

3CC-1

PALM BEACH COUNTY
BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 5/3/2016

[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 March 16, 2016 meeting as follows:
1. 16-05 Parks & Recreation - *Procurement to Payment* (15-13)
 2. 16-06 Information Systems Services - *Procurement to Payment* (15-09)
 3. 16-07 Office of Financial Management & Budget - *Municipal Impact Fee Review City of Boynton Beach* (15-43)

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 March 16, 2016, the Committee reviewed and authorized distribution of the attached audit reports. 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 16-05 through 16-07 reviewed by the Audit Committee at its March 16, 2016 meeting. .

Attachments:

Audit reports as identified above

Recommended by: Joseph F. Beynon 3.22.16
County Internal Auditor Date

Recommended by: JCParker 3/31/16
County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2016	2017	2018	2019	2020
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 _____

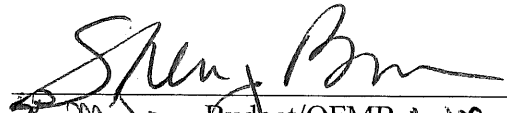

B. Recommended Sources of Funds/Summary of Fiscal Impact:

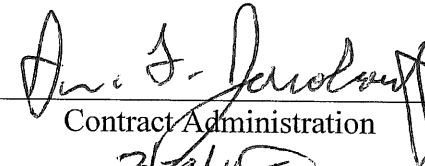
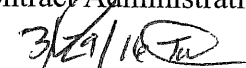
No fiscal impact

A. Department Fiscal Review:

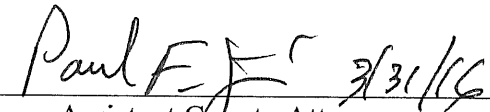
III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:


3/23/16 3/23/16 Budget/OFMB 


3/30/16 Contract Administration
3/29/16 

B. Legal Sufficiency:


3/31/16 Assistant County Attorney

C. Other Department Review:

Department Director

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



Office of the County Internal Auditor
Audit Report #2016-05

Parks and Recreation
Procurement to Payment



*Reviewed by Audit Committee
March 16, 2016*

DATED JANUARY 8, 2015

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Parks and Recreation Department 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 2015 through July 31, 2015, in accordance with County and Departmental Purchasing policies and procedures?

WHAT WE FOUND

We found that the Parks and Recreation Department Director ensured that internal controls implemented for both the procurement and payment processes were adequate to ensure compliance with the County's procurement requirements for Fiscal Year 2015 through July 21, 2015.

There were no adverse findings.

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 Parks and Recreation Department Director identifying these situations for informational purposes only.

WHAT WE RECOMMEND

The audit report makes no recommendations to improve controls over the procurement to payment process.

DETAILED FINDING AND RECOMMENDATIONS

None

Management Comment and Our Evaluation

At the exit conference the Department Director stated that staff had already addressed most of the issues raised in the management letter. The prompt action by the Department on these issues is very encouraging and what we have come to expect from this Department.

Our purpose in issuing management letters is to give management our observations on issues that we don't believe are significant enough to warrant inclusion in the audit report. Accordingly, we do not conduct any follow-up work to evaluate management's action relative to the comments in our management letter.

BACKGROUND

The Parks and Recreation Department (Department) serves residents county-wide through 104 regional, district, community, beach, and neighborhood parks encompassing 8,569 acres. Services include public safety, grounds maintenance, recreation programs, and a vast array of specialized facilities that include aquatic centers, community centers, nature centers, championship golf courses, fishing piers, equestrian enters, amphitheaters, athletic fields and courts, boating facilities, beaches, and historical and cultural museums. Development and renovation of new

and existing parks and recreational facilities to meet the needs of residents and visitors occurs through the Department's Capital Program. The department is comprised of the following divisions: Aquatics, Parks Operations, Recreation Services, Special Facilities, and Administration.

For the fiscal year 2015, the Department had 571 positions and an adopted annual operating budget of \$66.5M as follows: \$40.1M Personal Services, \$23.7M Operating Expenses, \$1.5M Capital Outlay, and \$1.2M related to

Debt Service and Reserves. The department's operations are funded with Ad Valorem support, along with almost 25 percent of its budgeted revenue from charges for services.

The procurement function at the Department was recently centralized to the Administration Division beginning October 1, 2014; with the transitioning of each of the Department's divisions during a ten month period ending August 31, 2015. However, the Department's water parks are still in the process of fully transitioning. The procurement function at the Department's Parks Operations Division will remain decentralized.

The Department's procurement activity can be divided into two categories: purchase orders and direct payment purchases. Purchase orders are issued either by the Department on its own behalf or by the County Purchasing Department. County and Departmental policies establish the process and authorities governing the various types of procurement activities.

The table below summarizes the Department's procurements for the first ten months of the Fiscal Year 2015 through July 31, 2015.

FY 2015 (Oct 1, 2014 - July 31, 2015)		
Type	Amount	Transactions
Purchase Orders	\$9,318,053	4,851
Direct Payments (GAX)	\$4,461,966	1,117
TOTAL	\$13,780,019	5,968

AUDIT SCOPE AND METHODOLOGY

The audit scope included a review of internal controls in place, as well as the testing of those controls, relating to the Department's procurement to payment process for Fiscal Year 2015 (through July 31, 2015).

We obtained and reviewed Departmental and Countywide policies and

procedures, and other governing documents related to the procurement to payment function. We had discussions with management and staff at both the Department's centralized (Parks Administration) and decentralized (Parks Maintenance) purchasing operations regarding the various procurement functions.

