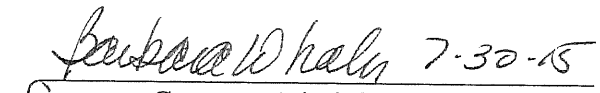
A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:



 Budget/OFMB

 7-30-15

 for Contract Administration

B. Legal Sufficiency:

 7/30/15

 Assistant County Attorney

C. Other Department Review:

 Department Director



Office of the County Internal Auditor
Audit Report #2015-08

COMMUNITY SERVICES DEPARTMENT

DIVISION OF SENIOR SERVICES



*Reviewed by Audit Committee
June 18, 2015*

DATED APRIL 15, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

- | | |
|---|--|
| <p>1. Did the Division of Senior Services (DOSS) Director ensure safety standards for operating the Adult Daycare Program were administered as required by the Florida State Statutes, Chapters 408 and 429, and Florida Administrative Code, Chapters 58A-6 and 59A-35 for Licensing Adult Day Care Centers?</p> <p>2. Describe and evaluate the Division of</p> | <p>Senior Services' utilization of available Adult Day Care resources for achieving efficient program results.</p> <p>3. Describe and evaluate the Division of Senior Services' performance management processes including methods used to measure and report on effectiveness and efficiency of operations.</p> |
|---|--|

WHAT WE FOUND

As to objective one above, we found the Division Director ensured safety standards for operating the Adult Daycare Program were administered as required. However, during the course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the Department Director identifying these situations for informational purposes only.

As to objective two above, we found capacity that was not being fully utilized. Management also commented that they were

required to maintain vacant capacity so as to be able to accept new participants when referred by the State.

As to objective three above, we found the Division has established mission statements, relevant organizational objectives, and performance measures. However, the performance measures do not measure any of the established objectives. We also noted other areas in which performance management could be improved.

WHAT WE RECOMMEND

The audit report makes no recommendations to management to improve controls in the area of safety standards.

The report makes no recommendations on the utilization of available resources in the adult daycare program. However, we offered several considerations for

improvement in the utilization of those resources.

The report does offer considerations for improvement in the Division's performance management program.

DETAILED FINDING AND RECOMMENDATIONS

NONE

EVALUATION OF UTILIZATION OF AVAILABLE ADULT DAY CARE RESOURCES

The utilization rates at both DOSS' ADC locations are below the National norm. According to a research study conducted by the Robert Wood Johnson Foundation (RWJF) with support from the Wake Forest University School of Medicine, titled, *Report: Shortage of Adult Day Services in Most U.S. Counties*, a 66 percent utilization rate for adult day centers is the National norm. While this study was published in January 2004, it is the most recent that we could find to provide a benchmark for this evaluation.

model developed specifically for the adult day services field; which determined 1.25 percent of the population over the age of 65 is in need of and likely to chose adult day services. Thus, applying this demand model to the U.S. Census Bureau's 2013 estimate of persons 65 or older in Palm Beach County, we determined an estimate of 3,859 County persons may be in need of and likely to choose ADC services. To meet this estimated demand, there are approximately 17 adult day centers in Palm Beach County, which includes centers specialized to serve only clients with more advanced dementia.

The RWJF research study utilized a demand

ADC Location	Capacity	Average No. of Participants during the 12- month period ending June 30, 2013	Utilization Rate	Average No. of Participants during the 12- month period ending June 30, 2014	Utilization Rate	Change in Utilization Rate between the 2Yrs
North County	15	8	53%	8	53%	None
Mid-County	52	16	31%	9	17%	-44%
Combined	67	24	36%	17	25%	-30%

During the two year period beginning July 1, 2012, the average number of participants at the North County ADC was 8 out of a capacity of 15, which computed to an average utilization rate of 53 percent. The average number of participants at the Mid-County ADC during the same period decreased from 16 to 9 (or 44 percent). Further, for Mid-County there was an average utilization rate of 31 percent during the first 12 months of the 2-year period reviewed, which then decreased to an

average utilization rate of 17 percent during the second 12 months ending June 30, 2014.

According to DOSS Management, the low ADC utilization rates are due to the State's transition to a new Long-Term Managed Care program, effective January 2012. This new program forced participants funded through the State's Medicaid Waiver Program to leave DOSS' ADC Program in order to be processed by their assigned State contracted Managed Care Provider. Clients

who previously attended DOSS' ADC Program through the Medicaid Waiver Program, are awaiting processing by their newly assigned Managed Care Provider. The State contracted with several HMOs to act as Managed Care Providers in the new program, who will now determine how and where these clients will receive future services. Although DOSS is a registered provider for ADC services with the State in the new program, these former participants may or may not return to DOSS' ADC Program.

Management implemented a private pay option that makes the ADC service available to individuals who might not qualify otherwise for the program. The private pay option may reduce the underutilization rate, but management has to ensure there are available program spots when the State sends participants to the program. Marketing efforts for the private pay option include disseminating written materials, presenting information to senior groups, educating referral agencies, and advertising through County media outlets such as Channel 20. In addition, the Division has pursued the assistance of the County's Public Affairs Department to develop further outreach efforts. There does not appear, however, to be a formalized marketing plan currently in place, which would include, but not be limited to: (1) frequent messaging, and (2) monitoring of

efforts.

Division Management anticipates an increase in the utilization of available daycare capacity as (1) returning clients are processed through the new Statewide Medicaid Managed Care Program, and (2) additional State funding becomes available, which will allow more clients to come off the State's wait list who may be in need of ADC services.

While additional grant funding in the amount of \$833,040 has been recently made available to DOSS, utilization of those funds will be limited to the specific care needs of the clients coming off the State's wait list. State allocated grant funding can be used for ADC care, as well as for other services that DOSS provides. In addition, the criteria for clients coming off the wait list is based on the State's priorities, and not on the available resources [i.e. daycare slots] to meet the local demand.

There have been four private pay participants in the ADC program since the option was approved on October 16, 2012. The first private pay participant, however, did not attend the program until more than fourteen months after the option was approved, which occurred subsequent to the implementation of marketing and outreach efforts.

ADC Utilization Lower Than National Norm

ADC Location	Capacity	Average No. of Utilized Slots during 12-month period ending June 30, 2014	Utilization Rate	Average No. of Available Slots during 12-month period ending June 30, 2014	ADC Utilization That Would be Needed if to Bring to National Norm	
					Increase in Number of Slots to be Filled	Increase in Percent of Slots to be Filled
North County	15	8	53%	7	2	28%
Mid-County	52	9	17%	43	26	60%
Combined	67	17	25%	50	28	56%

The average combined number of available slots at both ADC locations during the 12-month audit period ending June 30, 2014, was 50; with 49 slots remaining unfilled on the last day of the audit period.

Filling these slots with private pay participants in order to bring the utilization rate in-line with the National norm of 66 percent could result in a projected increase in net profit [collected fees less associated staffing cost] of approximately \$280,000. Increasing participation to full capacity would bring the number of utilized combined slots to sixty-seven, which could result in an estimated net profit of approximately \$500,000. Further, to bring the daycare utilization to the 66 percent National norm, which is two thirds of full capacity, would necessitate increasing the year-end participation at the daycare locations by 28 participants (or 56 percent);

and thus, could result in a net profit:
 $\$500,000 \times 56 \text{ percent} = \$280,000.$

In order to maintain the required staff-to-participant ratio, there is a step in cost as an additional aide is needed each time the participation census exceeds an increment of six [at 7, 13, 19, and so on]. The use of contracted aides allows for the flexibility in daycare program utilization, while ensuring required staff ratios are maintained. Further, the pay for a contracted aide is \$15 per hour; while aide staff employed by the County is an estimated annual cost of \$35,000 [starting salary and benefits].

Private Pay Rates

The National and State averages for private pay are daily rates of \$65 and \$60, respectively.

ADC Location	Average Daily Hours Spent by Participants	Average Daily Charge if paid by Private Pay (based on \$10/hr)
North County	7	\$70
Mid-County	6	\$60
	<i>National Average:</i>	<i>\$65</i>
	<i>State Average:</i>	<i>\$60</i>

DOSS charges \$10/ hour, and the average amount of hours spent daily at the ADC Program is six hours a day at Mid-County and seven hours a day at North County; which would compute to a daily charge of \$60 and \$70, respectively. Further, the program is available to participants nine hours during the day when it is open. According to AdultDaycare.org, ADC centers have a variety of payment structures with some charging by the hour while others charge by the half or full day. DOSS does not offer a half day or full day rate. While the Mid-County cost to attend would be in-line with the State average, the North County cost to participate would be \$10 higher than the average daily rate.

Participant time spent daily at the program ranged from 2.5 to 9 hours. Based on DOSS' \$10 an hour rate, this would compute to a private pay charge to a participant that ranged from \$25 to \$90 for the day.

The majority of the Division's efforts appear to be focused on using available grant funding; which may have resulted in fewer resources on-hand to concentrate on marketing the utilization of the unfilled daycare slots to private payers. While the Division's mission is to provide accessible and quality services to help seniors attain optimal independence and promote quality of life, management's focus on the utilization of adult day care resources with grant funded clients may result in the underserving of seniors who do not qualify for State funding assistance. Further, the

implementation of the Private Pay option allows seniors who do not qualify for funding assistance and can afford to pay, to be able to participate in the program. However, the Community Services Director commented that the Division's mission is to serve lower income seniors; although its current mission, as stated, does not reflect this intent.

Considerations for Improvement

1. Increase outreach efforts to promote the Private Pay Option by targeting senior neighborhoods; and assess the best options for getting the message into the service areas.
2. Seek assistance in implementing an outreach plan that may include, but not be limited to: (1) frequency of message, (2) periodic assessment and modification of efforts, (3) dissemination of written materials [i.e. mass mailing, flyers], and (4) gathering feedback from potential clients/ participants.
3. Determine a percentage of open slots to be set aside for clients coming off the wait list and funded by grant funds, so as to allow for a percentage of available slots that could be filled with private pay participants.
4. Offer a full-day private pay rate, in addition to the hourly rate, to encourage

additional use of the Program on a daily basis.

Management Comments and Our Evaluation

At the exit conference on April 15, 2015 the Department and Division Directors were in general agreement with our observations. However, they pointed out that the private

pay option had been developed as a result of input received from program users and not as a response to facility underutilization. Additionally, the Directors pointed out that they do not have complete control or ability to market program spots to private pay users because they are required to accept patients referred to them from the State. The audit report has been modified to reflect their input.

PERFORMANCE MANAGEMENT PROCESS DESCRIPTION AND EVALUATION

Our review of the Division's performance management process included:

- Evaluating the mission statement for the Division;
- Ascertaining if both the internal and external objectives support the mission statements;
- Evaluating the objectives using the SMART criteria;
- Determining the relationship of the objectives to the performance measures;
- Determining how the Division defines and measures effectiveness and efficiency; and
- Evaluating the accuracy of the data gathering and reporting methodology used.

Evaluation of Mission Statement:

The Division's mission statement appears in its internal Program Manual, which according to the Division Director is DOSS' mission.

"To provide accessible and quality services to help seniors attain optimal independence, and promote quality of life for seniors and their caregivers." which can be broken down into the following two elements:

- (1) ... provide accessible and quality services to help seniors attain optimal independence and
- (2) ... promote quality of life for seniors and their caregivers.

According to the Community Services Director, the Division's mission is to serve low income seniors, however, its mission statement as stated does not reflect this intent.

Evaluation of Objectives:

Relationship Between Mission Statement and Objectives -

The Division reported the following three objectives in the FY 2014 Annual Budget Document, which support one or more

elements of the Division's mission statement:

1. Implement private pay options for those who want and are able to pay for case management and adult daycare services
2. Prepare for Medicaid Long Term Managed Care and increase capacity and services to the Adult Day Care Program.
3. Prepare senior centers for accreditation and organize 5th annual Senior Academy to provide information to seniors on available services in the County.

The Division's internal objectives, appearing in its Program Manual, which are as follows, support at least one element of its mission statement:

1. Providing essential social services to the elderly
2. Promoting programs that provide social, physical, nutritional and emotional well-being to encourage maximum independence
3. Socialization thru recreational and educational activities at senior centers
4. Nutrition and nutrition education thru meals served in congregate settings or home delivered
5. Case Management and in-home services and independence living assistance
6. Adult Day care for the frail, elderly
7. Providing direct delivery of services to senior clients preformed by DOSS staff

8. Providing via third party vendors operating under contract with DOSS

S.M.A.R.T. Evaluation - We used a general criteria for evaluating these objectives known by the acronym "SMART." The acronym stands for Specific, Measurable, Attainable, Realistic, and Time Oriented. Essentially, a good objective statement meets each of the components of the SMART criteria. Our evaluation showed that two of the three objectives reported in the FY 2014 annual budget document, which are as follows, do not meet the SMART criteria as they are not specific, and therefore, cannot be measured.

- Prepare for Medicaid Long Term Managed Care and increase capacity and services to the Adult Day Care Program.
- Prepare senior centers for accreditation and organize 5th annual Senior Academy to provide information to seniors on available services in the County.

The first portion [Prepare senior centers...] of the second objective listed above does not meet the SMART criteria, as it is not specific. However, the latter part [organize 5th annual...] of this objective appears to be a yes or no goal, and therefore, can be measured.

In addition, none of the Division's eight internal objectives satisfy the SMART criteria as they are not specific, measurable, or time-oriented. Unlike the objectives that appear in the annual budget document, which are for a specific year, these objectives appear to be static until updated and/or changed.

Relationship Between Objectives and Performance Measures -

Objectives	Performance Measures	Reported Category
<u>FY 2014 Budget Document</u>		
1. Implement private pay options for those who want and are able to pay for case management and adult daycare services	None	N/A
2. Prepare for Medicaid Long Term Managed Care and increase capacity and services to the Adult Day Care Program.	None	N/A
3. Prepare senior centers for accreditation and organize 5th annual Senior Academy to provide information to seniors on available services in the County.	None	N/A
None	1. Hours of in-home services	Output
None	2. Hours of case management	Output
None	3. Meals provided	Output

As shown in the above table, the Division's objectives are not supported by a performance measure that specifically gauges its achievement; and none of the performance measures are linked to an established objective. Further, the performance measures established for FY 2015 remain identical to those established for FY 2014, and do not support the established objectives for that fiscal year. Lastly, there are no performance measures that support the eight internal objectives.

The Categories shown in the above table were taken from the FY 2014 budget document.

How Does DOSS Define and Measure Effectiveness and Efficiency:

DOSS does not have any performance measures for gauging the effectiveness and/or efficiency of its operations. However, management utilizes soft measures to monitor the efficiency and effectiveness of its operations as follows:

- Obtain and review client and caregiver feedback with the use of annual surveys for five of its programs, as well as monitors vendor's performance on at least an annual basis.
- Statistical information, maintained in the Division's system, STARS, is captured with monthly generated reports, which are analyzed, monitored and reviewed by management for decision making. Management utilizes the data in these reports to assist in identifying issues, and

ascertaining the availability of grant funds for providing services to clients.

Other statistical information captured, which is not reported to OFMB, includes the following:

1. Hours of ADC provided, along with number of clients served (by funding source).
2. Number of case management clients and unduplicated clients served (by funding source).
3. Number of meal clients served and unduplicated clients served (by funding source).
4. Unduplicated clients served for Emergency Alert Response assistance by funding source.
5. Number of units provided and spending by Funding Source, Program, service, and by vendor.

Accuracy of Data Collection for Reporting Performance Measures:

The Division reports the actual output for each measure shown in the budget document, which is captured by the use of reports generated from the Division's system, STARS. The most current captured performance measurement data reported in the County's budget document appears to be reliable, as there were no exceptions noted with the accuracy of the FY 2013 performance measure outcomes reported for inclusion in the FY 2015 Annual Budget Document.

Considerations for Improvement for FY 2016 reporting:

1. Each objective should include a specific goal and be time-oriented for measuring progress toward its attainment.

2. Performance measures for efficiency and effectiveness should be developed to provide for a more comprehensive picture of DOSS' performance.

3. Each objective should be supported by at least one performance measure that gauges progress toward its achievement.

4. The mission statement appearing in the budget document should be a written declaration that accurately describes the Division's core purpose, as well as excludes elements that represent the specific activities for achieving its mission.

Management Comments and Our Evaluation

At the exit conference on April 15, 2015 the Department and Division Directors were in general agreement with our observations and recommendations. They did express some concern over potential limitations that could be imposed in the annual budget process that might limit their ability to implement our recommendations. We believe that the structure incorporated in the evaluative criteria identified on pages 3 and 4 will be implemented in the budget process for the FY 2017 budget and that management's concerns on presentation limitations will not come to pass.

BACKGROUND

The mission of the Community Services Department (Department) is to enhance and improve the health, welfare, and quality of life in Palm Beach County by investing in the potential of families and individuals in need. The mission of the Division of Senior Services (DOSS) is to provide accessible and quality services to help seniors attain optimal independence, and promote quality of life for seniors and their caregivers through:

- recreational and educational activities at three senior centers,
- group social/ recreational activities with health monitoring at two adult day care centers,
- in-home service provided assessments by case managers to determine crucial needs and to coordinate/ manage home services such as personal care and home delivered meals,
- nutritious meals in a social environment at congregate sites throughout Palm Beach County.