We discussed the controls and processes used to manage the procurement functions, which indicated the existence of appropriate management controls throughout the process (i.e. approvals, documentation, PPMs, and segregated duties) with no evidence of significant weaknesses. Thus, it appeared the level of risk was not high, and a testing sample size was set accordingly with consideration to be given to increase the

sample size if significant errors were noted during our review.

We judgmentally and randomly selected purchase order and direct payment sample transactions under the Department's centralized and decentralized purchasing areas during Fiscal Year 2015 through July 31, 2015, for our review. We selected the following samples from the described populations:

Procurement Type	Sample Size	Sample Amount	Population	Population Amount
Purchase Orders	58	\$239,367	4,851	\$9,318,053
Direct Payments	15	\$25,327	1,117	\$4,461,966
Total	73	\$264,694	5,968	\$13,780,019

Our detailed review and testing of sampled transactions included an examination of the back-up documentation related to the requisitioning, purchasing, and receiving processes, as well as the utilization of the County's accounting system, Advantage, in order to identify related purchasing documents and information.

In addition, we evaluated the adequacy of segregation of duties throughout the procurement process, and confirmed if both petty cash funds and imprest checking account were appropriately authorized and reconciled in accordance with County policy.

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
County Internal Auditor
January 8, 2016
W/P # 2015-13

Attachment 1
Business Process Objectives and Controls Worksheet
Procurement to Payment Process

This process covers all activities 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.

Objectives
1. Comply with County, State and Federal procurement regulations
2. Identify and qualify vendors capable of meeting the County's needs
3. Develop appropriate, well defined specifications for goods or services
4. Order items that meet specifications from qualified vendors
5. Determine appropriate solicitation method
6. Maintain vendor information accurately and timely
7. Procurements are appropriately authorized by department requesting
8. Order appropriate quantities at appropriate times
9. Goods or services received comply with purchase orders
10. Purchase orders payments made based on actual goods or services received at approved prices
11. Evaluate vendor performance on a timely and accurate basis
12. Ensure timely delivery
13. Direct payment are appropriately authorized by department requesting



Office of the County Internal Auditor
Audit Report #2016-06

Information Systems Services

Procurement to Payment



*Reviewed by Audit Committee
March 16, 2016*

DATED FEBRUARY 16, 2016

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Information Systems Services (ISS) Department Director ensure that internal controls implemented for the procurement to payment processes were

adequate to ensure compliance with the County's procurement requirements for Fiscal Year 2015?

WHAT WE FOUND

Except for the findings and recommendations described below, the Information Systems Services (ISS) Department Director ensured 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 2015.

The findings addressed improvements needed in controls over segregation of duties, and in controls over

documentation of physical receipt of goods and services.

In addition, our review found that the department had implemented good review and approval controls over the procurement of professional services through Consultant contracts, which totaled approximately \$2.12 million for Fiscal Year 2015.

WHAT WE RECOMMEND

The audit report makes two recommendations to improve controls over the procurement to payment process in the areas of segregation of

duties and documentation of receipt of goods or services.

DETAILED FINDING AND RECOMMENDATIONS

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

Our review of controls over the Procurement to payment functions of the department found that the Senior Manager - Finance, the Coordinator-Information Systems Services, and the Coordinator-ISS Physical Assets all had rights in the Advantage Financial Systems Purchasing Module to Issue a Purchase Order as well as confirm the receiving in the system. Our review of the Procurement transactions confirmed that these three staff members conducted transactions to Issue Purchase orders as well as confirm the receiving of the order in the system. Additionally, our review found that the Coordinator-Information Systems Services and the Coordinator-ISS Physical Assets were physically receiving purchase orders that were issued by them and whose receipt was confirmed in the system by them.

The Government Accountability Office's (GAO) "*Standards for Internal Controls in the Federal Government (September 2014)*" defines Segregation of Duties (SOD) as the separation of the authority, custody, and accounting of an operation. Key duties and responsibilities are divided or segregated among different people to reduce the risk of error, misuse, or fraud. The Standard also states "If segregation of duties is not practical within an operational process because of limited personnel or other factors, management designs alternative control activities to address the risk of fraud, waste, or abuse in the operational process."

The Government Accountability Office's (GAO) "*Internal Control Management and Evaluation Tool (August 2001)*" identifies guidelines to be considered for implementing segregation of duties as follows:

- 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;
- Duties are assigned systematically to a number of individuals to ensure that effective checks and balances exist;
- Where feasible, no one individual is allowed to work alone with cash, negotiable securities, or other highly venerable (sic) assets;
- The responsibility for opening mail is assigned to individuals who have no responsibilities for or access to files or documents pertaining to accounts receivable or cash;
- Bank accounts are reconciled by employees who have no responsibilities for cash receipts, disbursements, or custody; and
- Management is aware that collusion can reduce or destroy the control effectiveness of segregation of duties and, therefore, is especially alert for it and attempts to reduce the opportunities for it to occur.

Recommendation:

1. The Department Director should ensure that no one individual initiates purchase orders in the Advantage financial system, physically receives the orders, and enters receivers in the

Advantage financial system for the same transactions.

Management Comment and Our Evaluation

In responding to a draft of this audit report the Department Director agreed with the finding and recommendation. The Director commented that the personnel available to support the department's fiscal function had declined over time due to budget cutbacks. However, he stated that steps will be taken to restructure their work processes to ensure there is adequate segregation of duties. He indicated that this segregation would be accomplished through delegation of the function to a new fiscal position approved in the budget.

We agree with the actions planned by management to enhance segregation. However, we will review the effectiveness of the restructured processes during our routine follow-up work.

Finding 2: Controls over Purchase Order Receiving Function Need Improvement

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

also states that 'the User Departments has the primary responsibility of identifying its procurement needs' and identifies guidelines to do so.

ISS Departmental PPM ISS-FIN-401 "*Procurement Process for ISS - Section X - Receipt of goods*" states 'It is the responsibility of the requestor to inspect all deliveries of supplies, materials, equipment or services to determine conformance with the order specifications.'

The Government Accountability Office's (GAO) "*Policy and Procedures Manual for Guidance of Federal Agencies*" (Title 7), identifies five conditions to ensure proper payment including 'the goods and services have been received and conform to the requirements of the order or agreement; and the quantities, prices, and calculations are accurate.' Title 7 further identifies information on 'the receiving and inspection document (normally called the receiving report) to include specific identification of the goods or services received, and the quality and quantities of the actual items received.'

We reviewed the Procurement reports and backup documents for a judgmental sample of 60 operating budget purchase orders valued at \$916,849 from a population of 1070 purchase orders valued at \$6,196,973 for Fiscal Year 2015; and 30 capital budget purchase orders valued at \$1,268,436, from a population of 629 purchase orders valued at \$10,343,876 for Fiscal Year 2015.

Our review found 16 of 90 purchases had discrepancies:

- Thirteen purchases had no receiving documents in file.
- Three purchases where the receiving documents did not indicate the required receiving information such as who received, item quantities received or receiving date.
- RC documents related to the 13 purchases noted above could not be verified due to the lack of receiving documents.

Recommendation:

2. The Department Director should ensure that receipt of all goods and services is appropriately verified and documented prior to entry of receiving documents in Advantage. The verification and documentation should show that the goods or services received are of the quality and quantity ordered, the signature of the individual who received and verified the goods or services, and the date the goods or services were received.

Management Comment and Our Evaluation

At the exit conference on February 16, 2016, the Department Director agreed with the finding and recommendation. The Director stated that management will ensure that a standardized, documented, process is in place for all staff to follow. The Director also stated that training would be provided to employees who receive items on the details of the process.

We agree with the actions planned by management to enhance controls and documentation for the receiving function. However, we will review the effectiveness of the restructured

processes during our routine follow-up work.

BACKGROUND

Information Systems Services Department (ISS) provides a broad range of IT services including: installation and maintenance of the County's fiber optic network; technical support for computing platforms, desktop computers, laptops, tablet PC's, printers, and smart phones; developing customer software applications for County agencies; maintaining an inventory of more than 350 in-house software applications; the enterprise email system and numerous commercial vendor packages; Oracle database administration, enterprise Geographic Information Systems (GIS); installation and maintenance of all landlines, cellular telephones, and related equipment including voice over IP; video conferencing; IT project management; 24x7 Help Desk; user training; enterprise software licensing; and document imaging and scanning. In addition, ISS is responsible for back-up and recovery, security, and IT Resource Management for the procurement of IT-related goods and services.

The department is comprised of the following five divisions: Application Services, Computing Platforms, IT Operations, Network Services, and Strategic Services and Finance. For the fiscal year 2015, the Department has 212 positions and an adopted annual operating budget of \$30.12M, which included \$21.46M for Personal Services, and \$8.64M for Operating Expenses. 72% of the department's operating budget is funded with Ad Valorem support, the remaining 28% coming from non-general government agencies in the form of charges for services provided based on a Cost Allocation Plan.

The Strategic Services and Finance Division is responsible for, among other functions, the procurement function for the department. The staff responsible for the purchasing activities includes the Division Director, the Senior Manager, Coordinator-ISS Physical Assets, Coordinator - Information Systems Services, and two Fiscal Specialists. As of 9/21/2015 the department had expended/encumbered \$8,382,823 of its operating expense budget. These

expenditures/encumbrances fell into three categories; Internal agency service charges (IETC) for expenses such as Fleet services and Casualty self insurance premiums; expenses made through procurements of goods and services using the County purchase

order process; and expenses for the procurement of goods and services using the County's direct payment process. The chart below illustrates their expenditures/ encumbrances in these categories.

FY 2015 (Oct 1, 2014 - September 21, 2015) Expenditures/encumbrances from ISS operating and capital expenses appropriations Budget		
Type	Amount	Transactions
Purchase Orders - Operating	\$6,196,973	1070
Purchase Orders - Capital	10,343,876	629
Direct Payments excluding utilities	\$155,879	233
Direct Payments utilities etc.	\$1,684,933	83
Internal agency service charges	\$345,038	118
TOTAL	\$18,726,699	2,133

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 relating to the procurement to payment process for Fiscal Year 2015 (through June 30), as well as testing of those controls.

For our audit objective, our planning included discussions with Department

management and staff, a review of the budget information for the department contained in the County Budget Book for fiscal year 2015, department procurement reports, Countywide purchasing policies and procedures, and other pertinent documentation. Our detailed review methodology included the review and testing of backup documentation for purchase orders as well as direct payments.

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
County Internal Auditor
February 16, 2016
W/P # 2015-09

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.

Attachment 1
Business Process Objectives and Controls Worksheet
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8. Order appropriate quantities at appropriate times
9. Goods or services received comply with purchase orders
10. Purchase orders payments made based on actual goods or services received at approved prices
11. Evaluate vendor performance on a timely and accurate basis
12. Ensure timely delivery
13. Direct payment are appropriately authorized by department requesting

ADMINISTRATIVE RESPONSE



INTEROFFICE MEMORANDUM

Information Systems Services

301 N. Olive Avenue, 8th Floor
West Palm Beach, FL 33401

FAX: (561) 355-3482 (8th Floor)

FAX: (561) 355-4120 (4th Floor)

www.pbcgov.com

Palm Beach County Board
of County Commissioners

Mary Lou Berger, Mayor

Hal R. Valeche, Vice Mayor

Paulette Burdick

Shelley Vana

Steven L. Abrams

Melissa McKinlay

Priscilla A. Taylor

County Administrator

Verdenia C. Baker

TO: Joseph F. Bergeron County Internal Auditor

FROM: Steve Bordelon *Steve Bordelon*
Director, Information Systems Services

DATE: February 26, 2015

SUBJECT: ISS Response to Internal Audit Report Titled
Information Systems Services – Procurement to Payment

ISS was informed that 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 established for the procurement to payment process for Fiscal Year 2015 (through June 30), as well as testing of those controls.