Additionally, seniors who qualify can receive emergency home energy assistance. DOSS is part of the Palm Beach County Aging Network and receives referrals through the local Area Agency on Aging (AAA) (Program Service Area 9) as well as other sources such as 211. The Florida Department of Elder Affairs administers programs and services for elders across the State through the AAAs, which operates as a single, coordinated system for access to

services for care resources. Moreover, DOSS is the Lead Agency for the local AAA to provide older persons with home and community-based care services funded primarily by four Federal and State grants. Allocation of both Federal and State grant funding for elder services are coordinated through the AAA. DOSS operates three senior centers located in the North, West, and Mid-County; and two adult daycare centers, located in the same facility as the North and Mid-County senior centers. Each of the 3 senior centers and 2 adult daycare center programs acts as a meal site. There are 15 additional congregate meal sites operated daily, Monday through Friday, throughout the middle to northern geographic area of Palm Beach County. The Fiscal Year 2014 budget for DOSS totaled \$8.6M, which included \$2.3M Federal and \$1.7M State grants; with the balance of funding from contributions, user fees, and transfers from the General Fund. DOSS had 54 permanent positions in FY 2014, which include 4 fiscal-type positions. In recent years, the number of full-time equivalents has been reduced from 68 due to budget reductions. The last internal audit report (Report No. 08-15), approved by the Audit Committee on July 2, 2008, included a review on the accuracy and reliability of performance indicators and resulted in no recommendations.

AUDIT SCOPE AND METHODOLOGY

This audit of the Community Services Department's Division of Senior Services was selected as a result of our annual risk assessment of County department operations. The risk factors identified in the assessment were as follows: health, safety and welfare, financial exposure, quality control, effectiveness and efficiency of this operation, and controls intended to minimize fraud risk. Through interviews with DOSS management and staff concerning these risk factors with respect to the Division's operations, as well as reviewing applicable State laws, prior audit reports and monitoring reviews, and other pertinent documentation, we selected the audit objectives cited above for detailed review and reporting.

Through interviews with DOSS management and staff we developed an understanding of the procedures used for ensuring health, safety, and welfare in the ADC Program, as well as utilization of available resources within the program. We also discussed the Division's performance management system with DOSS management in order to gain an understanding of this process.

The scope of our audit was for the 12-month period from July 1, 2013 through June 30, 2014; with field work conducted at the Administrative Offices and at the two daycare sites from September 2014 through October 2014. Additionally, fieldwork was expanded to include a review of the Division's Primary vendor for providing personal care services at the adult daycare

centers, which was conducted during December 2014 with a visit to their location. Our audit included a review of related State statutes, administrative codes and safety requirements for adult day care licensing, and of the actual procedures utilized to ensure safety of participants in the program. Our review also included an evaluation of DOSS' utilization of available adult day care resources; and in order to present a more complete picture for this purpose, we gathered and evaluated information from the previous 12-month period from July 1, 2012 through June 30, 2013. We also evaluated the Division's performance management activities for FY 2014, with a reference to information submitted to the County's Office of Financial Management and Budget (OFMB) for the FY 2015 annual budget document.

We also referred to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for information on internal control documentation.

To answer audit objective # 1, we obtained and reviewed the Florida State Statutes, Chapters 408 and 429, and Florida Administrative Code, Chapters 58A-6 and 59A-35, for Adult Day Care Center Licensing to identify related health and safety requirements. We met with DOSS management and staff to gain an understanding of the Division's established policies and procedures for ensuring the Adult Day Care Program remains in compliance with State mandated safety requirements. We obtained a listing of

participants that attended the ADC program during the audit period, from which we selected a random sample from both day care locations to evaluate if mandated safety protocols were followed. We also obtained a listing of employees that worked in the Program during the same time, from which we selected a judgmental sample for review to ascertain if mandated background screening was conducted. Lastly, we selected random dates during the audit period to confirm staff-to-participant ratios were maintained, and delivered meal temperatures were appropriately monitored. We also reviewed reports issued by DOSS from monitoring vendors utilized for its ADC Program, and visited the Program's primary staffing vendor to ascertain compliance with monitored standards and safety requirements.

To answer audit objective # 2, we met with DOSS management and staff to gain an understanding of the available adult day care resources, the reasons for the underutilization of these resources, and to identify efforts to increase the utilization of those resources. We obtained and reviewed daily daycare rosters for each daycare site for the two-year period beginning with July 1, 2012, and ending June 30, 2014, to ascertain average attendance levels [utilization rates] and trends at each day care site. We evaluated the use of the private pay

option and related rate, as well as compared cost and resource use to both the National and State averages. Further, we ascertained the average length of time spent daily by a participant in the program at each of the locations.

To complete audit objective # 3, we identified the mission statements for the Division of Senior Services, as well as the objectives, and related performance measures. In order to determine if significant elements of the mission statements were addressed in the objectives, we compared the Division's mission statements to the objectives. Next, we evaluated each of the Division's objectives to determine if they (1) met the S.M.A.R.T. criteria, (2) supported the mission statements, and (3) were supported by at least one performance measure. In addition, we met with DOSS management to gain an understanding of the process for capturing and reporting performance measures, as well as how efficiency and effectiveness of their operations are determined and measured. Further, we reviewed the most current actual outcome measures submitted to OFMB, which was for FY 2013, in order to ascertain the accuracy and reliability of the data reported for publication in the County's Annual Budget document.

Evaluative criteria used for Performance Management:

From the Budget Instruction Manual (BIM):

"The mission statement should be a concise expression of the Department's purpose and expressed in terms of benefit to the intended customer. There should be a link between the mission statement, objectives, and performance measures. For most departments, the mission should not change from year to year." The BIM also requires department objectives. The BIM states "Department objectives are established to set forth specific outcomes to be achieved during the upcoming fiscal year.

From procedures agreed to by Administration:

- Mission statements would be provided at both the department level and the division level.
- Objectives would be established at both the department and division levels that support their particular mission statements. The department and division level objectives would focus on the core responsibilities of the organization.
- Objectives would meet the SMART criteria. That is, each objective would be:
 - Specific with a singular focus;
 - Measurable;
 - Attainable as part of routine operations,
 - Realistic; and
 - Time oriented with the basic assumption that the performance target established in the objective would be for the fiscal year.
- Each element of the mission statement would have a related objective.
- Each objective would have at least one performance measure.
- The performance measures would be useful or necessary tools for managing the business operations. These measures should be integral components of each unit's management information system, and not collected solely for budget reporting purposes.
- Each performance measure would focus on one of the following: effectiveness (outcome), efficiency or workload (output/demand/input/cost).
- Data gathering and reporting methodology used are reliable and accurate.
- The auditee's definitions and measures of effectiveness and efficiency are reasonable and useful.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.



Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
April 15, 2015
W/P # 2014-17

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives



Office of the County Internal Auditor
Audit Report #2015-09

RISK MANAGEMENT DEPARTMENT
PROPERTY AND CASUALTY INSURANCE



*Reviewed by Audit Committee
June 17, 2015*

DATED APRIL 29, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Risk Management Director ensure that controls were in place to administer claims processed through the third party administrator, insurance subrogation, at fault recovery, and excess purchases of insurance in accordance with County's, departmental, and divisional policies and procedures and contract terms during fiscal year 2014?
2. Describe and evaluate the Property & Casualty Division's performance management processes including methods used to measure and report on effectiveness and efficiency of operations during fiscal year 2014.

WHAT WE FOUND

As to objective one above, we found the Risk Management Director ensured that controls were in place to administer claims processed through the third party administrator, insurance subrogation, at fault recovery, and excess purchases of insurance in accordance with County's, departmental, and divisional policies and procedures and contract terms during fiscal year 2014. However, during the course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the

Department Director identifying these situations for informational purposes only.

As to objective two above, we found the Division has established mission statements, relevant organizational objectives, and performance measures. However, the mission statement has two elements that are not supported by objectives. We also noted other areas in which performance management could be improved.

WHAT WE RECOMMEND

The audit report makes no recommendations to management to improve controls in the area of claims processing and oversight.

The report does offer considerations for improvement in the Division's performance management program.

DETAILED FINDING AND RECOMMENDATIONS

NONE

PERFORMANCE MANAGEMENT PROCESS DESCRIPTION AND EVALUATION

Our review of the Division's performance management process included:

- Evaluating the mission statement for the Division;
- Ascertaining if both the internal and external objectives support the mission statements;
- Evaluating the objectives using the SMART criteria;
- Determining the relationship of the objectives to the performance measures;
- Determining how the Division defines and measures effectiveness and efficiency; and

- Evaluating the accuracy of the data gathering and reporting methodology used.

Evaluation of Mission Statement

The Division's mission statement appears in the 2014 Budget Departmental Summary, which according to the Division Claims Manager is the Division's mission.

"To provides cost-effective and efficient oversight of the various insurance and self-insurance programs protecting the County against financial loss resulting from damage

to County-owned assets and/or negligence. The Division serves as an advisor to the County analyzing and recommending appropriate risk avoidance and transfer methods": which can be broken down into the following two elements:

(1) ... provides cost-effective and efficient oversight of the various insurance and self-insurance programs protecting the County against financial loss resulting from damage to County-owned assets and/or negligence and

(2) ... serve as an advisor to the County analyzing and recommending appropriate risk avoidance and transfer methods

Evaluation of Objectives

Relationship Between Mission Statement and Objectives -

The Division reported the following two objectives in the fiscal year 2014 Annual Budget Document, which support one or more elements of the Division's mission statement:

Objective 1: Maximize the recovery of repair costs to County - owned assets damaged due to negligence of third parties (subrogation).

Objective 2: Continue to provide training to County supervisors and employees.

The Division's objectives support its primary services as the provider of risk oversight for County operations. This objective makes sense and links to the mission statement because subrogation recovery is one element of the mission statement covering risk oversight, risk avoidance and risk environment.

The second objective supports the element of the mission statement concerned with providing consultation and training to County supervisors and employees and links with the missions statement concerning serving as an advisor pertaining to insurance and risks avoidance.

The mission statement includes two components that are not supported by objectives: "To provide cost-effective and efficient oversight of the various insurance and self-insurance programs and to recommend appropriate risk avoidance and transfer methods".

S.M.A.R.T. Evaluation - We used a general criteria for evaluating these objectives known by the acronym "SMART." The acronym stands for Specific, Measurable, Attainable, Realistic, and Time Oriented. Essentially, a good objective statement meets each of the components of the SMART criteria. Our evaluation showed that the two objectives reported in fiscal year 2014 did meet the attainable and realistic components of the SMART criteria. Objectives 1 and 2 did not meet the specific or measureable components. Objective 1 did not explain how the term "maximize" would be implemented. Objective 2 did not describe the types of training or refer to risk environment. Both objectives did not specify time frame, but the fiscal year is implied.

After reviewing the list of the Division's responsibilities, we noted potential objectives that could be considered to more fully cover operational requirements. For example, potential objectives could include, but not limited to, some aspects of excess property and liability insurance purchases, incident/accident reports, and/or property and liability claims processing by third party administrator.

Relationship Between Objectives and Performance Measures

The table below summarizes the objectives and performance measures published in the County Fiscal Year 2014 Budget Book.

Relationship Between Objectives and Performance Measures -

Objectives	Performance Measures	Reported Category
1. Maximize the recovery of repair costs to County-owned assets damaged due to negligence of third parties (subrogation).	Percentage of costs recovered for damaged County Assets.	Efficiency
2. Continue to provide training to County supervisors and employees.	Number of consultations and trainings conducted	Output

As shown in the above table, the Division's objectives are supported by a performance measure that specifically gauges its achievement and links to an established objective. The first objective is categorized as an efficiency metric that results in an ratio between two variable- costs recovered over total costs. The second objective is an output measure that describes services delivered. The Division had no performance measures that measured effectiveness or outcome of efforts. Further, the performance measures established for fiscal year 2015 remains basically identical to those established for fiscal year 2014, except the second objective about consultations and training has been changed to read as "Continue to educate supervisors to reduce liability and contractually transfer risk."

How Does the Division Define and Measure Effectiveness and Efficiency

The Division uses the objectives and performance measures listed above for gauging the performance of its operations. In addition, the Division receives statistical information concerning claim management

and the County's SIRP coverage from its professional third party claims administrator's web-based software, RisxFacs systems, on an ad hoc basis. All claim information other than incident reports reside on this system, and management utilizes this data provided by the third party claims administrator's office to assist in identifying issues and trends.

Accuracy of Data Collection for Reporting Performance Measures

The Division reports on the actual results of each performance measure using a data collection methodology consisting of a manual spreadsheet prepared and maintained by the Claims Manager monthly. The Division's performance results are combined annually with the performance results from the other Divisions' by the Department's Fiscal Manager, approved by the Department Director, and distributed to the County's Budget Department for timely inclusion in the annual budget. The fiscal year 2014 metrics were traced to the supporting documentation with no exceptions noted regarding the accuracy and

reliability of performance measure methodology.

Considerations for Improvement for Fiscal Year 2016 Reporting:

- Performance measures for effectiveness or outcome should be developed to provide for a more comprehensive picture of the Division' performance.
- Objectives covering other core responsibilities should be included to more fully cover operational requirements.

Management Comments and Our Evaluation

At the exit conference on April 29, 2015 the Department Director agreed with the

observations and considerations for improvement. The Director expressed some concern regarding space limitations imposed on the content of the annual budget document. We discussed that issue and explained that the new concept for performance management allows departments to select the number of objectives and performance measures that are appropriate and necessary for them to manage their business while selecting from that group objectives and measures to be included in the annual budget that best describe the department's program within the space limitations imposed by the budget document.

BACKGROUND

The Risk Management Department (Department) coordinates all functions relating to risk identification, and analyzes and controls exposures which threaten loss to Palm Beach County (County). The Department is comprised of six major programs: Employee Safety/Loss Control, Employee Assistance Program, Group Health & Life Insurance, Occupational Health Clinic, Property and Liability Insurance and Worker's Compensation. For fiscal year 2014, the Department had a staff of 30 and a budget of \$106,676,924. The Property & Casualty Division (Division) with a claim manager and two employees serves as an advisor to the County, analyzing and recommending appropriate risk avoidance and transfer methods; educating County staff and

customers on insurance related issues through participation in workshops and expanded use of the intranet; controlling the cost of insurance and self-insured claim costs through defense of claims against the County, and collection of costs associated with the negligence of third parties. The County has established a Self-Insured Retention Plan (SIRP) in order to pay liability claims and lawsuits brought against the County by others who sustain injury, including death, or damage to their property. Amounts above the County's self-insured limits are covered by 21 excess insurance policies with premiums costing the County approximately \$11.5 million for fiscal year 2014. The County contracts with a professional property and casualty insurance broker for support with insurance

procurement and with a professional third party claims administrator for support with claim adjusting and support services for the County's SIRP coverage.

AUDIT SCOPE AND METHODOLOGY

The audit of Property and Casualty Insurance was selected as a result of our annual risk assessment of County department operations. The risk factors identified in the assessment were size of operation and operating revenues, and information technology use. In addition, the BCC requested emphasis on the effectiveness and efficiency of the operation and controls intended to minimize fraud risks. Through meetings with Department staff and a review of Countywide and departmental policies and procedures, organizational charts, budget reports, third party claims administrator's SSAE 15 service organization control report and other documentation, we selected the specific audit objectives cited above for detailed review and reporting.

The scope of our audit was fiscal year 2014. Audit field work was conducted in the Department from January to March 2015.

To answer audit objective 1, we reviewed the County's Self-Insured Retention Plan (SIRP), Countywide, departmental and divisional policies and procedures addressing the handling of the Division's operational activities and responsibilities. In interviews with the claims manager and staff, the controls over handling incident reports, third party claims, subrogation claims, and purchases of excess insurance were documented in a business process and

control worksheet. The third party claims administrator's, the insurance broker's and insurance tracking software vendor's contracts were tested to ensure that compensation paid and insurance provisions were in agreement with contracts requirements. Claims processed through the third party administrator, subrogation claims, and excess insurance purchases were tested for compliance with applicable claims procedures and established purchasing procedures, respectively.

To answer audit objective 2, we identified the mission statements for the Casualty and Insurance Division of Risk Management, as well as the objectives, and related performance measures. In order to determine if significant elements of the mission statements were addressed in the objectives, we compared the Division's mission statements to the objectives. Next, we evaluated each of the Division's objectives to determine if they (1) met the S.M.A.R.T. criteria, (2) supported the mission statements, and (3) were supported by at least one performance measure. In addition, we met with Division management to gain an understanding of the process for capturing and reporting performance measures. Further, we reviewed the most current actual outcome measures submitted to OFMB, which was for fiscal year 2014, in order to ascertain the accuracy and

reliability of the data reported for publication in the County's Annual Budget document.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work,

determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

A handwritten signature in blue ink that reads "Joseph F. Bergeron". The signature is written in a cursive, flowing style.

Joseph F. Bergeron, CPA, CIA, CGAP
Internal Auditor
April 29, 2015
W/P # 2014-07



Office of the County Internal Auditor
Audit Report #2015-10

CRIMINAL JUSTICE COMMISION

PROCUREMENT TO PAYMENT



*Reviewed by Audit Committee
June 17, 2015*

DATED APRIL 22, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Criminal Justice Commission Executive Director ensure that internal controls designed and implemented for the procurement to payment process were adequate to ensure a compliant and effective process for Fiscal Year 2014 in accordance with County and Departmental Purchasing Policies?

WHAT WE FOUND

We found the Executive Director generally ensured that internal controls designed and implemented for the procurement to payment process were adequate to ensure a compliant and effective process for Fiscal Year 2014 in accordance with County and Departmental Purchasing Policies. However, we noted several areas where control improvements are necessary. These include ensuring that contracts are executed

prior to their effective dates, that competitive solicitations are conducted when possible, and that documentation for sole source procurements and receiving actions are properly created and maintained. These findings are more fully described in the section "Detailed Findings and Recommendations" below.

WHAT WE RECOMMEND

The audit report makes five recommendations to management to improve controls in the procurement to payment process.