A summary of the audit findings and related recommendations are presented below along with ISS responses.

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

Our review of controls over the Procurement to payment functions of the department found that the Senior Manager - Finance, the Coordinator-Information Systems Services, and the Coordinator-ISS Physical Assets all had rights in the Advantage Financial Systems Purchasing Module to Issue a Purchase Order as well as confirm the receiving in the system. Our review of the Procurement transactions confirmed that these three staff members conducted transactions to Issue Purchase orders as well as confirm the receiving of the order in the system. Additionally, our review found that the Coordinator-Information Systems Services and the Coordinator-ISS Physical Assets were physically receiving purchase orders that were issued by them and whose receipt was confirmed in the system by them.

RECOMMENDATION:

The Department Director should ensure that no one individual initiates purchase orders in the Advantage financial system, physically receives the orders, and enters receivers in the Advantage financial system for the same transactions.

MEMORANDUM to: Joe Bergeron

Re: ISS Response to Internal Audit Report, ISS Procurement to Payment

February 26, 2016

Page Two

ISS RESPONSE: ISS agrees with the recommendation. There have been a limited number of support personnel for the department's fiscal functions as a result of budget cutbacks sustained over a five year period. Vacant positions were not filled and were ultimately eliminated thereby reducing staff resources assigned to the procurement and receiving functions. We have evaluated the current situation with regard to this recommendation, and will restructure our work processes to ensure there is adequate segregation of duties among staff positions. Receiving of goods and services will be accomplished through delegation of this function to a fiscal position approved in last year's budget. Segregation of the receiving of goods and services has begun with formalized assignment and procedures to be in place by March 31, 2016.

Finding 2: Controls over Purchase Order Receiving Function Need Improvement

ISS Departmental PPM ISS-FIN-401 *"Procurement Process for ISS - Section X - Receipt of goods"* states 'It is the responsibility of the requestor to inspect all deliveries of supplies, materials, equipment or services to determine conformance with the order specifications.'

RECOMMENDATION:

The Department Director should ensure that receipt of all goods and services is appropriately verified and documented prior to entry of receiving documents in Advantage. The verification and documentation should show that the goods or services received are of the quality and quantity ordered, the signature of the individual who received and verified the goods or services, and the date the goods or services were received.

ISS RESPONSE:

Our analysis of the examples identified by the Internal Auditor determined a couple of factors which contributed to this finding. For service related procurements, employees have been following historical practices of sending an email or initialing an invoice indicating that services have been completed and the invoice is "OK to pay". Going forward, ISS management will ensure that a standardized, documented, process is in place for all staff to follow by May 2, 2016. Training will also reinforce the need for details to be included on receiving documents, retention of packing slips and completed vendor work orders, and the importance of applying the appropriate signatures to all receiving documents. Additionally, there are items which are paid in advance and delivered electronically, such as software licenses and maintenance. By July 2016, ISS will develop and implement a procedure to properly confirm that the goods and services were, in fact, delivered in the quantities and quality acceptable to ISS.

GSB/im

C: Verdenia Baker, County Administrator



Office of the County Internal Auditor
Audit Report #2016-07

Office of Financial Management and Budget

Municipal Impact Fee Review

City of Boynton Beach



*Reviewed by Audit Committee
March 16, 2016*

DATED JANUARY 21, 2016

Stewardship – Accountability – Transparency

WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Were Impact Fees assessed, collected, and remitted to Palm Beach County by the City of Boynton Beach in accordance to Article 13 of the Unified Land Development Code (ULDC) of

Palm Beach County, and in accordance with Palm Beach Countywide PPM CW-F-025 entitled *Collection of Impact Fees* for the period October 1, 2012 through May 31, 2015?

WHAT WE FOUND

Except for the finding and recommendations described below, relating to the assessment of Impact Fees, the City of Boynton Beach assessed, collected, and remitted Impact Fees to Palm Beach County in accordance to Article 13 of the Unified Land Development Code (ULDC) of Palm Beach County, and in accordance with Palm Beach Countywide PPM CW-F-025 entitled *Collection of Impact Fees* for the period October 1, 2012 through May 31, 2015

The finding addressed improvements needed in controls over accuracy of impact fee calculations and assessments, and documentation of approval of impact fee credits allowed to developers.

WHAT WE RECOMMEND

The audit report makes four recommendations. The recommendations include collecting from or refunding to (as appropriate) impact fees that were incorrectly calculated, improving controls over documentation necessary

for managing impact fee credits allowed to fee payers, and to work with the County Impact Fee Coordinator to determine the appropriate fees for one specific project.

DETAILED FINDING AND RECOMMENDATIONS

Finding 1: Some Impact Fees Were Inaccurately Assessed

Article 13 of the ULDC establishes the rates to be charged for substantially all land development activity within the County. The rates vary as to the type of development activity and the size of the development activity. The ULDC exempts certain types of development activity from being assessed for certain impact fees, and establishes the guidelines and authority for the granting of such exemptions. Article 13 also establishes the due dates for timely submission of impact collected by municipalities to the County as well as the penalties for repetitive late payments of impact fees.

We reviewed and analyzed the Naviline system records and data for 13,176

permit applications, comprising of 48,060 fee transactions for the audit period of 10/1/12 through 5/31/15. We also reviewed and tested backup file documents for 394 permit applications for the same period. Our review found the following issues with the assessment of impact fees. These resulted in the incorrect collection of the fees.

1. Nine permits where fees were either not assessed or under assessed totaling an amount of \$5,771.23. *Attachment A details the permits, amounts and conditions.*
2. Four permits where fees were over assessed totaling \$86,409.88. *Attachment A details the permits, amounts and conditions.*

3. Seventeen single family residential and fourteen multifamily residential permits had credits taken for impact fees in whole or in part by the builder/ developer totaling \$548,627. Additionally, five single family residential permits had impact fees credits taken for an existing structure totaling \$44,457. While we were able to verify the proper application, and reporting of the credit, the City could not provide us with any documentation on the establishment of the credit. Article 13 requires all applications for impact fee credits to be on a form provided by the Impact Fee Coordinator with supporting documentation provided by the fee payer. City staff could not locate a copy of that form. In our discussions with City staff regarding this issue, staff suggested that the Impact Fee Coordinator may have transmitted the approvals via email and those emails were not incorporated into the project files. City staff also cited a history of staff turnover in this area of operations over time which also have contributed to the inability to locate the approvals. *Attachment B details the permits and fee credits taken.*
4. Nine Multi-family residential permits (Vista Bella @ Renaissance Commons) had Impact Fees paid to Palm Beach County on their original permits in 2005. The Developer (Hovsite Firenze LLC) did not do any building due to the downturn in the economy. Permits were renewed over the years and finally replaced with new permits in 2013 to meet new building codes. The City's

Building Division transferred the impact fees to the new 2013 permits. The County Impact Fee Manager informed us that he had instructed the City to have the developer pay impact fees on the new permits after giving them credit for the impact fees that they had paid. The difference between the 2005 and 2013 fees due for the nine permits is \$23,340. *Attachment C details the permits, and fees and related information relating to the 2005 & 2013 permits.*

Recommendations:

The Boynton Beach City Manager should initiate actions to:

1. **Ensure that the Impact fees not assessed/collected and due are collected and remitted to the County.** (Finding point 1)
2. **Make refunds to the fee-payers for the over assessed/collected impact fees.** (Finding point 2)
3. **Obtain and retain missing documentation relating to Impact Fee Coordinator approval for the credits taken as identified in the finding and ensure future credits are properly documented.** (Finding point 3)
4. **Work with the Palm Beach County Impact Fee Manager to determine the fees due on the Vista Bella project permits and obtain payment of the fees due from the developer.** (Finding point 4)

Management Comments and Our Evaluation

In replying to a draft of this audit report, the City Manager agreed with the finding and the recommendations.

As to point 1 of the finding, the City Manager stated that the impact fee assessments noted have been corrected in the City's database and that invoices had been sent to the permit holders. Two of the nine impact fees had been collected and that follow-up on the others would be conducted.

As to point 2 of the finding, the City Manager stated that the impact fee assessments had been corrected in the City's database and that refunds for the City's portion of the overpayments were in process. The City will also provide letters to the permit holders explaining the process for requesting a refund from the County.

As to point 3 of the finding, the City Manager stated that their Building Division had been in contact with the County to obtain duplicate copies of the missing credit forms. The Building Division will be codifying policies and procedures regarding obtaining and maintaining approved credit documentation.

As to point 4 in the finding, the City Manager stated that the Building Division had been in contact with the County to verify the audit findings and correct the impact fee assessments. Once the correct impact fee assessments are determined, the City's database will be updated and invoices sent to the permit holder.

We agree with and support the actions already taken and planned by City staff.

BACKGROUND

Impact fees are the fees assessed on new development that creates an impact on public facilities. The provision for the assessment of Impact fees is established in Article 13, entitled *Impact Fees*, of the Palm Beach County (PBC) Unified Land Development Code (ULDC) as authorized by Art. VIII, Sec. 1(g), Fla. Const., the PBC Charter, and the Capital Improvements Element of the PBC

Comprehensive Plan (Plan). The ULDC states that it is the intent of PBC that new development shall bear a proportionate share of the cost of capital expenditures necessary to provide park, fire-rescue, library, law enforcement, public building, schools and road capital facilities in PBC as is contemplated in the Plan. Article 13 of the ULDC also establishes the

guidelines and fee schedules for the assessment and collection of impact fees, and general processes for credits against the impact fees.

Countywide PPM CW-F-025, entitled *Collection of Impact Fees*, delegates the authority for the collection, management, and reporting of impact fees to the Office of Financial Management and Budget. The Impact Fee Office, under the direction of the Impact fee Manager, in the Financial Management Division, is assigned the responsibility of administering the impact fee related functions. The primary functions of the Office include ensuring the accurate collection of impact fees, reviewing impact fee refund requests, and conducting impact fee compliance reviews of municipalities. Countywide PPM CW-F-031, entitled *Impact Fee Compliance Reviews*, delegates to the County Internal Auditor the authority to examine the records and transactions of all agencies that collect and process impact fees. The City of Boynton Beach Impact Fee Audit was requested by the Office of Financial Management and Budget and approved by the Audit committee on June 17, 2015.

The City of Boynton Beach collects, processes and remits impact fees collected in accordance with Article 13 of the ULDC. The City's Department of Development Services is assigned the responsibility for the Impact Fee

functions. Permit Applications for all types of building permits including new development activities are processed by the application technicians of the Building Division. The Division's plan reviewers review and approve the building plans submitted. Upon approval the application technicians process the permit application for other requirements including the assessment of the required impact fees. Fees are collected from the applicant prior to the issuance of the permit. The Department uses the 'Naviline' system to process and record all permit application transactions. Impact fees collected are remitted into a city account on a daily basis and reconciled to the Naviline system by the Development Services supervisor. The revenue manager reconciles the monthly collections to the Naviline reports, on a monthly basis and then remits the funds to the County's Finance department along with a monthly recap schedule. The City is authorized an administrative fee for the collection of the fees, which it retains prior to the remittance to the county.