DETAILED FINDINGS AND RECOMMENDATIONS

Finding 1 Contract Work Started Prior to Contract Execution Date

According to Policy and Procedure Memorandum (PPM) (CW-F-049) *Contract Development and Contract Responsibility*, unless delegated by separate or subsequent Board policies or resolutions, members of County staff have no authority to execute contracts on behalf of the County, except as permitted by Sections 2-51 through 2-57 of the Palm Beach County Code (Purchasing Code), as amended.

For Fiscal Year 2014, the CJC provided funding for 27 contracts for a total value of \$3,909,816. Of the 27 contracts identified, seven were judgmentally selected for detail testing. Of the seven sample contracts selected, four contracts had invoices for work performed prior to the contract being executed. In one case, the contract was executed 161 days after the contract's start date:

Number	Effective Date	Date of Contract Execution	Lag (Days)
Contract 1	10/1/2013	1/7/2014	98
Contract 4	10/1/2013	3/11/2014	161
Contract 5	10/1/2013	1/7/2014	98
Contract 7	10/1/2013	1/14/2014	105

PPM CW-F-049 requires all contracts to be approved by the BCC unless specific approval authority has been delegated to the department head by the BCC or the Purchasing Code. We inquired of CJC as to the existence of such delegated authority for approval of vendor contracts by the CJC Executive Director. CJC provided examples where the BCC had granted delegated authority for executing documents related to grant applications with Federal or State agencies. No specific delegation of contract approval for sub-recipient/vendor agreements was provided for the Lord's Place RESTORE agreement.

PPM CW-O-049 also specifies that no work performed by the contractor prior to the effective date of the contract is compensable without specific BCC approval. According to the Financial Analyst responsible for approving contract payments, CJC management was aware that some contractors began work before a contract was signed and prior to contracts being submitted to the Board of County Commissioners as receive and file items as required. However, none of the contractors submitted invoices for work performed prior to the effective dates of the agreements.

CJC paid \$620,894 for services rendered under CJC grants. Our sample showed that

CJC received over \$90,000 in invoices prior to execution of the related contracts. CJC was unable to pay these invoices until the contracts were executed. The contract managers could not sign off on these invoices or request payments without an executed contract. According to the Criminal Justice Commission's *Contract Management Policies and Procedures*, the Contract Manager's signature on an invoice or request for payment attests that the goods or services have been satisfactorily provided, and that the expenditures are allowable and in compliance with the terms of the contract. At the date of invoice's receipt, no executed contract was in place to determine if invoices were in compliance to the terms of the contracts.

When a contractor starts work on a contract prior to the contract being executed, it can result in:

- Violation of contract terms, scope, and conditions;
- Avoidable contract amendments;
- Delay payment to the contractor; and
- Possible litigation.

In some cases, the scope of work was amended from the original contract.

We asked the Executive Director why the contracts were executed so late. The Executive Director responded that the process was bureaucratic. He indicated they will have a meeting to address the issue with the late contracts. The Executive Director and Program Manager will work together early in the process to allow time for contracts to be executed on time.

Recommendation:

- 1. The Executive Director should ensure that all contracts are fully executed before authorizing contractors to begin work.**

- 2. The Executive Director should ensure that all contracts have received appropriate delegation of authority for approval and, specifically in the case of the Lord's Place RESTORE agreement, submit the agreement to the BCC for approval and request delegation of approval authority for future agreements.**

Management Comments are Our Evaluation

In responding to a draft of this audit report, the Executive Director agreed with the finding and recommendations. However, the Executive Director stated that there are times when a contract that is dependent on grant funding cannot be executed until after the grant has been awarded, the timing of which precludes executing the contract prior to work starting in the new fiscal year for a continuing service. The Executive Director stated that every effort will be made to expedite the process of executing contracts.

At the exit conference on April 22, 2015 the Executive Director agreed with the finding and recommendations. The Director commented that in some instances the length of time between receipt of grant approval and commencement of work does not allow for the County's normal agenda processing for agreement approvals. The Director also commented that the vendors are accepting the risk of delayed payments or agreements not getting approved when they begin work.

We understand that from time-to-time there will be certain situations that require management to follow expedited procedures to accomplish a task. However, we also believe that those situations are not the norm and that as such, routine procedures should

be established to ensure that agreements are executed before the contractor begins work.

Finding 2 No Competitive Solicitations and Sole Source Documentation

According to the Countywide PPM *Purchasing Policy and Procedure (CW-L-008)*, it is the County's policy to:

- provide equitable treatment of all persons interested in doing business with the County;
- provide fair and open competition;
- obtain goods and services of satisfactory quality and quantity at a reasonable cost; and
- act in good faith in the procurement of goods and services.

The Purchasing Code also states that certain procurements are exempt from the requirements of the Purchasing Code (Section 2-51(f)(1)). For example, Section 2-51(f)(1) states the purchasing code shall not apply to agreements between the Board and nonprofit organizations or other governments that provide for the transfer, sale or exchange of goods or services. However, the Purchasing Code (Section 2-51(f)(2) states that all exempt purchases shall, where possible, be competitively procured and that County departments shall have internal policies and procedures for all exempt purchases. In addition, the Purchasing Code authorizes sole source procurements subject to when the soliciting department has documented the fact that the desired good or service is only available from a single source.

For fiscal year 2014, CJC entered into 27 contracts. CJC reviews the contractor's request for payments, creates voucher packages, approves the voucher, and forwards the voucher to Finance for payment. We reviewed 7 of the 27 contracts. Within those seven contracts, we

reviewed 25 requests for payment with a total value of \$181,010.72. Of the seven sample contracts selected, four contracts were sole source procurements with no sole source documentation. Also, we reviewed an additional five direct payments (not relating to contracts) valued at \$49,684. Three purchases (60%) were sole source procurements with no sole source documentation as required by the County Purchasing Code. The remaining two purchases had sole source documentation.

According to *CW-L-008*, a sole-source purchase is where there is only one good or service that meets an essential requirement of the User Department, as determined by a reasonable and through analysis of the marketplace, and that is available from only one source. The following is required by the policy:

- a) Written documentation, signed by the Director of the User Department justifying why the requested good or service is the only one that will meet the Department's specific need
- b) Written documentation from the vendor/ supplier stating that they are the only source of supply for the requested good or service.

The Internal Auditor's office is not in a position to determine if competitive solicitation was possible. CJC had determined the possibility of competitive procurements for some of their exempt purchases in the past. However, there is lack of evidence of competitive solicitation and sole source documentation for other purchases in Fiscal Year 2014. CJC indicated they were not aware of purchasing policy clause which indicated, "exempt purchases shall, where possible, be competitively procured." Also, the auditor inquired CJC why were competitive bids or sole source documentation not conducted,

the Program Manager indicated some of the vendors were already added to the grant application process. According to the CW-L-008, the purchasing code shall apply to every purchase by the Board of County Commissioners to be paid from county funds, including those purchases made by the county with state and federal assistance moneys. We believe an internal market evaluation should be conducted and documented prior to naming the vendors in the grants application process.

Non-competitive solicitation and bidding can result in the County overpaying for goods and services. If a vendor is awarded a sole source contract, but CJC fails to determine if sole source is warranted, it effectively prevents other businesses from competing for the County's business.

Recommendations:

- 3. The Executive Director should ensure that the contract managers adhere to the County Procurement policies. Evidence of competitive or sole source solicitation should be properly documented.**
- 4. The Executive Director should periodically evaluate market potential for exempt purchases and document decision.**

Management Comments are Our Evaluation

In replying to a draft of this audit report, the Executive Director agreed with the finding and recommendations. The Executive Director stated that the CJC will competitively bid exempt procurements whenever possible and to ensure sole source justifications are maintained in their documentation.

We believe the response from the CJC Executive Director adequately addresses our concerns.

Finding 3 No Policies and Procedures for Back-Up Receiving Documentation Control

County Wide Policies and Procedure Memoranda CW-O-001 states, "the County Administrator, all department directors, all division directors, and all heads of separate offices shall issue and maintain Policies and Procedures Memoranda. These PPMs will be used to promulgate standard policies and procedures for all areas of operation under the control of the issuing organization and will constitute the policies and procedures manuals for that organization unit."

The Executive Summary to the COSO report "Internal Control over Financial Reporting – Guidance for Smaller Public Companies" contains a very succinct summary and explanation of the usefulness of control documentation to an organization.

Documentation of business processes and procedures and other elements of internal control systems is developed and maintained by companies for a number of reasons:

- *One is to promote consistency in adhering to desired practices in running the business.*
- *Effective documentation assists in communicating what is to be done, and how, and creates expectations of performance.*
- *Another purpose of documentation is to assist in training new personnel and as a refresher or reference tool for other employees.*

Documentation also provides evidence to support reporting on internal control effectiveness.

CJC does not have a written procedure for identifying its procurement needs, authorization, and responsibilities. The *Purchasing Policy and Procedure CW-L-008*, states User Department has the primary responsibility of identifying its procurement needs. As of January 21, 2015, the Purchasing Department requires County Department to maintain an internal policy and procedure for procurement of all exempt purchases.

Based on 12 POs reviewed, CJC did not have back up receiving documents clearly indicating the item and quantity received for six purchase order (50%). The Government Accountability Office's (GAO) *'Policy and Procedures Manual for Guidance of Federal Agencies'* (Title 7), identifies three typical steps to ensure proper payment including 'the goods and services ordered have been delivered and accepted evidenced by a receiving and inspection report'. Title 7 identifies one of the areas where internal control should be given special attention as 'payment is initiated only after receipt and acceptance of goods and services and is authorized only after matching the type and quantities received with those on the purchase order or contract'. Backup

receiving documents are to be retained to confirm the items and quantity were received.

Without documented policies and procedures, it is difficult to communicate management's expectations and processes, and to ensure consistency.

Recommendation:

- 5. The Executive Director should ensure that policies and procedures memoranda (PPM) relating to the procurement to payment process are developed and implemented. The PPM should include procedures for reviewing and maintaining back-up receiving documents.**

Management Comments are Our Evaluation

In responding to a draft of this audit report, the Executive Director agreed with the finding and recommendation. The response stated that the internal PPM would be developed by July 15,2015.

We believe the CJC Executive Director's response adequately addresses our concerns.

BACKGROUND

The mission of the Criminal Justice Commission (CJC) is to serve as a catalyst to bring together criminal justice and related agencies in partnerships that cultivate and enrich local criminal justice practice, policy,

and program development. The CJC was created by Palm Beach County (County) Ordinance 88-16 in 1988. As an advisory body, the CJC makes recommendations to the Board of County Commissioners (BCC)

on policies and programs. The CJC has the authority and power to enter into contracts and to hire personnel as required to pursue the objectives of the CJC, subject to approval by the Board of County Commissioners.

The CJC Secretariat (Secretariat), under the leadership of the Executive Director, serves as the administrative arm of the CJC and its Task Forces and Committees. The CJC is comprised of 10 committees, four programs, and a Research and Planning section. The Department operates with a staff of 11. CJC had a budget of \$4.4 million for fiscal year 2014.

CJC's expenditure budget for FY 2014 includes the following:

- Personal services \$1,023,842
- Operating expenses \$ 450,692
- Grants \$2,197,765
- Reserves \$ 765,843

For our purposes, CJC's procurement activity consists of operating expenses and grants. Procurements for operating expenses are primarily handled through the County's Purchasing Department and departmentally issued purchases. Procurements for grants are primarily BCC approved contracts. All payments to vendors are made by the Finance Department under the Clerk and Comptroller (Finance). The Secretariat staff receives goods and services procured through normal purchasing procedures and authorizes payments for those goods or services to Finance. Generally, vendor invoices for these transactions are sent directly to Finance. Secretariat staff also receive invoices from grantees along with supporting documentation relating to the various purposes of the grants. Grant invoices are reviewed and approved by Secretariat staff and forwarded to Finance for payment.

AUDIT SCOPE AND METHODOLOGY

The audit scope for this engagement was for FY 2014. This audit was part of the 2015 new business process annual audit plan as approved by the Audit Committee. Audit field work was conducted in the Department from December 2014 to February 2015.

In order to answer the audit objective, we used the Procurement to Payment matrix (Attachment 1) to evaluate effectiveness. The matrix is used to identify controls to address all activities of the procurement to payment process from original identification

of the need for a good or service, the development of specifications, solicitation of providers, award to a provider, receipt of the good or service, evaluation of the provider, and payment for the good or service. A properly designed process will have control procedures to address each of the process objectives. A poorly or improperly designed process is one that fails to address one or more of the process objectives, or that has controls for an objective that would not meet the process objective working as designed. That process will be identified as having a deficiency in

design. We evaluated compliance with the County Purchasing and Departmental policies covering the procurement to payment process. These policies include Countywide PPM *Purchasing Policy and Procedure (CW-L-008)* and Criminal Justice Commission's *Contract Management Policies and Procedures*.

We reviewed the County purchasing policy, CJC's contract management procedure, and sample of CJC's contracts. Also, we reviewed sample purchase orders, supporting documents requesting the need of the goods and services, receiving documents, invoices, and vouchers. Our methodology included a review and testing of all sample backup documentation related to the procurement transactions for both purchase orders as well as direct payment procurements.

We interviewed the Executive Director, Program Manager, Financial Analyst, and Administrative Assistants regarding the submittal and approval of purchases orders and contract-related purchases. We determined if internal controls were in place to ensure compliance with all policies and



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
April 22, 2015
W/P # 2015-19

procedures and reviewed segregation of duties.

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

ADMINISTRATIVE RESPONSE



Criminal Justice Commission

301 North Olive Avenue, Suite 1001
West Palm Beach, FL 33401-4705
(561) 355-4943
FAX: (561) 355-4941
www.pbcgov.com/criminaljustice



**Palm Beach County
Board of County
Commissioners**

- Shelley Vana, Mayor
- Mary Lou Berger, Vice Mayor
- Hal R. Valeche
- Paulette Burdick
- Steven L. Abrams
- Melissa McKinlay
- Priscilla A. Taylor

County Administrator

Robert Weisman

DATE: May 14, 2015

FROM: Michael Rodriguez, Executive Director,
Criminal Justice Commission *MR*

TO: Joseph F. Bergeron

RE: FINAL DRAFT AUDIT REPORT REPLY

CJC staff thank you and Mr. Merzius for the time you took with providing this document for our review and comment.

PROCUREMENT TO PAYMENT

Recommendation:

- 1. The Executive Director should ensure that all contracts are fully executed before authorizing contractors to begin work.**
- 2. The Executive Director should ensure that all contracts have received appropriate delegation of authority for approval and, specifically in the case of the Lord's Place RESTORE agreement, submit the agreement to the BCC for approval and request delegation of approval authority for future agreements.**

We agree with the recommendations above with the qualification mentioned in the Final Draft Audit Report that there are certain times and conditions under which it is impossible for us to have a fully executed contract before the contractors begin work. This year, as an example, there was one grant award where we did not receive the formal grant award notice until after October 1, 2014. In these circumstances it is impossible to have an executed contract before work begins. In cases where we are providing case management services, drug treatment services or staff salaries it is impractical and unfair to just stop services.

We will make every effort to have prepared contract templates at the ready whenever we are notified of an award prior to receipt of the actual award letter. This will expedite the process of executing the contract when the award is formalized.

*"An Equal Opportunity
Affirmative Action Employer"*

Recommendations:

- 3. The Executive Director should ensure that the contract managers adhere to the County Procurement policies. Evidence of competitive or sole source solicitation should be properly documented.**
- 4. The Executive Director should periodically evaluate market potential for exempt purchases and document decision.**

CJC agrees with the recommendations noted above. CJC further believes it would be helpful if the contradiction in the purchasing language could be changed. As an example, it states some purchases are exempt from the purchasing code and then states in a separate section that exempt purchases shall, where possible, be competitively procured. This seems to provide no clear path for a department.

There are also some purchases that are identified up front in grant applications. The timing for the completion of grant applications makes it nearly impossible to competitively bid exempt services.

Nevertheless CJC agrees to competitively bid wherever possible beginning immediately and ensuring we have sole source justifications when used in our documents.

Recommendation:

- 5. The Executive Director should ensure that policies and procedures memoranda (PPM) relating to the procurement to payment process are developed and implemented. The PPM should include procedures for reviewing and maintaining back-up receiving documents.**

The requirement for an internal procedure for procurement of all exempt purchases began on January 21, 2015. CJC will develop this internal ppm by July 15, 2015.

PERFORMANCE MANAGEMENT

Recommendations:

- 1. The mission statement should be similar to the purpose statement in the Bylaws.**
- 2. Each objective should support or link to an element of the mission statement focusing on key operational responsibilities of the Department.**
- 3. Each objective should be specific and include performance targets that are realistic and attainable.**
- 4. Each performance measure should be reported as often as necessary to support management analysis and evaluation.**
- 5. Each performance measure should accurately reflect current operations and describe as accurately as possible what is actually being measured.**
- 6. Documentation of performance measure should be verified, maintained, readily-available, and periodically reviewed.**

CJC has long struggled with how best to address the performance measures issue in the budget book. There is a big difference between the objectives as outlined in the CJC bylaws and ordinance and the actual work that the secretariat performs. At the same time I have always been under the impression that there are space limitations in the budget book that limit the number of measures we can have.

We agree with the direction as outlined above in the recommendations and will rework mission statement and performance measures to include both CJC and the secretariat responsibilities. This will be accomplished by the next budget cycle.



Office of the County Internal Auditor
Audit Report #2015-11

CRIMINAL JUSTICE COMMISSION
PERFORMANCE MANAGEMENT



*Reviewed by Audit Committee
June 17, 2015*

DATED APRIL 22, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Criminal Justice Commission Executive Director establish a performance management system that adequately and effectively identifies, captures and reports the departmental mission statement, objectives, and performance measures in accordance with the Budget Instruction Manual and procedures agreed to by Administration?