For the period 10/01/2012 through 5/31/2015 the City assessed impact fees on 191 building permits and collected approximately \$3.7 million in impact fees. For the same period the city approved 13,176 building permits applications for 64 various building permit types.

AUDIT SCOPE AND METHODOLOGY

This audit was conducted due to a request made by the County Office of Financial Management and Budget and approved by the Audit Committee. The audit scope included a review of all functions and transactions associated with the assessment, collection and remittance of impact fees by the City of Boynton Beach for the period 10/01/2012 through 5/31/2015.

For our audit objective, our initial planning included interviews with the County Impact Fee Manager and staff; the Finance Department Revenue Manager; the City Development Department Director, managers, supervisors and staff to become familiar with the various Impact Fee functions performed by the County and City personnel respectively. We also conducted a walkthrough of the various transactions and system and file documents. Our detail review methodology included the review and testing of backup documentation and system data related to the Impact Fee transactions for the assessment, collection, and remittance of Impact Fees by the City for the audit period. Our review and testing included using analytical procedures applied to both entire transaction populations and judgmental samples of the audit period. We tested the Naviline system data integrity prior to conducting any system data related test. We utilized the PBC

ULDC Article 13 as guidance to test and confirm the audit objective.

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.



Joseph F. Bergeron, CPA, CIA, CGAP
County Internal Auditor
January 21, 2016
W/P # 2015-43

Attachment A - Details of Finding #1 - Points #1 & 2

Item # 1 - Permits with Fees not assessed and Under assessed

No.	Permit #	Fees Assessed	Fees Due	Difference	Comments
1	14-717	\$0.00	\$207.95	\$207.95	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
2	14-994	\$0.00	\$158.61	\$158.61	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
3	14-2080	\$0.00	\$158.61	\$158.61	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
4	14-3181	\$0.00	\$207.99	\$207.99	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
5	14-3290	\$0.00	\$162.80	\$162.80	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
6	15-637	\$0.00	\$212.76	\$212.76	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
7	15-1342	\$0.00	\$375.56	\$375.56	Fees not assessed. Wrong Sq. Footage threshold used in fee calculations.
8	14-3492	\$161,623.57	\$165,643.55	\$4,019.98	Fees Under assessed. Wrong Sq. Footage threshold used in fee calculations.
9	14-4138	\$108.59	\$375.56	\$266.97	Fees Under assessed. Wrong Sq. Footage threshold used in fee calculations.
Totals		\$161,732.16	\$167,503.39	\$5,771.23	

Item # 2 - Permits with Fees Over assessed

No.	Permit #	Fees Assessed	Fees Due	Difference	Comments
1	13-3762	\$79,673.48	\$77,092.70	\$2,580.78	This was the building Permit on the Publix Shopping Center with an additional \$2580.78 in road fees assessed.
2	13-4140	\$77,092.70	\$0.00	\$77,092.70	This was a Site Permit on the Publix Shopping Center with no fees due.
3	14-4730	\$12,102.12	\$7,280.56	\$4,821.56	Road fees were collected for two zones, \$4,821.56 over assessed.
4	15-0861	\$21,933.45	\$20,018.61	\$1,914.84	Fees over assessed. Fees on this permit was calculated on the wrong Sq. Ft.
Totals		\$190,801.75	\$104,391.87	\$86,409.88	

Attachment B - Details of Finding #1 - Point # 3

Credits Applied - Single Family residential - Developer Project

	Permit #	Permit Type	Project	Parks	Pub Bldg	Roads	Schools	Total credit amounts
1	12-3560	Single Family	Ocean Breeze	\$ 506.72	\$ 112.94	\$ 4,821.56	\$ 1,931.26	\$ 7,372.48
2	12-3561	Single Family	Ocean Breeze	579.27	129.06	4,821.56	2,893.70	8,423.59
3	12-3563	Single Family	Ocean Breeze	506.72	112.94	4,821.56	1,931.26	7,372.48
4	12-3723	Single Family	Ocean Breeze	506.72	112.94	4,821.56	1,931.26	7,372.48
5	12-4073	Single Family	Ocean Breeze	579.27	129.06	4,821.56	2,893.70	8,423.59
6	13-145	Single Family	Ocean Breeze	579.27	129.06	4,821.56	2,893.70	8,423.59
7	13-1433	Single Family	Ocean Breeze	506.72	112.94	4,821.56		5,441.22
8	13-1434	Single Family	Ocean Breeze	506.72	112.94	4,821.56		5,441.22
9	13-1435	Single Family	Ocean Breeze	506.72	112.94	4,821.56	1,536.04	6,977.26
10	13-2845	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
11	13-2846	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
12	13-3373	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
13	13-3576	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
14	13-3646	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
15	13-3647	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
16	13-3905	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
17	13-4260	Single Family	Ocean Breeze	319.52	161.33	6,026.95		6,507.80
	Total			\$ 7,334.29	\$ 2,355.46	\$ 91,609.64	\$ 16,010.92	\$ 117,310.31

Ocean Breeze Project								
Credit Amounts established				\$15,080.04	\$3,360.60	\$121,503.24	\$27,585.72	\$167,529.60

There were 4 additional permits for which credits were applied that were prior to our audit period.