WHAT WE FOUND

The Executive Director established appropriate organizational objectives relevant to Criminal Justice Commission's mission and performance measures to achieve those objectives. However, our

audit of the CJC's Performance Management Process identified areas for possible improvement as noted in the recommendations below.

WHAT WE RECOMMEND

The audit report makes six recommendations to management to improve their performance management process including revisions to the Department's mission statement, objectives, and performance

measures to make them more clear, specific and measurable, and improving the documentation maintained for measuring performance.

DETAILED OBSERNATION AND RECOMMENDATIONS

The Criminal Justice Commission (CJC) has established a mission statement, organizational objectives, and performance measures to achieve those objectives.

The Commission's mission statement, as presented in the FY 2015 Annual Budget Document, is, *"To serve as a catalyst to bring together criminal justice and related agencies in partnership that cultivate and*

enrich local criminal justice practice, policy, and program development."

The table below summarizes the objectives and performance measures shown in the FY 2015 Annual Budget Document and the Department Program Objectives and Performance Measures document:

Objective	Performance Measure	Type
1. Achieve a Satisfaction Rating from the 33 members of the CJC of 1.5 on a scale of 1 to 5 (where 1 represent the greatest satisfaction), for the executive, professional, administrative, research, and program service provided in support of the objectives of the CJC, its task forces, councils, and committees.	1. Satisfaction Rating on a scale of 1 to 5 (where a "1" represents the greatest satisfaction).	Outcome
2. Increase the amount of funding from sources outside the County in order to realize greater results in achieving the goals, objectives, and priorities of the CJC.	2. Ratio of in-kind dollars spent to County dollars.	Efficiency
3. Ensure all contracts and agreements include data collection clauses in order to monitor progress and validate the evidence-based programs of the CJC.	3. Percent of applicable contracts that include data collection clauses to further the implementation of evidence-based programs and priorities.	Outcome
None.	4. Total number of contracts and inter-agency agreements managed by CJC in support of the organization's mission and the priorities of the commission.	Output

Mission Statement:

The Budget Instruction Manual provides guidance on the structure of organizational mission statements. The mission statement is described as a concise expression of the organization's purpose expressed in terms of benefit to the intended customer. The mission statement is also expected to be fairly consistent from year to year and to be linked or supported by objectives and performance measures. The CJC's mission statement satisfies those criteria. However, the CJC also has a mission statement in its adopted Bylaws that is different in some respects from the mission statement in the Budget. The Bylaws state CJC is established to study all aspects of the Criminal Justice and crime prevention systems with the federal, state, county, municipal and private agencies with the County.

Relationship of Objectives to Mission Statement:

The three objectives shown above for CJC are not directly linked to CJC's mission statement.

According to the 2015 Annual Budget Document department overview, the CJC makes recommendations to the Board of County Commissioners (BCC) on the policies and programs designed to accomplish the following objectives:

1. provide overall coordination to law enforcement and crime prevention efforts in the County;
2. provide an efficient, cost effective, and timely criminal justice system in the County, and
3. affect the reduction of crime in the County on a permanent basis.

The objectives presented in the department overview more closely support the CJC mission statement than the objectives currently shown for the CJC. The objectives shown for the CJC are more closely aligned with the responsibilities of the Secretariat. We believe the mission statements shown in the Budget and the Bylaws, and the objectives shown in the Budget and the department overview do not reflect the distinction between the CJC and the Secretariat.

Evaluation of Objectives using the SMART criteria:

We believe all of the objectives, as currently stated, are specific except for objective #2. The objective is not specific in that it does not state a desired amount of increase. We believe that, while objective #2 is measurable, there is no way to determine achievement of the objective other than for a simple "more this year than last year" comparison. A specific objective would set a specific target such as 2% or 10% percent increase in funding. The attainable and realistic SMART criteria of objective #2 is dependent on the available of funding. No time frame is specified in objectives, however Fiscal Year is implied.

Defining Effectiveness and Efficiency

According to the Government Accountability Office (GAO) document, *Standards for Internal Control in the Federal Government*, effective operations produce the intended results from operational processes, while efficient operations do so in a manner that minimizes the waste of resources. CJC does not have a formal, documented definition of

effectiveness and efficiency. According to the Executive Director, the Secretariat's effectiveness is defined as the 33 CJC's members level of satisfaction with the Secretariat. The satisfaction survey tracks the Secretariat's performance in their role as the CJC's staff. The Secretariat did not conduct satisfaction surveys in 2013 and 2014. In essence, CJC did not document and/or monitor the Secretariat's performance. According to the Executive Director, the ratio of grants dollars received in comparison to County dollars allocated to CJC is a level of efficiency.

Data Gathering and Reporting

The data gathered for reporting of performance measures is a manual collection process. The reported performance measures are reported to the Budget office, but the Secretariat does not maintain records or documentation of how the numbers were computed. The following is a breakdown of the performance measure information collected.

- #1 - questionnaires are distributed to the members of the CJC near calendar year end and then the responses are collected. The results of the questionnaires are totaled and calculated to determine the satisfaction rating on a scale from 1 to 5 (where 1 represents the greatest satisfaction). Satisfaction surveys were not totaled and calculated for FY 2013 and FY 2014. N/A were indicated in the performance measures. Each performance measure should be reported at minimum on an annual basis. Performance measures are due on March to the Budget Office.
- #2 - the Financial Analyst is responsible for calculating the ratio. The ratio is determined by comparing the ad valorem

allocated to CJC budget compared to trust fund/formula grant/competitive grant dollars managed by CJC. We were unable to validate the accuracy and reliability of the reported amount because the former Financial Analyst resigned from the Secretariat. The current Secretariat's management team does not have documentation for how the reported amount was computed. Also, performance measure #2 does not actually describe what is being measured in that the agency is not actually tracking the dollar value of "in-kind" funds.

- #3 - the Financial Analyst reviews all contracts and determines if all contracts contain the "Evaluation/ Data Collection" clause.
- #4 - the Financial Analyst manually counts the number of current contracts and inter-agency agreements.

Performance measures & Quality Assurance:

Each objective has one or more associated performance measures. Performance measures are established based on the inputs of the Executive Director, Program Manager, and Research Manager. Except for performance measure # 1, management does not use the performance measures as management tools for decision making and planning. These performance measures are not analyzed and reviewed on a periodic basis.

Recommendations:

- 1. The mission statement should be similar to the purpose statement in the Bylaws.**
- 2. Each objective should support or link to an element of the mission statement**

focusing on key operational responsibilities of the Department.

- 3. Each objective should be specific and include performance targets that are realistic and attainable.**
- 4. Each performance measure should be reported as often as necessary to support management analysis and evaluation.**
- 5. Each performance measure should accurately reflect current operations and describe as accurately as possible what is actually being measured.**
- 6. Documentation of performance measure should be verified, maintained, readily-available, and periodically reviewed.**

Management Comments and Our Evaluation

In responding to a draft of this audit report, the CJC Executive Director agreed with the observation and recommendations. The Executive Director stated that reworked mission statement and performance measures would be included in the next budget cycle.

We believe the CJC Executive Director's reply is fully responsive to our recommendations.

BACKGROUND

The Office of Financial Management and Budget requires County agencies to establish some objectives that set forth specific outcomes to be achieved and to identify key quantitative and qualitative performance measures. For FY 2015, the Criminal Justice Commission developed three objectives, four performance measures, and a mission statement. The mission of the Criminal Justice Commission (CJC) is to serve as a catalyst to bring together criminal justice and related agencies in partnerships that cultivate and enrich local criminal justice practice, policy, and program development. Performance measures may include workload, efficiency and effectiveness (or outcome) indicators thereby providing both quantitative and qualitative information about a particular program or operational unit.

The CJC is comprised of 21 public sector members representing local, state, and federal criminal justice and governmental agencies, and 12 private sector business leaders representing the Economic Council of Palm Beach County. As an advisory body, the CJC makes recommendations to the Board of County Commissioners (BCC) on policies and programs.

Some of the CJC's authority and powers are:

- To review, research, and evaluate existing systems and programs within the scope of the CJC;
- To establish task forces or subcommittees to study in detail key aspects of programs and systems within the scope of the CJC

- To make recommendations on modifying, creating or abolishing public and private systems and programs within the scope of the CJC.

The CJC Secretariat (Secretariat), under the leadership of the Executive Director, serves as the administrative arm of the CJC and its Task Forces and Committees. The Secretariat's mission is to provide objective, professional, and timely administrative research and program services in support of the CJC's advisory function to the BCC. The

Secretariat is composed of three services: administrative, research, and program.

The CJC Secretariat is responsible for the establishment of organizational objectives, the relevance of those objectives to the organization's mission, and the measurements used to determine achievement of those objectives. According to the Executive Director, the members of the CJC are not involved in the development of organizational objectives and performance measures.

AUDIT SCOPE AND METHODOLOGY

The audit scope for this engagement was for FY 2015. This audit was part of the 2015 new business process annual audit plan as approved by the Audit Committee. Audit field work was conducted in the Department from December 2014 to January 2015.

To answer the Objective, we obtained the mission statements, objectives, and performance measures for the Criminal

Justice Commission for FY 2015. We compared the mission statements of each section to the objectives and tested the objectives to determine whether they were specific, measurable, attainable, realistic, and time oriented. We also determined whether each objective had a specific performance measure. We evaluated the data gathering and reporting methodology to determine accuracy and reliability.

Evaluative criteria used:

From the Budget Instruction Manual (BIM):

"The mission statement should be a concise expression of the Department's purpose and expressed in terms of benefit to the intended customer. There should be a link between the mission statement, objectives, and performance measures. For most departments, the mission should not change from year to year." The BIM also requires department objectives. The BIM states "Department objectives are established to set forth specific outcomes to be achieved during the upcoming fiscal year.

From procedures agreed to by Administration:

- Mission statements would be provided at both the department level and the division level.
- Objectives would be established at both the department and division levels that support their particular mission statements. The department and division level objectives would focus on the core responsibilities of the organization.
- Objectives would meet the SMART criteria. That is, each objective would be:
 - Specific with a singular focus;
 - Measurable;
 - Attainable as part of routine operations,
 - Realistic; and
 - Time oriented with the basic assumption that the performance target established in the objective would be for the fiscal year.
- Each element of the mission statement would have a related objective.
- Each objective would have at least one performance measure.
- The performance measures would be useful or necessary tools for managing the business operations. These measures should be integral components of each unit's management information system, and not collected solely for budget reporting purposes.
- Each performance measure would focus on one of the following: effectiveness (outcome), efficiency or workload (output/demand/input/cost).
- Data gathering and reporting methodology used are reliable and accurate.
- The auditee's definitions and measures of effectiveness and efficiency are reasonable and useful.

Management is responsible for establishing and maintaining effective internal controls to help ensure appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be

performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable

basis for our findings and conclusions based

on our audit objectives



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
April 22, 2015
W/P # 2015-19

ADMINISTRATIVE RESPONSE



Criminal Justice Commission
301 North Olive Avenue, Suite 1001
West Palm Beach, FL 33401-4705
(561) 355-4943
FAX: (561) 355-4941
www.pbcgov.com/criminaljustice

**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor

Mary Lou Berger, Vice Mayor

Hal R. Valeche

Paulette Burdick

Steven L. Abrams

Melissa McKinlay

Priscilla A. Taylor

County Administrator

Robert Weisman

DATE: May 14, 2015
FROM: Michael Rodriguez, Executive Director,
Criminal Justice Commission
TO: Joseph F. Bergeron
RE: FINAL DRAFT AUDIT REPORT REPLY

CJC staff thank you and Mr. Merzius for the time you took with providing this document for our review and comment.

PROCUREMENT TO PAYMENT

Recommendation:

- 1. The Executive Director should ensure that all contracts are fully executed before authorizing contractors to begin work.**
- 2. The Executive Director should ensure that all contracts have received appropriate delegation of authority for approval and, specifically in the case of the Lord's Place RESTORE agreement, submit the agreement to the BCC for approval and request delegation of approval authority for future agreements.**

We agree with the recommendations above with the qualification mentioned in the Final Draft Audit Report that there are certain times and conditions under which it is impossible for us to have a fully executed contract before the contractors begin work. This year, as an example, there was one grant award where we did not receive the formal grant award notice until after October 1, 2014. In these circumstances it is impossible to have an executed contract before work begins. In cases where we are providing case management services, drug treatment services or staff salaries it is impractical and unfair to just stop services.

We will make every effort to have prepared contract templates at the ready whenever we are notified of an award prior to receipt of the actual award letter. This will expedite the process of executing the contract when the award is formalized.

*"An Equal Opportunity
Affirmative Action Employer"*

Recommendations:

- 3. The Executive Director should ensure that the contract managers adhere to the County Procurement policies. Evidence of competitive or sole source solicitation should be properly documented.**
- 4. The Executive Director should periodically evaluate market potential for exempt purchases and document decision.**

CJC agrees with the recommendations noted above. CJC further believes it would be helpful if the contradiction in the purchasing language could be changed. As an example, it states some purchases are exempt from the purchasing code and then states in a separate section that exempt purchases shall, where possible, be competitively procured. This seems to provide no clear path for a department.

There are also some purchases that are identified up front in grant applications. The timing for the completion of grant applications makes it nearly impossible to competitively bid exempt services.

Nevertheless CJC agrees to competitively bid wherever possible beginning immediately and ensuring we have sole source justifications when used in our documents.

Recommendation:

- 5. The Executive Director should ensure that policies and procedures memoranda (PPM) relating to the procurement to payment process are developed and implemented. The PPM should include procedures for reviewing and maintaining back-up receiving documents.**

The requirement for an internal procedure for procurement of all exempt purchases began on January 21, 2015. CJC will develop this internal ppm by July 15, 2015.

PERFORMANCE MANAGEMENT

Recommendations:

- 1. The mission statement should be similar to the purpose statement in the Bylaws.**
- 2. Each objective should support or link to an element of the mission statement focusing on key operational responsibilities of the Department.**
- 3. Each objective should be specific and include performance targets that are realistic and attainable.**
- 4. Each performance measure should be reported as often as necessary to support management analysis and evaluation.**
- 5. Each performance measure should accurately reflect current operations and describe as accurately as possible what is actually being measured.**
- 6. Documentation of performance measure should be verified, maintained, readily-available, and periodically reviewed.**

CJC has long struggled with how best to address the performance measures issue in the budget book. There is a big difference between the objectives as outlined in the CJC bylaws and ordinance and the actual work that the secretariat performs. At the same time I have always been under the impression that there are space limitations in the budget book that limit the number of measures we can have.

We agree with the direction as outlined above in the recommendations and will rework mission statement and performance measures to include both CJC and the secretariat responsibilities. This will be accomplished by the next budget cycle.



Office of the County Internal Auditor
Audit Report #2015-12

PUBLIC AFFAIRS DEPARTMENT

PROCUREMENT TO PAYMENT



*Reviewed by Audit Committee
June 17, 2015*

DATED APRIL 27, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Public Affairs Department Director ensure that the internal controls implemented for the procurement to payment processes are adequate to ensure compliance with the County's procurement requirements for Fiscal Year 2014?

WHAT WE FOUND

Except for the finding and recommendations described below, the Public Affairs Department Director ensured that the Department's procurement to payment processes were managed adequately, to ensure compliance with the County's procurement requirements for Fiscal Year 2014. In addition, during the

course of fieldwork we noted certain situations that did not rise to the level of findings that we felt should be communicated to management. A management letter was issued to the Department Director identifying these situations for informational purposes only.

WHAT WE RECOMMEND

The audit report makes four recommendations to management to improve their controls over the procurement to payment process primarily focused on improving

segregation of duties issues and updating relevant policies and procedures.

DETAILED FINDING AND RECOMMENDATIONS

Finding 1. Segregation of Duties (SOD) Controls Need Improvement

Countywide PPM CW-L-008 *'Purchasing Policies and Procedures'* assigns the responsibility for administering and monitoring all purchasing contracts to the user departments. This includes accurate and appropriate receipt of the procured goods and services as well as accurate and appropriate payments for received goods and services.

The Government Accountability Office's (GAO) *'Standards for Internal Controls in the Federal Government,'* defines 'Segregation of Duties (SOD) - key duties and responsibilities are divided or segregated among different people to reduce the risk of error, waste, or fraud'. It identifies guidelines to be followed including:

- No one individual is allowed to control all key aspects of a transaction or event,
- Responsibilities and duties involving transactions and events are separated among different employees with respect to authorization, approval, processing and recording, making payments or receiving funds, review and auditing, and the custodial functions and handling of related assets, and
- Duties are assigned systematically to a number of individuals to ensure that effective checks and balances exist.

In our review of controls over the procurement to payment functions of the Department, we found that the person responsible for processing the purchase orders in the accounting system was the same person entering the receiver in the accounting system. We also found, the person who physically received the goods purchased was the same person who processes orders and receivers, except in the Graphics Division. Furthermore, we found that Departmental PPM PA-L-003 *"Supplies Procurement"* assigns the responsibility of receiving and distributing goods purchased 'to the individual responsible for the Advantage input'. In speaking to the Department Director, Division Managers and staff, we were informed that because they were a small department with few staff it was difficult to assign responsibilities to different staff. Without adequate SOD, the risk increases for unauthorized or unnecessary purchases, as well as theft, fraud or abuse. Smaller departments with resource constraints can compensate for the absence of SOD controls by implementing compensating controls such as a periodic review by management of all completed purchases for accuracy and appropriateness.

Recommendations:

The Public Affairs Department Director should initiate actions to ensure:

- 1. The person doing the physical receiving should be someone other than the person entering the receiver in the Advantage financial system.**
- 2. The person initiating the purchase orders in the Advantage financial system should be someone other than the person entering the receiver in the Advantage financial system.**
- 3. In lieu of the above action the Department Director must institute compensating controls such as periodic reviews of purchase orders for accuracy and appropriateness.**
- 4. Update the Departmental PPM to reflect the new changes implemented.**

Management Comments and Our Evaluation

In responding to a draft of this report the Department Director agreed with the finding and the recommendations. The Director stated that controls involving further management overview of the procurement process would be instituted beginning in June 2015. The Director also stated that, because of their limited staff, that while their intention is to have someone other than the procurement/fiscal specialists physically receive goods they may not always be able to achieve that goal. With that in mind, the Director will implement a new report for the section managers to review so as to monitor procurement activity.

We believe the process proposed by the Director adequately addresses our concerns giving their staffing and operational situation.

BACKGROUND

The Public Affairs Department (Department) plans, coordinates and communicates information of County services and programs to the public through print, video and digital materials. It is responsible for planning and managing the Department's programs including Digital Marketing and Communications, Media and Public Information, Graphics, Educational and Government Television (Channel 20), and for developing and maintaining a strong positive relationship between County government and the media. The department

also administers and monitors Palm Beach County Government's web presence.

The Department is charged by the County's Comprehensive Emergency Plan to implement a plan for pre-disaster preparedness for the general public, and for the release of emergency public information to the media and general public prior to, during and in the recovery phase of disasters impacting Palm Beach County. The Department is comprised of four divisions; Administration/Media and Public

Information, Digital Marketing and Communications (DM&C), Education and Government TV, and Graphics. The Department operates with a staff of 42 and has a budget of \$5.5 million for fiscal year 2015.

Public Affairs's expenditure budget for FY 2014 includes the following:

- Personal services \$3,134,667
- Operating expenses \$1,092,174
- Capital Outlay \$ 55,000
- Reserves \$1,302,376

For our audit purposes, Public Affairs procurement activity consists of operating expenses and Capital Outlay. Procurements are primarily handled through the County's

Purchasing Department and departmentally issued purchases. All payments to vendors are made by the Finance Department under the Clerk and Comptroller (Finance). The Department staff receives goods and services procured through normal purchasing procedures and authorizes payments for those goods or services to Finance. The Administration Division of the Department procures goods and services for the entire department except for the Graphic division who procure their own goods and services. The Department had approximately 1,154 procurement transactions totaling approximately \$1,005,000.

AUDIT SCOPE AND METHODOLOGY

This audit was selected as part of the 2015 business process annual audit plan approved by the Audit Committee. The audit scope included a review of internal controls in place to ensure that the Department's Procurement to Payment activities were carried out in accordance with Countywide and Departmental policies and procedures for Fiscal Year 2014.

For our audit objective, our initial planning included interviews with Department management and staff concerning these risk factors, review of Departmental policies and procedures, the County Budget Book for fiscal year 2014, prior audit reports, and other pertinent documentation. Our detail review methodology included the review and testing of the requisitioning, purchasing, receiving and payment processes and

transactions using analytical procedures applied to judgmental samples for the audit period. We reviewed backup documentation as well as Advantage (the County's accounting system) data related to the procurement to payment transactions. We reviewed the purchasing agreements for the sample vendors and verified vendor compliance to the terms. We also reviewed County and Departmental PPMs related to procurement.

Our audit work included discussions with Department management and staff and with audit management, in which we addressed the possibility of fraud in relation to their procurement and payroll functions. They informed us that they were very much aware of the risks when it comes to these two areas and have instituted controls over these areas.

As part of our audit review we tested and validated some of these controls in place, in particular the authorization and segregation Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

A handwritten signature in blue ink that reads "Joseph F. Bergeron". The signature is written in a cursive style with a clear, legible font.

Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
April 27, 2015
W/P # 2015-14

of duty controls over the procurement transactions.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives

ADMINISTRATIVE RESPONSE



INTEROFFICE COMMUNICATION

Public Affairs Department
P.O. Box 1989
West Palm Beach, FL 33402-1989
(561) 355-2754
FAX: (561) 355-3819
www.pbcgov.com



**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor
Mary Lou Berger, Vice Mayor

Hal R. Valeche
Paulette Burdick
Steven L. Abrams
Melissa McKinlay
Priscilla A. Taylor

County Administrator
Robert Weisman

DATE: May 26, 2015

TO: Joseph F. Bergeron
Internal Auditor

FROM: Lisa De La Rionda, Director
Public Affairs Department

A handwritten signature in red ink, appearing to read "Lisa De La Rionda".

RE: Response to Public Affairs Department –
Procurement to Payment Audit – 4/28/15

Pursuant to Finding 1 – Segregation of Duties (SOD) Controls Need Improvement, the following response is provided:

The Public Affairs Department will institute controls into practice that will further involve management overview of the items that are purchased. Due to the limited staff, it is likely that the procurement and/or fiscal specialist may be the only employee in range to accept a delivery at the two locations for Public Affairs (Graphics, 11th Floor GC). Since the procurement/fiscal specialist is responsible for entry into Advantage, they tend to proceed with ordering the materials and completing the transactions in Advantage. Therefore, beginning with procurement in June 2015, a monthly Advantage activity report will be created and circulated among the managers for authenticating the transactions initiated in their respective divisions for accuracy and appropriateness.

Attached please find a revised Department PPM PA-L-003 to reflect the supplies/procurement adjustments. Please advise if you suggest changes to this PPM.

Thank you.

*"An Equal Opportunity
Affirmative Action Employer"*

TO: PUBLIC AFFAIRS STAFF
FROM: LISA DE LA ROINDA, DIRECTOR
PUBLIC AFFAIRS DEPARTMENT
SUBJECT: SUPPLIES/PROCUREMENT
PPM #: PA-L-003

ISSUE DATE

June 1, 2015

EFFECTIVE DATE

June 1, 2015

PURPOSE:

The purpose of this policy is to establish proper procedures to procure and process goods/services.

AUTHORITY:

Countywide PPM CW-L-008, Purchasing Policies and Procedures, assigns the responsibility for administering and monitoring all purchasing contracts to the user departments. Also, includes accurate and appropriate receipt of the procured goods and services as well as accurate and appropriate payments for received goods and services.

POLICY:

All goods/services procured through the Public Affairs Department will be approved by the Division Manager and/or Department Director.

RESPONSIBILITIES:

Each section of the Public Affairs Department (DM&C, MPI, Graphics, Channel 20) is responsible for their own supply inventory, requisitioning and associated record keeping.

PROCEDURES:

Goods/Services Procurement:

1. All purchase requisitions for procurement of goods/services initiated within any section of the Public Affairs Department shall be forwarded to the appropriate section Manager for approval.

2. All requisitions will be prepared accurately/completely via Advantage and in accordance with the Purchasing Ordinance by the individual assigned this responsibility.

Receipt of Goods/Services and Processing Payment:

1. When possible upon delivery of goods, an employee other than the procurement/fiscal specialist shall sign for the delivery. Goods delivered should be compared to the corresponding order to verify accuracy/completeness at the time of the delivery. The delivery documentation and goods shall be forwarded to the individual responsible for the order. At no time shall documentation or goods be left without receipt acknowledgement by the individual responsible for the order.
2. The responsible procurement/fiscal specialist shall inspect for accuracy, forward the goods and process the transaction in Advantage. Discrepancies of the order shall be reported to the section manager immediately. The goods will then be distributed to the section manager.
3. At the end of each month, a report from Advantage will be produced for the transactions within that month. The report will be circulated to each section's manager with recorded transactions. Each manager will sign off on the report and forward to the department director for final review and filing.



LISA DE LA RIONDA



Office of the County Internal Auditor
Audit Report #2015-13

PUBLIC AFFAIRS DEPARTMENT
PERFORMANCE MANAGEMENT



*Reviewed by Audit Committee
June 17, 2015*

DATED APRIL 27, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

1. Did the Public Affairs Department Director establish a performance management system that adequately and effectively identifies, captures and reports the departmental mission statement, objectives, and performance measures in accordance with the Budget Instruction Manual and procedures agreed to by Administration?

WHAT WE FOUND

Except for the observations and recommendations described below, the Public Affairs Department Director established a performance management system that adequately and effectively identifies, captures and reports the

departmental mission statement, objectives, and performance measures in accordance with the Budget Instruction Manual and procedures agreed to by Administration.

WHAT WE RECOMMEND

The audit report makes three recommendations to management to improve their performance management process including revisions to the Department's mission

statement, objectives, and performance measures to make them more clear, specific and measurable.

DETAILED OBSERNATION AND RECOMMENDATIONS

The Public Affairs Department has established a mission statement, organizational objectives, and performance measures to achieve those objectives. The Department's Mission Statement is *"To plan, coordinate, and communicate information about County services and*

programs to the public through print, video, and digital materials."

The table below summarizes the objectives and performance measures published in the County Fiscal Year 2015 budget book:

Objective	Performance Measure	Type
Administration/Media and Public Information Division		
1. Increase the number of outreach events and continue to promote the distribution of publications.	1. Special events/projects coordinated	Output
2. Integrate new technologies in addition to promoting traditional communications with state officials during an emergency and work with Emergency Management to promote and develop the "Know Your Zone" campaign.	2. Number of Emergency Management exercises	Output
3. Continue to modify the Lobbyist Registration system to achieve a goal of 80% online registration, therefore eliminating the need for paper registration forms and paper usage.	3. Online lobbyist registration versus paper.	Outcome
NONE	4. Number of telephone calls from residents	Demand
4. Work with County departments to update and modify all Countywide Policies and Procedures Memoranda (PPM).	NONE	
Digital Marketing and Communication Division		
5. Continue to open additional social media channels in collaboration with other County agencies to continually reach the public.	5. Number of County agencies utilizing social media.	Demand
NONE	6. Number of visits to intranet homepage per month.	Demand

Objective	Performance Measure	Type
6. Proceed with the evaluation of automated web content management system for Internet.	NONE.	
7. Increase the number of digital subscribers on Facebook, County E-News, and Twitter.	7. Number of Digital Subscribers per month.	Demand
NONE	8. Number of visits to Internet homepage per month	Demand
8. Continue with improving website responsive design for mobile devices.	NONE	
Education and Government TV Division		
NONE	9. Internal customer service performance rating (scale of 1-10)	Outcome
9. Work within existing network infrastructure and utilize opportunities to connect and provide Channel 20 programming to subscribers on new video service providers such as Hotwire Communications.	10. Number of productions with PBC departments and Agencies.	Output
10. Complete the transition to all digital/file based meeting recording, program production and archiving systems.	NONE	
11. Maintain a service level of 100% for responding to public records requests in a timely manner and to the requestor's satisfaction.	11. Number of public records request. 12. Percentage of public records requests responded to satisfactorily	Demand Outcome
Graphics Division		
12. Continue to focus on expanding department on-line catalog to include ordering for copying and printing of documents.	13. Number of work orders processed	Output
NONE	14. Percentage quality satisfaction from customer survey.	Outcome
NONE	15. Percentage timely delivery from customer survey.	Outcome
13. Continue to review Graphics production processes to identify opportunities for "Green Practices." Implement "chain of-custody" certification for sustainable paper utilization. Reduce use of non-sustainable paper.	NONE.	

Objective	Performance Measure	Type
14. Continue to enhance bulk mail processes to include variable data printing for targeted marketing/messages qualifying for automated mailing rates. Increase use of Every Door Direct Mail service.	NONE	

Our review of the Department's performance management process included:

- Evaluating the mission statement;
- Ascertaining if the objectives support and address all elements of the mission statement;
- Evaluating each objective using the SMART criteria; (Specific, Measurable, Attainable, Realistic, and Time oriented)
- Determining the relationship of each objective to performance measures;
- Determining how the Department defines and measures effectiveness and efficiency; and
- Evaluating the data gathering and reporting methodology used.

Observations:

Mission Statement

The *Budget Instruction Manual* describes the mission statement as a "concise expression of the Department's purpose expressed in terms of benefit to the intended customer." The Department 's mission statement expresses the how and what the Department seeks to accomplish, and who their client is, however, it does not clearly state their purpose in terms of their customer benefits. While not required, the Department's mission statement does not contain a qualitative element describing their service. (For Example "*To inform the public about County services and programs by communicating timely and useful information through print, video, and digital materials.*") In our opinion, the

Department's mission statement would need to add the element of customer benefit to fully comply with the requirements of the *Budget Instruction Manual*. In addition, the Department lacks mission statements for each division or section.

Relationship of Objectives to Mission Statement:

The *Budget Instruction Manual* also states that there should be a linkage between the mission statement, objectives and performance measures. We found that objectives # 3 & 4, while related to some auxiliary functions conducted by the department, are not directly linked to and support the mission statement of the Department.) In our discussions with one of the division managers, he informed us that a core process of his division was the recording and broadcasting of the Board of County Commissioner (BCC) meetings and workshops. He described it as his division's reason for existence. However, he mentioned to us, and we verified, that the department did not have an objective or performance measure for this core process. He said he will add that in the next reporting cycle.

Evaluation of Objectives using the SMART criteria:

We used the SMART framework to evaluate the Department's objectives. The Department has 14 objectives reported for 2015. In our evaluation against the SMART

criteria we found that overall the Department's objectives generally did not meet the elements of the SMART criteria. Below is a summary of our evaluation:

Specific: We found nine of the 14 objective not specific. They were not clearly or singularly stated. (#s 1, 2, 3, 5, 9, 11, 12, 13, & 14)

Measurable: We found six of the 14 objectives did not have a measurable component, (3, 4, 6, 8, 9, & 12) and seven of the remaining eight did not clearly define the measureable component, such as how much for increase, or what is timely, etc. (#s 1, 2, 5, 7, 11, 13, & 14)

Attainable: For two of the objectives we found that the Department had no control or influence over the objective and were therefore not attainable. (#s 4 & 5) Since the majority of objectives did not have a defined measure or a defined measure component such as quantity or time, it was unable to determine if they were attainable.

Realistic: Similarly, since the majority of the measures were neither specific (clearly stated) nor measureable (quantified) we were unable to determine if they were realistic.

Timely: With the exception of objective #11, the objectives do not have a time component to them. It can be argued that since they are reported as FY 2015 objectives they have an annual time frame. However, objective # 11 mentions a time component (timely manner) but does not define it.

Relationship of Performance Measures to Objectives:

We also compared the objectives to the performance measures tracked and reported by the Department. The guidelines require a minimum 1:1 correlation between the two. We found that the Department did not have performance measures for six of the 14 objectives.(#s 4, 6, 8, 10, 13, & 14)

Defining Effectiveness and Efficiency

According to the Government Accountability Office (GAO) document, *Standards for Internal Control in the Federal Government*, effective operations produce the intended results from operational processes, while efficient operations do so in a manner that minimizes the waste of resources. In our discussions with the Department Director and division managers we learned that the Department did not have any formal definitions of effectiveness or for efficiency. In discussing the performance measures with them they indicated that a number of them represented good measures of effectiveness for their processes. They have not established any measures of efficiency and indicated that they would give it serious consideration for the next reporting cycle.

Data Gathering and Reporting

In our discussions with the division managers assigned responsibilities over the objectives and performance measures we discussed how they recorded, tracked and reported their respective information. The tracking, recording and reporting of the information relating to the performance measures was done by the individual managers assigned responsibility of the performance measure(s). Much of the data is tracked and recorded manually by the division managers, with some of it being recorded electronically through the ISS systems. We reviewed the backup

document and reports relating to five performance measures and traced them to the individual transactions as well as the monthly reports. We were able to validate the accuracy and timeliness of the reported information for all of the data reviewed.

Performance measures & Quality

Assurance:

The Department reported on fifteen performance measures. These incorporate a cross section of types including demand, output, and outcome. We found that six of these measures were not tied to any of the Department's fourteen objectives. (#s 4, 6, 8, 9, 14, & 15) We also found four measures that identified objectives that they were really not tied to. (#s 2, 5, 11, 13) We also noticed that eight performance measures are just reported as a number with no comparative significance to determine the increase, decrease, or static nature of their performance for that objective.

In discussing the performance measures with the division managers they indicated that they monitored the measures frequently and also used them in their planning or decision efforts. They provided us examples of the same.

Recommendations:

Overall, our review found that the Department's performance management system needed improvement. The Department Director should take the following actions:

1. Mission Statement:
 - Restate the Department mission statement to more clearly define their purpose and the benefit provided to their customer.

- Develop mission statements for each division or section to replace the current statements of services provided.
2. Objectives:
 - Ensure that each element of the mission statement is supported by at least one objective. Additional objectives may be established as deemed necessary by management;
 - Restate each objective so as to meet all the elements of the SMART criteria;
 - Evaluate the need to add an objective related to the BCC core process for the Channel 20 division mentioned earlier in the report;
 - Ensure that each objective has at least one performance measure;
 - Ensure that each objective includes a performance target.
 3. Performance Measures:
 - Ensure that performance measures that are tied to performance objectives are focused specifically on the measurable component of the objective.
 - Ensure that those performance measures with a year-over-year focus provide comparative metrics.
 - Additional performance measures should be established as deemed necessary by management.

These actions should be implemented during the budget development process for the FY 2017 budget cycle.

Management Comments and Our Evaluation

In responding to a draft of this report, the Department Director agreed with the observation and recommendations. The Director stated that the recommendations would be implemented during the FY 2017 budget cycle.

At the exit conference on April 27, 2015 the Public Affairs Director agreed with the observations and recommendations presented in this audit. There was considerable discussion of the focus for future implementation of the performance management model. The Director and the department's managers agreed with the focus and intentions of the performance

management program and expressed their support for the concept.

We are encouraged by management's interest and support for the performance management program and will make our staff available to assist during the implementation phase of the project.