Credits Applied Multi-Family Residential - Developer Project

	Permit #		Project	Parks	Pub Bldg	Roads	Schools	Total credit amounts
1	12-3959	Multi-Family	Gulfstream				\$ 17,374.96	\$ 17,374.96
2	12-3988	Multi-Family	Gulfstream		\$ 1,120.20		9,195.24	10,315.44
3	12-3989	Multi-Family	Gulfstream		11.90		9,195.24	9,207.14
4	12-3990	Multi-Family	Gulfstream				9,195.24	9,195.24
5	13-358	Multi-Family	Gulfstream				17,374.96	17,374.96
6	13-359	Multi-Family	Gulfstream				17,374.96	17,374.96
7	13-360	Multi-Family	Gulfstream				9,195.24	9,195.24
8	13-380	Multi-Family	Quantum	\$ 4,645.46			30,900.16	35,545.62
9	13-381	Multi-Family	Quantum				40,307.64	40,307.64
10	13-1942	Multi-Family	Quantum		1,031.48			1,031.48
11	13-891	Multi-Family	Gulfstream		582.90	\$ 3,214.40		3,797.30
12	13-1811	Multi-Family	Manatee Bay	9,488.64	4,065.84	121,503.24	50,777.60	185,835.32
13	13-1813	Multi-Family	Manatee Bay		1,355.28	40,501.08		41,856.36
14	13-1814	Multi-Family	Manatee Bay		2,047.04	30,858.40		32,905.44
	Total			\$ 14,134.10	\$ 10,214.64	\$ 196,077.12	\$ 210,891.24	\$ 431,317.10

Total Single Family and Multi-Family Credits	\$ 21,468.39	\$ 12,570.10	\$ 287,686.76	\$ 226,902.16	\$ 548,627.41
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Attachment C - Details of Finding #1 - Point # 4

No.	Permit #	Bldg #	#of Units	Unit Sq. Ft.	Parks Each	Parks Total	Pub Bldg Each	Pub Bldg Total	Roads Each	Roads Total	Schools Each	Schools Total	Total Fees
1	13-1932	Bldg #1	4	1943	\$ 319.52	\$ 1,278.08	\$ 161.33	\$ 645.32	\$ 4,007.92	\$ 16,031.68	\$ 1,709.89	\$ 6,839.56	\$ 24,794.64
	05-4474	Bldg #1	4	1943	471.43	1,885.72	119.47	477.88	2,851.78	11,407.12	2,248.59	8,994.36	22,765.08
	Difference - Fees Due				(151.91)	(607.64)	41.86	167.44	1,156.14	4,624.56	(538.70)	(2,154.80)	2,029.56
2	13-3423	Bldg #3	5	1973	319.52	1,597.60	161.33	806.65	4,007.92	20,039.60	1,709.89	8,549.45	30,993.30
	05-4750	Bldg #3	5	1973	471.43	2,357.15	119.47	597.35	2,851.78	14,258.90	2,248.59	11,242.95	28,456.35
	Difference - Fees Due				(151.91)	(759.55)	41.86	209.30	1,156.14	5,780.70	(538.70)	(2,693.50)	2,536.95
3	14-736	Bldg #5	6	1943	319.52	1,917.12	161.33	967.98	4,007.92	24,047.52	1,709.89	10,259.34	37,191.96
	05-4828	Bldg #5	6	1943	471.43	2,828.58	119.47	716.82	2,851.78	17,110.68	2,248.59	13,491.54	34,147.62
	Difference - Fees Due				(151.91)	(911.46)	41.86	251.16	1,156.14	6,936.84	(538.70)	(3,232.20)	3,044.34
4	13-1555	Bldg #6	6	1943	319.52	1,917.12	161.33	967.98	4,007.92	24,047.52	1,709.89	10,259.34	37,191.96
	05-4830	Bldg #6	6	1943	471.43	2,828.58	119.47	716.82	2,851.78	17,110.68	2,248.59	13,491.54	34,147.62
	Difference - Fees Due				(151.91)	(911.46)	41.86	251.16	1,156.14	6,936.84	(538.70)	(3,232.20)	3,044.34
5	13-3957	Bldg #10	5	1973	319.52	1,597.60	161.33	806.65	4,007.92	20,039.60	1,709.89	8,549.45	30,993.30
	05-5206	Bldg #10	5	1973	471.43	2,357.15	119.47	597.35	2,851.78	14,258.90	2,248.59	11,242.95	28,456.35
	Difference - Fees Due				(151.91)	(759.55)	41.86	209.30	1,156.14	5,780.70	(538.70)	(2,693.50)	2,536.95
6	13-4438	Bldg #11	5	1973	319.52	1,597.60	161.33	806.65	4,007.92	20,039.60	1,709.89	8,549.45	30,993.30
	05-5345	Bldg #11	5	1973	471.43	2,357.15	119.47	597.35	2,851.78	14,258.90	2,248.59	11,242.95	28,456.35
	Difference - Fees Due				(151.91)	(759.55)	41.86	209.30	1,156.14	5,780.70	(538.70)	(2,693.50)	2,536.95
7	13-1556	Bldg #14	5	1973	319.52	1,597.60	161.33	806.65	4,007.92	20,039.60	1,709.89	8,549.45	30,993.30
	05-5642	Bldg #14	5	1973	471.43	2,357.15	119.47	597.35	2,851.78	14,258.90	2,248.59	11,242.95	28,456.35
	Difference - Fees Due				(151.91)	(759.55)	41.86	209.30	1,156.14	5,780.70	(538.70)	(2,693.50)	2,536.95
8	13-4292	Bldg #21	6	1943	319.52	1,917.12	161.33	967.98	4,007.92	24,047.52	1,709.89	10,259.34	37,191.96
	05-2732	Bldg #21	6	1943	471.43	2,828.58	119.47	716.82	2,851.78	17,110.68	2,248.59	13,491.54	34,147.62
	Difference - Fees Due				(151.91)	(911.46)	41.86	251.16	1,156.14	6,936.84	(538.70)	(3,232.20)	3,044.34
9	14-0354	Bldg #22	4	1943	319.52	1,278.08	161.33	645.32	4,007.92	16,031.68	1,709.89	6,839.56	24,794.64
	05-2719	Bldg #22	4	1943	471.43	1,885.72	119.47	477.88	2,851.78	11,407.12	2,248.59	8,994.36	22,765.08
	Difference - Fees Due				(151.91)	(607.64)	41.86	167.44	1,156.14	4,624.56	(538.70)	(2,154.80)	2,029.56
Totals - New			46		\$ 319.52	\$ 14,697.92	\$ 161.33	\$ 7,421.18	\$ 4,007.92	\$ 184,364.32	\$ 1,709.89	\$ 78,654.94	\$ 285,138.36
Totals - Old			46		\$ 471.43	\$ 21,685.78	\$ 119.47	\$ 5,495.62	\$ 2,851.78	\$ 131,181.88	\$ 2,248.59	\$ 103,435.14	\$ 261,798.42
Difference - Fees Due					\$ (151.91)	\$ (6,987.86)	\$ 41.86	\$ 1,925.56	\$ 1,156.14	\$ 53,182.44	\$ (538.70)	\$ (24,780.20)	\$ 23,339.94