BACKGROUND

The Public Affairs Department (Department) plans, coordinates and communicates information of County services and programs to the public through print, video and digital materials. It is responsible for planning and managing the Department's programs including Digital Marketing and Communications, Media and Public Information, Graphics, Educational and Government Television (Channel 20), and for developing and maintaining a strong positive relationship between County government and the media. The department also administers and monitors Palm Beach County Government's web presence.

The Department is charged by the County's Comprehensive Emergency Plan to implement a plan for pre-disaster preparedness for the general public, and for the release of emergency public information to the media and general public prior to, during and in the recovery phase of disasters

impacting Palm Beach County. The Department is comprised of four divisions: Administration/Media and Public Information; Digital Marketing and Communications (DM&C); Education and Government TV; and Graphics. The Department operates with a staff of 42 and has a budget of \$5.5 million for fiscal year 2015.

The Department has reported fourteen objectives and fifteen performance measures in the FY 2015 Budget Book for its four divisions. These objectives and performance measures are a result of discussions between the Department Director, division managers and key staff. Each of the division managers are responsible for maintaining and tracking the performance data. The Department's performance measures are either outcome, output or demand measures.

AUDIT SCOPE AND METHODOLOGY

This audit was selected as part of the 2015 business process annual audit plan approved by the Audit Committee. The audit scope included an evaluation of Public Affairs Department's performance management process for establishing objectives and performance measures, and capturing and reporting the related measures for Fiscal Year 2014. Audit field work was conducted in the Department headquarters and at the Graphics location, January 2015 through March 2015.

To complete our audit objective, we identified the mission statement for the Department, as well as the objectives, and related performance measures. In order to determine if significant elements of the mission statement were addressed in the objectives, we compared the Department's mission statement to the objectives. Next, we evaluated each of the objectives to determine if they (1) met the S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, and Time oriented) criteria, (2) addressed all elements of the mission statements, and (3) were supported by at least one performance measure. We also evaluated the

Department's mission statement, objectives and performance measures against the guidelines established in the County Budget Instruction Manual. In addition, we met with Department management and staff to gain an understanding of the process for capturing and reporting performance measures, as well as how efficiency and effectiveness of their operations is determined and measured. Further, we reviewed and tested reports used for the reporting of performance measures to verify the accuracy and reliability of the data reported. Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

Evaluative criteria used:

From the Budget Instruction Manual (BIM):

"The mission statement should be a concise expression of the Department's purpose and expressed in terms of benefit to the intended customer. There should be a link between the mission statement, objectives, and performance measures. For most departments, the mission should not change from year to year." The BIM also requires department objectives. The BIM states "Department objectives are established to set forth specific outcomes to be achieved during the upcoming fiscal year.

From procedures agreed to by Administration:

- Mission statements would be provided at both the department level and the division level.
- Objectives would be established at both the department and division levels that support their particular mission statements. The department and division level objectives would focus on the core responsibilities of the organization.
- Objectives would meet the SMART criteria. That is, each objective would be:
 - Specific with a singular focus;
 - Measurable;
 - Attainable as part of routine operations,
 - Realistic; and
 - Time oriented with the basic assumption that the performance target established in the objective would be for the fiscal year.
- Each element of the mission statement would have a related objective.
- Each objective would have at least one performance measure.
- The performance measures would be useful or necessary tools for managing the business operations. These measures should be integral components of each unit's management information system, and not collected solely for budget reporting purposes.
- Each performance measure would focus on one of the following: effectiveness (outcome), efficiency or workload (output/demand/input/cost).
- Data gathering and reporting methodology used are reliable and accurate.
- The auditee's definitions and measures of effectiveness and efficiency are reasonable and useful.

Management is responsible for establishing and maintaining effective internal controls to help ensure appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained. We are responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to be performed, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
April 27, 2015
W/P # 2015-29

ADMINISTRATIVE RESPONSE



INTEROFFICE COMMUNICATION

Public Affairs Department

P.O. Box 1989
West Palm Beach, FL 33402-1989
(561) 355-2754
FAX: (561) 355-3819
www.pbcgov.com

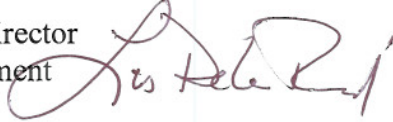


**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor
Mary Lou Berger, Vice Mayor
Hal R. Valeche
Paulette Burdick
Steven L. Abrams
Melissa McKinlay
Priscilla A. Taylor

County Administrator

Robert Weisman

DATE: May 26, 2015
TO: Joseph F. Bergeron
Internal Auditor
FROM: Lisa De La Rionda, Director
Public Affairs Department 
RE: Response to Public Affairs Department –
Performance Management Audit – 4/28/15

Pursuant to Recommendations of the Public Affairs performance management system, the following response is provided:

The Public Affairs Department will reassess the departmental mission statement, objectives, and performance measures in accordance with the Budget Instruction Manual and procedures agreed to by County Administration.

Prior to the FY 2017 budget cycle, which is usually prepared by the department in the February/March timeframe, the mission statement, objectives and performance measures will be reevaluated to better align with the Budget Instruction Manual and procedures agreed to by County Administration.

I appreciate the thorough review by Internal Audit regarding the department's performance measures. Incorporating the observations will provide clearer descriptions of the department's functions.

Thank you.

*"An Equal Opportunity
Affirmative Action Employer"*



Office of the County Internal Auditor

**AUDIT RECOMMENDATION STATUS
FOLLOW-UP REPORT
AS OF MARCH 31, 2015**



*Reviewed by Audit Committee
June 17, 2015*

ISSUED JUNE 17, 2015

Stewardship – Accountability – Transparency

**AUDIT RECOMMENDATION STATUS
FOLLOW-UP REPORT
AS OF MARCH 31, 2015**

TABLE OF CONTENTS

Transmittal letter	1
Summary status of recommendations	3
Exhibit 1 - Audit recommendations open at the beginning of the reporting period	4
Exhibit 2 - Audit recommendations issued during the reporting period	5
Exhibit 3 - Open audit recommendations by county department	6
Exhibit 4 - Summary aging of open audit recommendations	7
Exhibit 5 - Audit recommendations for Audit Committee Attention	8
Exhibit 6 - Audit recommendation status at March 31, 2015	9



Internal Auditor's Office

2300 North Jog Road
West Palm Beach, FL 33411

(561) 681-4480

FAX: (561) 681-4490

www.pbcgov.com/internalauditor



**Palm Beach County
Board of County
Commissioners**

Shelley Vana, Mayor

Mary Lou Berger, Vice Mayor

Hal R. Valeche

Paulette Burdick

Steven L. Abrams

Melissa McKinlay

Priscilla A. Taylor

County Administrator

Robert Weisman

DATE: June 17, 2015
TO: The Audit Committee
FROM: Joseph F. Bergeron, Internal Auditor
SUBJECT: Transmittal Letter for Recommendation Follow-Up
Report Dated March 31, 2015

Attached is the Internal Auditor's Recommendation Follow-Up Report providing the status of audit recommendations as of March 31, 2015. These reports will be prepared semiannually for periods ending March 31 and September 30. The reports are submitted to the Audit Committee at its meeting following the report "as of" dates. We will submit the reports to the BCC (generally January and July) following Audit Committee review.

The report contains a Summary Status of Audit Recommendations followed by:

- Exhibit 1 Audit Recommendations Open at Beginning of the October 1, 2014 through March 31, 2015 Reporting Period
- Exhibit 2 Audit Recommendations Issued During the October 1, 2014 through March 31, 2015 Reporting Period
- Exhibit 3 Open Audit Recommendations by County Department at March 31, 2015
- Exhibit 4 Summary Aging of Open Audit Recommendations at March 31, 2015
- Exhibit 5 Audit Recommendations Submitted for Audit Committee Consideration
- Exhibit 6 Recommendation Status at March 31, 2015

The purpose of this report is to keep the Audit Committee, the BCC and County Administration informed of the status of recommendations made by the Internal Auditor's Office and to facilitate oversight by County Administration on departmental implementation activities.

Exhibit 5 includes recommendations which have had final management action without correcting the underlying condition where we believe additional action is necessary (Part A) or that have been open for at least two years (Part B).

Audit recommendation follow-up is conducted to determine if management has implemented the corrective action agreed to during the audit and to ensure the underlying condition has been corrected.

*"An Equal Opportunity
Affirmative Action Employer"*

Audit recommendations are proposed by the Internal Auditor's Office and either accepted by management as proposed or management proposes alternate solutions, which are acceptable to Internal Audit. An audit recommendation is "Open" from the time the audit report containing the recommendation has been reviewed by the Audit Committee until management has either implemented the recommendation or decided to take no further action. Audit recommendations remain in this report as long as the recommendation is open. If management chooses to take no further action, Internal Audit reports that in Exhibit 5 and recommends appropriate action to the Audit Committee.

This report tracks every audit recommendation from the date of issuance through to final disposition. Management establishes projected implementation dates for all recommendations during the audit. Internal Audit tracks the projected implementation dates and conducts follow-up on audit recommendations when management confirms the recommendation has been implemented.

If management has not implemented the recommendation by the scheduled implementation date, Internal Audit makes inquiries of management to determine:

- What actions, if any, have been taken by management;
- Why the recommendation has not been implemented as scheduled; and
- When will the recommendation be implemented?

Internal Audit will conduct limited due diligence reviews to determine the validity of management's responses and consult with County Administration to determine if the reasons for delay are reasonable and report delinquencies where appropriate. The recommendation implementation date will be adjusted as necessary based on the new information from management.

Recommendation status is listed in Exhibits 5 and 6 as either:

- **Completed** The recommendation has been fully implemented or management has implemented alternative actions that achieved the same purpose as the original recommendation, and the actions taken by management have corrected the underlying conditions. Internal Audit review confirms management's actions.
- **In process** Management has begun implementation of the audit recommendations but work is not yet complete. Internal Audit conducts limited review work to confirm the "in process" status of management's actions on a recommendation. Management provides a new projected implementation date for the corrective action.
- **Implementation pending** The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation.
- **Follow-up pending** The department has reported implementation of the audit recommendation. However, Internal Audit has not yet done the follow-up review work to confirm management's actions.

SUMMARY STATUS OF AUDIT RECOMMENDATIONS

MARCH 31, 2015

As of March 31, 2015, the Internal Auditor's Database of Audit Recommendations showed that management actions had not been completed on 52 recommendations. These recommendations are considered "Open". Of those 52 open recommendations, follow-up has been conducted on 20 showing that management action has started but was not yet complete. The other 32 open recommendations are scheduled for follow-up in the future and no audit evaluation has been conducted at this time.

Changes in the inventory of Audit Recommendations during the period October 1, 2014 through March 31, 2015 are shown below:

Open Audit Recommendations as of October 1, 2014	47
Additional Audit Recommendations from Audit Reports Issued October 1, 2014 through March 31, 2015	32
Audit Recommendations Completed October 1, 2014 through March 31, 2015	27
Open Audit Recommendations as of March 31, 2015	52

Recommendation follow-up work is generally conducted within one year of report issuance or earlier if management indicates that final action has been completed. Follow-up is done to determine the following:

- Was the recommendation implemented as agreed to by management? Or, if not, did alternative management action(s) correct the identified deficiency (ies)?
- Was the underlying cause (condition) corrected?

Sufficient audit evidence is developed to support a conclusion as to implementation of the recommendation and correction of the underlying cause (condition). If final management action has been taken on all audit recommendations in an audit report, the recommendations are considered "Complete" and are included in the current report, but not in future reports.

If management action(s) are not complete on any or all of the audit recommendations in an audit report, they are included in this report as "In Process" and another audit follow-up will be scheduled. In those cases where final management action has been taken and the underlying cause (condition) has not been corrected, we show this recommendation as Completed, Not Implemented. These recommendations are included within Exhibit 5 for Audit Committee consideration.

**Exhibit 1: Audit Recommendations Open at Beginning of the October 1, 2014
through March 31, 2015 Reporting Period**

Report	Issue Date	Number of Open Audit Recommendations Beginning of Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
12-06 Engineering & Public Works Traffic Division - Traffic Operations Section	Jun-12	4	4	0
12-07 Public Safety Emergency Management Division	Sep-12	1	1	0
13-08 Facilities Development & Operations Electronic Services and Security	Sep-13	1	1	0
13-09 Public Affairs Graphics Division	Sep-13	14	5	9
13-10 Tourist Development Council TDC Administration	Sep-13	1	1	0
14-01 Public Safety Victim Services Division	Mar-14	9	9	0
14-02 Airports Department Airports Operations and Maintenance Division	Mar-14	5	5	0
14-05 Parks and Recreation Department Aquatics	Jun-14	4	0	4
14-08 Economic Sustainability Capital Improvements, Real Estate, & Inspection	Jun-14	4	0	4
14-09 Airports Department Jet Aviation	Jun-14	1	1	0
14-12 Facilities Development & Operations Facilities Management	Sep-14	3	0	3
Total		47	27	20

**Exhibit 2: Audit Recommendations Issued During the October 1, 2014 through
March 31, 2015 Reporting Period**

Report	Issue Date	Number of Audit Recommendations Issued this Reporting Period	Final Management Action Taken During Reporting Period	Number of Open Audit Recommendations End of Reporting Period
15-03 Water Utilities Operations and Maintenance	Mar-15	8	0	8
15-05 Parks and Recreation Special Facilities	Mar-15	3	0	3
15-06 Palm Tran Fixed Route	Mar-15	11	0	11
15-07 Office of Equal Opportunity Fair Housing and Equal Employment	Mar-15	10	0	10
Total		32	0	32

**Exhibit 3: Open Audit Recommendations
by County Department
as of March 31, 2015**

Department	Open Recommendations in Process	Open Recommendations Future Implementation with Follow-up Pending
Airports	0	0
Economic Sustainability	4	0
Engineering & Public Works	0	0
Facilities Development & Operations	3	0
Office of Equal Opportunity	0	10
Palm Tran	0	11
Parks and Recreation Department	4	3
Public Affairs	9	0
Public Safety	0	0
Tourist Development Council	0	0
Water Utilities	0	8
Total Open Recommendations	20	32

**Exhibit 4: Summary Aging of Open Audit Recommendations
As of March 31, 2015**

Timeframe	Inventory at Beginning of Period (Exhibit 1)	Issued During this Period (Exhibit 2)	Closed During this Period (Exhibits 1 and 2)	Open at the End of this Period	In Process	Follow-up Not Yet Scheduled
0 - 6 Months	0	32	0	32	0	32
7 - 12 Months	12	0	1	11	11	0
1 - 2 Years	31	0	22	9	9	0
Over 2 Years	4	0	4	0	0	0
Total	47	32	27	52	20	32

0 - 6 Months	October 2014 to March 2015
7 - 12 Months	April 2014 to September 2014
1 - 2 Years	April 2013 to March 2014
Over 2 Years	Prior to April 2013

**Exhibit 5: Audit Recommendations Submitted for Audit Committee
Consideration as of March 31, 2015**

**Recommendations for which Final Management Action Has Been Taken
Without Resolving the Underlying Condition**

None	

Recommendations Which Have Been Open Longer Than Two Years

None	

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>12-06 Engineering & Public Works Traffic Division – Traffic Operations Section</p>	
<p>Report Issued 7/18/2012 containing 16 recommendations First follow-up March 2013 Second follow-up September 2013 Third follow-up June 2014 Fourth follow-up December 2014</p>	
<p>#11 The Traffic Division Director should direct warehouse staff not to accept Issue Request forms on which increases have been made to the quantities requested. Alternatively, we suggest he implement a policy requiring that any increases in the quantities be initialed by the person making the change, such as is the practice on a negotiable check, and be made in such a way as to not obscure the original amount.</p>	<p>Status - March 2015 Complete. On 12/4/14, we examined 150 Issue Request forms for the month of August 2014. There were no Issue Request forms with quantity change increases. Management did not accept any forms with change in quantity increase.</p> <p>Status - September 2014 In process. We examined 122 Issue Request forms for the month of May 2014. Two of the Issue Request forms reviewed included quantity increases - one was initialed and the other was not.</p> <p>Consequently, management introduced an internal policy of not accepting any Issue Request forms that are altered, X'ed out, lined out or marked in any other way that is not clear, legible, and marked up in any way.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 In Process.</p> <p>Status – March 2013</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>In Process. Our review found that the Division Director directed staff to strike through and initial changes. However, we also found that 3 of 4 items with quantity increases had no approving initials.</p> <p>Status – September 2012 Implementation Pending. Implementation scheduled for June 2012.</p>
<p>#13 The Traffic Division Director should ensure that PPM ETL-006 is consistent with County-wide PPM CW-F-075.</p>	<p>Status - March 2015 Complete. The Traffic Division Director finalized and submitted the PPM (ELT-006) for approval on November 12, 2014.</p> <p>Status - September 2014 In process. The Traffic Division is making progress in revising a draft PPM. The draft PPM will implement the recommendation by deleting the reference which indicate the discretion of management relative to payment for missing items. Our review found the draft PPM needs to be formally approved by authorized management.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 In Process.</p> <p>Status – March 2013 Implementation Pending</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Implementation scheduled for April 2013.</p> <p>Status – September 2012 Implementation Pending Implementation scheduled for August 2012.</p>
<p>#14 The Traffic Division Director should work with Traffic Operations staff to determine an appropriate definition of “tools and equipment” and initiate a review of the warehouse inventory to identify such items.</p>	<p>Status - March 2015 Complete. The Traffic Division Director finalized and submitted the PPM (ELT-006) for approval on November 12, 2014.</p> <p>Status - September 2014 In process. The Traffic Division is making progress in revising a draft PPM. The draft PPM will implement the recommendation by establishing the definition of tools & equipment. Our review found the draft PPM needs to be formally approved by authorized management.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 In Process.</p> <p>Status – March 2013 Implementation Pending. Implementation scheduled for April 2013.</p> <p>Status – September 2012 Implementation Pending. Implementation scheduled for August 2012.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#15 The Traffic Division Director should identify an appropriate methodology for determining the value of tools and equipment subject to return or payment upon employee termination and require that such items are returned or paid for, in compliance with Countywide and Divisional policies and procedures.</p>	<p>Status - March 2015 Complete. The Traffic Division Director finalized and submitted the PPM (ELT-006) for approval on November 12, 2014.</p> <p>Status - September 2014 In process. The Traffic Division is revising a draft PPM. The draft PPM will implement the recommendation by addressing appropriate methodology to determine the value of tools and equipment upon employee termination. Our review found the draft PPM needs to be formally approved by authorized management.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 In Process.</p> <p>Status – March 2013 Implementation Pending Implementation scheduled for April 2013.</p> <p>Status – September 2012 Implementation Pending Implementation scheduled for August 2012.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
12-07 Public Safety Division of Emergency Management	
Report Issued September 2012 containing 2 recommendations First follow-up March 2013	
<p>#1 The EM Division Director should ensure that the 911 Coordinator review a sample of invoices paid under the earlier contract with AT&T for Fiscal Year 2011 and 2012. The review should include a determination that payments made were in accordance with contract requirements for the individual PSAP.</p>	<p>Status - March 2015 Complete. As a result of our review, it was decided that the recommendation made is no longer actionable and was not actionable when made, therefore the recommendation is closed.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p> <p>Status - March 2013 Follow-up pending. Management reported completion of the invoice review. Audit follow-up scheduled for June 2013.</p> <p>Implementation Pending. Implementation scheduled for August 2012.</p>
13-08 Facilities Development and Operations Electronic Services and Security	
Report issued September 2013 containing 6 recommendations First follow-up September 2014 Second follow-up January 2015	
<p>#2 The ESS Director should design and implement controls to monitor stock levels by identifying and reacting to stock replenishment requirements determined by stock-out, minimum order quantity reports and back order conditions.</p>	<p>Status - March 2015 Complete. The Min/Max Report dated January 1, 2015 was reviewed. The Report listed</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>a min/max value for 2758 inventory items. We noted that all max values were greater than the min value.</p> <p>Status - September 2014 In process. This recommendation has been partially implemented in that management has created a process to identify and monitor stock levels but the review of actual min and max amounts in report would not be helpful in managing stock amounts because 98% of items had a min of 0 and max of 1. Several others items had a min and max of 1 or 2. Other items had a min greater than the max.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>13-09 Public Affairs Graphics Division</p>	
<p>Report issued September 2013 containing 14 recommendations First follow-up scheduled for January 2014</p>	
<p>#1 The Division Manager should ensure that procedures addressing the issues described above are either prepared or updated (as appropriate) in a timely manner.</p>	<p>Status - March 2015 In process This recommendation has been partially implemented. We confirmed PPM CW-L-005, Printing and Publication of County Documents, prepared by Public Affairs, was updated as of April 16, 2013. However, they continue to work on procedures for</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>establishing billing rates. OFMB reported that PPM-PA-F-005, which addresses the establishment and updating of billing rates, had been submitted to them for review. Further, the PPM addressed the establishing of labor rates, but did not include material type rates. They continue to work on procedures for: Revenue, Sales Tax, as well as a Dept PPM for inventory and a set of Division PPMs.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#2 The Division Manager should ensure billing rates are adjusted to recover the cost of service, and continue to be submitted annually to OFMB for review as required by Countywide PPM CW-F-044.</p>	<p>Status - March 2015 In process.</p> <p>This recommendation has been partially implemented. OFMB indicated a sampling of rates had been submitted to them for review during the budget process for fiscal years 2014 and 2015. Further, they indicated the rates appeared to be reasonable. However, they have not received assistance and/or feedback from OFMB in reviewing the labor rates submitted annually.</p> <p>Status - September 2014 In process.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#3 The Division Manager should consider implementing procedures to track the current cost related to work orders, and to determine if documents are produced in a cost effective manner.</p>	<p>Status - March 2015 In process. Management indicated that they do not believe that tracking cost on print jobs is necessary or cost effective when reviewing specialized work orders to ascertain if it is more or less cost effective to complete in-house.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#4 The Department Director should review with the County Administrator and the OFMB Director the Division's current practice of non-billing for one entity outside the General Fund.</p>	<p>Status - March 2015 In process. Management indicated that the Commission on Ethics is not being billed per direction received from OFMB. Further, an exemption to the PPM was never brought up to the County Administrator and the OFMB Director for resolution. The Department Director indicated that she would discuss with the OFMB Budget Director.</p> <p>Status - September 2014 In process.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#5 The Department Director should review with the County Administrator and the OFMB Director the inventory valuation amount that requires perpetual inventory records be maintained. We believe the current threshold of \$50,000 may be too low and result in higher administrative costs to maintain perpetual records for assets that may not be warranted.</p>	<p>Status - March 2015 Complete. We confirmed Countywide PPM#CW-F-059, "Inventory of Parts & Supplies" was revised by OFMB to increase the value of the threshold to \$250,000 for requiring that perpetual inventory records be maintained. PPM updated as of December 1, 2013.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#6 The Division Manager should ensure vulnerable assets and inventories of higher cost materials and supplies are physically secured with limited access to them.</p>	<p>Status - March 2015 Complete. We confirmed items are no longer being left out in the shop and admin offices, a lockable cabinet has been set up to maintain wide format inks, and a perpetual inventory sheet is being maintained to track inventory.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - September 2013 Follow-up pending.</p>
<p>#7 The Division Manager should implement procedures to ensure that the reported performance measure data is accurately captured and reported.</p>	<p>Status - March 2015 Complete. Management indicated modifications were made to the clerical process for accurately capturing performance measurement data for reporting in the County's Annual budget document. To confirm, we selected the month of February 2014 to test the accuracy of recorded data. for (1) Number of work orders processed, (2) Percentage of quality satisfaction from customer survey, and (3) Percentage of timely delivery from customer survey. We obtained the related Graphics Monthly Report, and agreed the numbers and percentages to the monthly supporting documentation.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#8 The Division Manager should implement controls and procedures in accordance with Countywide PPM CW-F-018 and update their departmental PPM to more appropriately manage transactions involving sales tax exemptions. The revised departmental PPM should address obtaining, reviewing and maintaining sales tax exemption certificates and exemption numbers; and ensure that sales taxes are charged as appropriate.</p>	<p>Status - March 2015 In process. Management indicated that they did not believe this recommendation still applied, as the Division has since transferred the</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>invoicing and collection of revenue functions to the Clerk's Finance Section. However, the actual billing is still initiated by the Division which includes the recording of a receivable in Advantage and the charging and/or non charging of sales tax. We believe the actual billing and amount to charge for services (which includes sales tax) still remains with the Division.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#9 The Division Manager should ensure security roles assigned to Graphics staff in the County's financial system (Advantage) provide for the adequate segregation of duties where feasible; and should not allow any one individual to be able to both (1) process (validate) and (2) approve (submit) procurement documents for ordering (purchasing) and receiving.</p>	<p>Status - March 2015 In process.</p> <p>Management expressed a reluctance due to limited staff and the need for back-up approvals, to remove approval security roles from any of the three individuals who currently have both processing and approval capabilities in Advantage.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#10 The Division Manager should ensure that purchasing duties are adequately segregated so that no one person is approving purchases, receiving purchased items, and handling the related invoices for payment. If necessary, compensating controls should be established to address the lack of separation of duties. For example, compensating controls can include management oversight of operations, or review and reconciliation of reports by an independent party.</p>	<p>Status - March 2015 In process. This recommendation has been partially implemented. Our review found (1) Shipments/ orders are being physically received in the shipping area of the Shop by someone other than the Fiscal Specialist, (2) Vendors have been instructed to send invoices to Finance and hand-delivered invoices are not being accepted, (3) The downtown Copy Center has been closed, and (4) Employees who physically receive orders have been instructed to initial, date, and notate quantities and items received on the packing slip prior to providing to the Fiscal Specialist for entry into Advantage. However, receiving documents (packing slips) were not initialed, dated, with quantities received noted. In addition, management revealed that compensating controls have not been implemented to provide for a review of processed procurement documents; even though, both purchasing and receiving documents are being entered into Advantage by the same individual who has both processing and approval security rights in the system. The Receiving and Purchasing functions in</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Advantage are not adequately segregated.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#11 The Division Manager should ensure that duties are segregated between receiving checks and the accounts receivable function by allowing Finance to assume these responsibilities, as opposed to the Division.</p>	<p>Status - March 2015 Complete.</p> <p>We confirmed the invoicing and collections functions have been transferred to the Clerk's Finance section. A receivable is recorded in Advantage by the Graphics Fiscal Specialist who forwards a copy of Graphic's system-generated invoice to Finance. According to Finance, they generate an invoice out of Advantage and send it to the customer, along with the invoice provided by Graphics. The Finance invoice instructs payments be made payable to the BCC and remitted to Finance. Cash receipts are collected by Finance and applied to the outstanding receivable. Duties are segregated between cash receipts and the accounts receivable functions.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#12 The Division Manager should implement appropriate controls over cash receipts to ensure all payments are accounted for when received and are adequately safeguarded.</p>	<p>Status - March 2015 In process. Management believes this recommendation no longer applies as the cash receipt function has since been transferred to Finance. However, we noted occurrences wherein checks were still sent and received at Graphics by the customer, instead of Finance as instructed; and thus, necessitates cash receipt protocols.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#13 The Division Manager should implement reconciliation procedures to ensure cash receipts (checks) received and forwarded to Finance for deposit are appropriately recorded in the County's Financial System.</p>	<p>Status - March 2015 In process. Management indicated this recommendation is not necessary to implement as the cash receipt function has been transferred to Finance. We noted that checks are still sent to Graphics, instead of Finance, on occasion; and thus, we believe reconciliation protocols are necessary.</p> <p>Status - September 2014 In process.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>#14 The Division Manager should consider implementing procedures to record all receivables for external customers in the County's financial system to promptly record all transactions, and to allow Finance to invoice and collect the related payment, relieving the Division of that responsibility.</p>	<p>Status - March 2015 Complete. Management indicated receivables for external customers are recorded in Advantage, and the collection and invoicing function has been transferred to the Clerk's Finance section. We selected five receivable transactions to confirm Finance generated an invoice and processed a cash receipt against the receivable. No exceptions were noted.</p> <p>Status - September 2014 In process.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>13-10 Tourist Development Council Tourist Development Administration</p>	
<p>Report issued September 2013 containing 4 recommendations First follow-up April 2014 Second follow-up January 2015</p>	
<p>#1 The TDC Executive Director should ensure written procedures are prepared outlining the steps necessary to review the contracts between the County and the agencies, review grants administered by the agencies, review reimbursement requests submitted by the agencies, and administer Special Projects. The procedures should include sufficient information to permit an individual that is unfamiliar with the operations to perform the necessary activities. These procedures should also assign responsibilities for</p>	<p>Status - March 2015 Complete. The procedures for the review of the contracts between the County and the agencies now includes assigning responsibilities for performing the reviews,</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>performing and approving these steps and identify the backup documents to be maintained by TDC Administration.</p>	<p>assigning responsibilities for approving the reviews and identifying the backup documents to be maintained by TDC Administration.</p> <p>Status - September 2014 In process. Procedures for the review of grants, reimbursement requests, and administration of Special Projects include assigning responsibilities for performing the reviews, approving the reviews, and identifying the backup documents to be maintained by TDC. However, the procedures for the review of the contracts between the County and the agencies do not include assigning responsibilities for performing the reviews and approving the reviews.</p> <p>Status - March 2014 In process.</p> <p>Status - September 2013 Follow-up pending.</p>
<p>14-01 Public Safety Victim Services</p>	
<p>Report issued March 2014 containing 9 recommendations First follow-up October 2014</p>	
<p>#1 The Victim Services Division Director should strengthen existing controls to protect the inadvertent disclosure of sensitive client information. Consideration should be to the following when distributing documents with client information:</p> <p>A. Documentation provided to external parties should be thoroughly reviewed to ensure sensitive and confidential victim (client) information is fully redacted prior to its release.</p> <p>B. A client ID should be utilized, when possible, in-lieu of</p>	<p>Status - March 2015 Complete. 1A. The SOPs were updated to indicate that reimbursement request shall be reviewed to ensure no victim indentifying information is included, and</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>the client's (victim) name on documentation and/ or records maintained and provided to parties outside of the Division (i.e. Clerk's Finance Section).</p> <p>C. Documentation provided to support reimbursement request from the <i>Victims of Crime Emergency Support</i> fund should be limited to what is necessary to substantiate the purpose of the expenditure. In addition, the County Attorney's Office should be consulted to assist in identifying with the Clerk's Finance Section the specific information needed to support reimbursement requests from this fund.</p> <p>D. Electronic mail containing sensitive and confidential victim (client) information should be tagged utilizing the Microsoft Outlook "confidential" message setting in order to alert ISS in the event of a public records request.</p>	<p>if noted, shall be redacted prior to submission. In addition, revisions were made to the reimbursement request form, which included the solicitation of victim initials in lieu of a signature and the exclusion of the perpetrator's name and the use of the police report. A review of recent reimbursement request to the Clerk's Finance Section confirmed these changes.</p> <p>1B. The SOPs were updated to indicate reimbursement request shall be reviewed prior to submission to ensure no victim indentifying information is included. Further, Advocates are to ensure a victim's name does not appear on any receipts, and the victim's initials (or client ID) shall be used in lieu of the victim's name. A review of recent reimbursement requests sent to the Clerk's Finance section confirmed this was being done.</p> <p>1C. Public Safety management and staff had discussions with the Clerk's Finance Section regarding the minimization of victim information in the reimbursement support documentation. In addition, changes were made to the Victim Emergency Fund SOPs regarding support</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>documentation to be provided. Also, revisions were made to the form used for reimbursement requests. More specifically, the interoffice communication form was revised to solicit: a victim's initials (opposed to signature), police department and case information info (as opposed to a police report), and to eliminate a field for the perpetrator's name. A review of recent reimbursement requests sent to the Clerk's Finance section showed the new protocols were being implemented to limit the exchange of information.</p> <p>1D. Management sent an email to all staff to encourage them to use a "confidential" tag when sending emails containing sensitive and confidential victim information. Also, instructions were provided to staff as to how to use a tag in Microsoft Outlook. A review of nine sample emails showed the use of the "confidential" tag when transmitting sensitive information electronically.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#2 The Victim Services Division Director should ensure a client confidentiality agreement is signed and maintained for all individuals, contractors, and staff whom are given access to sensitive and confidential client information in their roles. This includes assurances that a complete and most up-to-date version of the form is signed prior to access being given to client information.</p>	<p>Status - March 2015 Complete. Management implemented a protocol to have all ESOW SANE contracted Nurses, Public Safety Admin staff, and ISS staff working with the Victim Services software application to sign a confidentiality agreement. Supervisors were instructed to have any individuals with access to victim information to sign a confidentiality agreement. Further, all VS Supervisors are responsible for ensuring all new hires, contract staff (SANES) and volunteers working under them are to sign an agreement, as well as are to utilize the most up-to-date statement. Also, the Team Supervisor is responsible for ensuring ISS working with the VS application sign an agreement. It was confirmed that selected Admin staff, all ESOW SANE contracted staff, and ISS staff working with the Victim Services software application have signed a confidentiality agreement; and that a recent form was utilized on the date of signing.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#3 The Department Director should ensure that receivables are recorded consistently, appropriately, and promptly.</p>	<p>Status - March 2015 Complete. Finance Management implemented protocols to address the prompt recording of receivables related to forensic exams into Advantage. We obtained a listing of all invoices sent to the State for the period of March 2014 through December 2014 from the SART section and randomly selected 3 for testing. We confirmed through Advantage that the related receivables were recorded within 21 days and the related cash receipt was applied.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#4 The Department Director should ensure funds are drawn down from the grant on a timely basis. Consideration should be given to implementing request for payment quarterly to be congruent with the grantor's financial status reporting requirements.</p>	<p>Status - March 2015 Complete. We confirmed GTEA grant payments requested during the period of January 2014 through September 2014 were drawn down in congruence with the required grant reporting time-frames (quarterly).</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#5 The Department Director should ensure the imprest checking account for the <i>Victims of Crime Emergency Support</i> fund is reconciled and that copies of reconciliations are forwarded to the OFMB Director in accordance with Countywide PPM CW-F-041.</p>	<p>Status - March 2015 Complete. We confirmed the Victims of Crime Support fund was reconciled monthly during the months of September - November 2014, and a copy of the monthly reconciliation was forwarded to OFMB.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#6 The Division Director should ensure (1) the custodian on record for the imprest checking account for the <i>Victims of Crime Emergency Support</i> fund is the same individual who controls the security, records and disbursements of the fund; and (2) the checkbook (imprest fund) is maintained in a secure location in accordance with Countywide PPM CW-F-041.</p>	<p>Status - March 2015 Complete We confirmed with Finance that the custodian on record was changed. However, Public Safety Management decided they wanted to assume the risk of allowing the custodian to keep the checkbook on them at all times. Although we cleared the recommendation, we drafted a management memo advising additional consideration be taken to address maintaining the checkbook on the custodian person, as opposed to maintaining the checkbook in a locked secure location.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#7 The Division Director should reduce the balance maintained in the imprest checking account for the Victims of Crime Emergency Support fund to be in-line with the current need pursuant to Countywide PPM CW-F-041.</p>	<p>Status - March 2015 Complete The amount of the checking account was reduced to \$5,000, which was the amount stated in their official response. The reduced account balance was confirmed with Finance to be effective June 2, 2014.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#8 The Department Director should ensure the petty cash account for the <i>Victims of Crime Emergency Support</i> fund are reconciled, signed by the custodian's supervisor, and kept on file in the Department in accordance with the Countywide PPM CW-F-041.</p>	<p>Status - March 2015 Complete. We confirmed completed reconciliations were signed by a supervisor and copies were maintained on file. It was noted that reconciliations completed during May 2014, were not consistently dated, but a date was used for all reconciliations completed during November 2014. The use of dates ensures and allows for confirmation of the completion of quarterly reconciliations.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#9 The Division Director should ensure that the existing resolution is amended to reflect the adopted annual budget funding changes to the <i>Victim of Crime Emergency Support</i> fund.</p>	<p>Status - March 2015 Complete. Resolution 2014-1097 was approved on July 22, 2014, which repeal R2003-2066,</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>and indicates that the funding sources for the Victim Fund include Ad Valorem Support, if appropriated by the BCC.</p> <p>Status - September 2014 Follow-up pending.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>14-02 Airports Operations & Maintenance</p>	
<p>Report issued March 2014 containing 10 recommendations First follow-up September 2014</p>	
<p>#1 The Division Director should develop and implement written policies and procedures for preventive maintenance work orders that include such things as: recording dates work orders are assigned and expected to be completed; requiring complete data be included on work orders for resources used to complete the work orders; and monitoring open work orders to ensure timely completion.</p>	<p>Status - March 2015 Complete.</p> <p>We examined and tested the processes and documents relating to the Preventive and Corrective Maintenance functions and found that the new PPM requirements related to the implementation of this recommendation are implemented and functional.</p> <p>Status - September 2014 In process.</p> <p>The Division had developed a new PPM relating to the Preventive and Corrective Maintenance functions. Our review found that the new requirements as they relate to the implementation of this recommendation are in the process of being implemented.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#3 The Division Director should develop and implement written policies and procedures for corrective maintenance work orders that include such things as: recording dates work orders are assigned and expected to be completed; requiring complete data be included on work orders for resources used to complete the work orders; and monitoring open work orders to ensure timely completion.</p>	<p>Status - March 2015 Complete. We examined and tested the processes and documents relating to the Preventive and Corrective Maintenance functions and found that the new PPM requirements related to the implementation of this recommendation are implemented and functional.</p> <p>Status - September 2014 In process. The Division has developed a new PPM relating to the Preventive and Corrective Maintenance functions. Our review found that the new requirements as they relate to the implementation of this recommendation are in the process of being implemented.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#4 The Division Director should develop and implement written policies and procedures regarding the facility inspection program to ensure that recommendations are reviewed and prioritized in a timely manner, that plans to address the necessary corrective actions are implemented, and to monitor progress on the plan to ensure that all maintenance action items identified in the annual facility inspection reports are adequately addressed.</p>	<p>Status - March 2015 Complete. We examined the PPM and guidelines established as controls over the processes related to this recommendation. We reviewed two items that were done under the new guidelines and confirmed the implementation of the new guidelines.</p> <p>Status - September 2014 In process. The Division has developed a new PPM relating to the</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Preventive and Corrective Maintenance functions. No implementation was in place since no inspection program was done. Our review found that the new requirements as they relate to the implementation of this recommendation are in the process of being implemented with the next inspection report.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>#6 The Division Director should develop and implement written policies and procedures regarding monitoring materials to ensure that items with limited shelf lives and items that have had little or no use for a certain period of time are identified and appropriate actions are taken.</p>	<p>Status - March 2015 Complete. We examined the related documents and tested the monitoring of the life cycle items, and found that as it relates to the implementation of this recommendation the PPM requirements are implemented and functional.</p> <p>Status - September 2014 In process. The Division has developed a new PPM relating to the Warehouse functions. Our review found that the new PPM addresses the issues identified in the audit report. However we found that the Division is in the process of implementing a process for the monitoring of these items.</p> <p>Status - March 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#10 The Division Director should develop and implement written policies and procedures regarding 'Z' tag assets assigned to the Division to ensure these assets are controlled and accounted for. These policies and procedures should include such things as: an accurate perpetual inventory listing of all asset items held at each location; a signed acceptance of all inventory by asset custodians; accurate backup documentation for lost, missing or surplus items; and an annual reconciliation of items to inventory listing.</p>	<p>Status - March 2015 Complete. We found that the DOA had developed a new PPM 'Physical identification and Management of Airport Z-Tag Assets' to address the audit concerns. We reviewed the new PPM guidelines and found that they addressed the issues identified in the audit report. We reviewed and examined related backup documents and tested the monitoring of the 'Z' tag items, and found that as it relates to the implementation of this recommendation, the PPM requirements are implemented and functional.</p> <p>Status - September 2014 In process. Our review found that the Division is in the process of developing a PPM relating to the 'Z' tag items, similar to the Fixed Asset PPM, which when implemented will address the audit concerns reflected in the audit finding.</p> <p>Status - March 2014 Follow-up pending.</p>
<p>14-05 Parks and Recreation Aquatics Division</p>	
<p>Report issued June 2014 containing 4 recommendations First follow-up January 2015</p>	
<p>#1 The Parks and Recreation Department Director should modify departmental PPM PRO-J03 to include controls needed to prevent opportunities for abuse including, cursory reviews by Facility Management of voided transactions for detection of</p>	<p>Status - March 2015 In Process This recommendation has been partially implemented.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>irregularities or excessive voids, of the condition(reason)under which the transaction was voided to ensure the proper process was followed, and requiring a customer's signature on voided cash transactions as a compensating control when the on-duty manager is unavailable. In addition, voided transactions should be monitored by documenting these transactions to help detect patterns of abuse or excess use of voids.</p>	<p>The Department has created a new PPM (PPM DO-F-017) for the processing of void/refund transactions. Our review of the controls outlined in the PPM found further implementation is needed. We found all voids/refunds are reviewed and approved by the Facility Manager or designee. We found the condition/ reason for the void/refund is being entered on the forms. However, the PPM requires the reason to entered in the POS system. This requirement has not been implemented. We also found, the new PPM requires a customer signature on the void receipts. We found 7 of the 8 void receipts reviewed did not have a customer signature.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#2 The Parks and Recreation Department Director should ensure that a separate cash drawer is provided to each cashier in order to avoid sharing of cash drawers and that each cashier has been instructed on their responsibility for the security of the cash that has been assigned to them as defined in PPM CW-F-041.</p>	<p>Status - March 2015 In Process Management's response to the finding indicated it was not practical to provide a separate cash drawer for each cashier and that compensating controls</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>would be put into place. The compensating control was to have the cash reconciled upon each shift change. In our review, we found that practice has not been implemented. In addition, we found that the cash drawer used by the Fiscal Staff is a shared drawer.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#3 The Parks and Recreation Department Director should modify departmental PPM DOF-005 to include a cursory review by Facility Management of the checks accepted for payment to ensure all the requirements for accepting a check have been met.</p>	<p>Status - March 2015 In Process</p> <p>Management's response to the finding indicated that better training on the requirements of the PPM would correct the issue and agreed that Facility Management needs to be more proactive in ensuring that check acceptance requirements are met. Our review found that Managers are preparing the daily reports, which include providing a copy of all checks received, however we found customer driver's license numbers are not being written on the checks as required in the PPM.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#4 The Parks and Recreation Department Director should ensure the Facility Managers are maintaining the Log Sheets as required by PPM PRF-J03. In addition, all Log Sheets should be submitted to the Waterpark Coordinator for monthly review.</p>	<p>Status - March 2015 In Process</p> <p>Our review found the log sheets to be maintained and reviewed monthly however, we found little activity to review. We feel that an additional review of the log sheets and monthly review of the sheets during the summer months when there is an increase in activity would provide a better indication of the effectiveness of the controls over the log sheets.</p> <p>Status - September 2014 Implementation Pending.</p> <p>Implementation scheduled for December 2014; follow-up scheduled for January 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>14-08 Department of Economic Sustainability CIREIS</p>	
<p>Report issued June 2014 containing 4 recommendations Follow-up scheduled for September 2015</p>	
<p>#1 The DES Director and the CIREIS Section Manager should ensure formal monitoring reviews are conducted in accordance with Departmental monitoring handbooks (NSP, DRI).</p>	<p>Status - March 2015 Implementation Pending.</p> <p>Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - September 2014 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#2 The DES Director and the CIREIS Section Manager should consider conducting annual monitoring reviews of CDBG sub-recipients; and officially adopting or developing a monitoring handbook to address formal monitoring of CDBG sub-recipients.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#3 The CIREIS Manager should ensure sub-recipient project files are documented to substantiate DES compliance with Federal regulations, grant requirements, and sub-recipient adherence to its agreements with the County.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Follow-up pending.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#4 The CIREIS Manager should ensure procedures to address the CIREIS Section's construction administration and contract oversight are in writing.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for August 2015; follow-up scheduled for September 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>14-09 Department of Airports Jet Aviation</p>	
<p>Report issued June 2014 containing 1 recommendation Follow-up scheduled for January 2015</p>	
<p>#1 The DOA Director should formally notify the FBOs of the approved rates annually.</p>	<p>Status - March 2015 Complete. The airport notified Jet by email dated August 13, 2014. The email advised of the new landing fee rate at PBI that becomes effective October 1, 2014. Also attached were GA Landing Fee/Rate Changes, R2008-1690 General Aviation Landing Fees, PBI signatory Airline Agreement-Exhibit E-Final (with FY 2015 rate Calculations}. In addition, the email requested that the FBOs submit an updated list of their based aircraft tenants.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for December 2014; follow-</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>up scheduled for January 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>14-12 Facilities Development and Operations Facilities Management</p>	
<p>Report issued September 2014 containing 3 recommendations Follow-up scheduled for April 2015</p>	
<p>#1 The Division Director should take actions to ensure the accurate recording of labor and material resources used for the work order functions.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#2 The Division Director should design and implement inventory management controls and policies addressing the issues addressed in the finding above that comply with Countywide PPM CW-F-059.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - September 2014 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>#3 The Facilities Management Division Director should ensure that all tools/specialized equipment assigned to the Division are controlled and accounted for.</p>	<p>Status - March 2015 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>Status - September 2014 Implementation Pending. Implementation scheduled for March 2015; follow-up scheduled for April 2015.</p> <p>Status - June 2014 Follow-up pending.</p>
<p>15-03 Water Utilities Operations and Maintenance</p>	
<p>Report issued March 2015 containing 8 recommendations Follow-up scheduled for September 2015</p>	
<p>#1 The WUD Director should implement actions to ensure that consultant pay applications are made in accordance with County requirements. These actions should include the assigning and enforcing of these compliance requirements.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for May 2015; follow-up scheduled for September 2015.</p>
<p>#2 The WUD Director should implement actions to ensure the receipt, use and retention of all contract deliverables.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for May 2015; follow-up scheduled for September 2015.</p>
<p>#3 The WUD Director should implement actions to recover the over payments made to the Consultant for the work not done the tasks for CSA # 6.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for May 2015; follow-up scheduled for September 2015.</p>
<p>#4 The WUD Director should ensure that consultants use sub-consultants listed as their team members to deliver the required services. The use of outside sub-consultants should be preapproved by the WUD Director after being reviewed for validity of substitution against the consultant's original performance capability.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for May 2015; follow-up scheduled for September 2015.</p>
<p>#5 The WUD Director should implement actions to ensure only needed licenses are purchased. This could include requiring a needs assessment of required user licenses be conducted prior to purchasing them.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for May 2015; follow-up scheduled for September 2015.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#6 The WUD Director should implement a system to track the use of all Maximo software assets (licenses) owned and used by Department	Status - March 2015 Follow-up pending Implementation scheduled for August 2015; follow-up scheduled for September 2015.
#7 The WUD Assistant Director Operations should implement procedures to ensure that all specialized tools assigned to the Division are controlled and accounted for. This should include an accurate perpetual inventory listing of all these asset items held at each location; a signed acceptance of all inventory by asset custodians; accurate backup documentation for lost, missing and surplus items; and an annual reconciliation of items to inventory listing.	Status - March 2015 Follow-up pending Implementation scheduled for July 2015; follow-up scheduled for September 2015.
#8 The WUD Assistant Director Operations should implement procedures to standardize the reporting requirements for the work processes incorporating the new Maximo system reporting. The procedures should include reporting requirements for all work process components, and the supervisory monitoring and approval of the work process reporting. Field staff should be trained on these reporting requirements.	Status - March 2015 Follow-up pending Implementation scheduled for July 2015; follow-up scheduled for September 2015.
15-05 Parks and Recreation Special Facilities	
Report issued March 2015 containing 3 recommendations Follow-up scheduled for October 2015	
#1 The Special Facilities Division Director should not allow the use of a sales transaction for processing refunds. All refunds should be processed as refunds, documented according to PPM requirements, and all documentation submitted to the Financial and Support Services (FSS) Division for review.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.
#2 The Special Facilities Division Director should require the Range Servant Report to be printed daily, compared to the Tran Code Activity Report, initialed by the facility Manager or Assistant Manager and included in the backup documentation retained in the facility files.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.
#3 The POS Systems Administrator should request a modification to the POS systems to require a new user to change their password when signing on to a POS application for the first time and to change their password periodically (at least every 180 calendar days).	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>15-06 Palm Tran Fixed Route</p>	
<p>Report issued March 2015 containing 13 recommendations Follow-up scheduled for October 2015.</p>	
<p>#1 The Department Director should enforce overtime scheduling requirements based on seniority order.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#2 The Department Director should ensure the Human Resource Manager accurately and completely maintains grievance logs and related supporting documentation as required by the bargaining agreements.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#3 The Department Director should establish a code in the payroll system to identify costs associated with scheduling of overtime errors to help monitor and manage cost.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#4 The Department Director should review the current security profiles for all Trapeze users and administrators and ensure that appropriate system access rights are assigned only to employees whose current duties and responsibilities require system access.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#7 The Department Director should cease annual payment of maintenance fees for any unused Trapeze's software.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015</p>
<p>#8 The Department Director should evaluate potential improvements in Trapeze's processing efficiency that may result from: Developing and implementing policies and procedures requiring the use of Trapeze and elimination of some manual processing such as the manual Absence Log (Red Book) and Extra-Board Sheets; and Implementing an automated payroll system that interfaces with the County Payroll System.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
#9 The Department Director should implement the Agency-Developed Rostering approach to improve controls over scheduled overtime and to improve the bidding process.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015
#10 The Department Director should discuss with ATU and vendors, such as Hastus and/or Trapeze, about implementing an electronic bidding process to improve efficiencies and reduce errors due to the manual bidding process.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.
#11 The Department Director should implement procedures to consistently document and retain reconciliation efforts between data in the Trapeze system to data in Time Server payroll system after each pay period. A supervisor should also review and approve the reconciliations.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for October 2015.
#12 The Department Director should ensure that door lock access to the money rooms are changed when employees with access are terminated or reassigned	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for Oct 2015.
#13 The Department Director should direct Palm Tran to periodically verify the accuracy of the camera's Vault Monitoring Log.	Status - March 2015 Follow-up pending Implementation scheduled for September 2015; follow-up scheduled for Oct 2015.
15-07 Office of Equal Opportunity Fair Housing and Equal Employment	
Report issued March 2015 ten recommendation Follow-up scheduled for November 2015	
#1 The OEO Director should strengthen management controls (i.e. implementation of tracking tools and reports) to ensure investigations for complaints are completed timely in an effort to obtain HUD maximum payment allowed, and well as to meet EEOC contractual numbers.	Status - March 2015 Follow-up pending. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#2 The OEO Director should seek assistance from Human Resources to identify reasons for investigative staff turnover; and if necessary, implement corrective actions to retain staff needed to ensure complaints are processed timely in accordance with Federal laws, agreements and contracts, as well as local ordinances.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#3 The OEO Director should develop written standard operating procedures for the prompt and appropriate handling of complaints in accordance with Federal and local requirements.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#4 The OEO Director should request an enhanced software system application from Information Systems Services that facilitates accurate data input, capturing and reporting of information, and provides for meaningful reports to better assist OEO management in the monitoring, handling, and processing of complaints and charges of discrimination.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#5 Consideration should be given to revising the County's Equal Employment Ordinance to increase the number of days, allowing for a respondent to provide requested information, to be congruent with industry practice.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#6 The OEO Director should implement management controls to ensure respondents of Equal Employment complaints are not automatically granted more than the one extension allowed by the EEOC to provide requested information, which can unnecessarily add to further delays in the resolution of an Equal Employment complaint.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#7 The OEO Director should revise the certified letter sent to respondents of Fair Housing complaints to reflect the number of days specified in the County's Fair Housing Ordinance.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>

Exhibit 6 - Recommendation Status at March 31, 2015

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#8 The OEO Director should ensure the parties to an Equal Employment complaint are promptly notified, in writing, when OEO is unable to complete an investigation within 100 days of filing a complaint. In addition, the written notification should include the reason for not completing the investigation within the 100 day timeframe.</p>	<p>Status - March 2015 Follow-up pending. Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#9 The OEO Director should ensure the parties of a Fair Housing complaint are notified within the federal required timeframe when unable to complete an investigation within 100 days after the filing of a complaint.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>
<p>#10 Consideration should be given to revising the County's Fair Housing Ordinance to mirror the federal requirement to provide written notification of a delay of an investigation no later than 110 days of filing the complaint.</p>	<p>Status - March 2015 Follow-up pending Implementation scheduled for October 2015; follow-up scheduled for Nov 2015.</p>