Credit Amounts established

Project	Parks	Pub Bldg	Roads	Schools	Total credit amounts
Gulfstream	\$151,385.70	\$38,781.19	\$963,809.29	\$705,869.10	\$1,859,845.28
Quantum	45,183.06	10,066.68	263,257.02	225,708.60	544,215.36
Manatee Bay	9,488.64	7,468.16	192,862.72	50,777.60	260,597.12
Totals	\$206,057.40	\$56,316.03	\$1,419,929.03	\$982,355.30	\$2,664,657.76

Additional Permits with Credits applied prior to audit period

Project	# of Permits
Gulfstream	43
Quantum	3
Manatee Bay	None

Credits Applied - Single Family residential - Individual

No.	Permit #	Type of Credit taken	Reason for credit	Amount of credit
1	14-967	Partial Credit for Existing Structure - Addition	Addition to Single family home - Sq. Ft Threshold B to C	\$9,343.05
2	14-4393	Partial Credit for Existing Structure - Addition	Addition to Single family home - Sq. Ft Threshold B to C	9,343.05
3	15-856	Partial Credit for Existing Structure - Addition	Addition to Single family home - Sq. Ft Threshold B to C	9,343.05
4	15-176	Partial Credit for Existing Structure - Addition	Addition to Single family home - Sq. Ft Threshold B to C	9,343.05
5	13-413	Full Credit for Existing Structure - Addition	Rebuilt home damaged by fire. - Sq. Ft Threshold B to B	7,085.30
Totals				\$44,457.50

ADMINISTRATIVE RESPONSE

The City of Boynton Beach



OFFICE OF THE CITY MANAGER
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www.boynton-beach.org

February 10, 2016

Joseph Bergeron
Palm Beach County Internal Auditor
2300 North Jog Rd
West Palm Beach, FL 33411

RE: City of Boynton Beach
Municipal Impact Fee Audit
Final Draft Audit Report

Dear Mr. Bergeron:

Performance audits are an integral part of the effectiveness and efficiency of the City of Boynton Beach, and help identify opportunities for improved performance. I would like to thank you and your team for a very thorough audit of the Building Division's impact fee collection activities.

We have reviewed the auditor's findings and are providing a written response that will address each of the following.

1. The City of Boynton Beach's concurrence with the finding and recommendations or the City's reasons for disagreement.

The City of Boynton Beach has reviewed the final draft audit report and is in concurrence with the findings and recommendations.

2. The City of Boynton Beach's plans for implementing corrective actions to the conditions identified.

Finding 1: Some impact fees were inaccurately assessed.

1. Nine permits where fees were either not assessed or under assessed totaling an amount of \$5,771.23. *Attachment A details the permits amounts and conditions.*

The Building Division has corrected the impact fee assessment in our database related to the nine (9) permits identified in attachment "A" and invoices were sent to the permit holder requesting payment along with a letter explaining the error. As of this date the City has collected two of the nine impact fees due. Follow up notices will be mailed within two weeks.

2. Four permits where fees were over assessed totaling \$86,409.88. *Attachment A details the permits amounts and conditions.*

The Building Division has corrected the impact fee assessment in our database for the four (4) permits identified in attachment "A" and refunds for the City's portion of the overpayment have been processed and will be remitted to the permit holder within two (2) weeks.

Along with the check a letter will be transmitted explaining the error and will detail the process for obtaining the balance of the refund due from the Palm Beach County Impact Fee Division. Included will be a copy of the Palm Beach County Impact Fee refund application and all necessary documentation needed by the permit holder to obtain the refund.

3. Seventeen single family residential and fourteen multifamily residential permits had credits taken for impact fees in whole or in part by the builder/developer totaling \$548,627. Additionally, five single family residential permits had impact fees credits taken for an existing structure totaling \$44,457. While we were able to verify the proper application, and reporting of the credit, the City could not provide us with any documentation on the establishment of the credit. Article 13 requires all applications for impact fee credits to be on a form provided by the Impact Fee Coordinator with supporting documentation provided by the fee payer. City staff could not locate a copy of that form. In our discussions with City staff regarding this issue, staff suggested that the Impact Fee Coordinator may have transmitted the approvals via email and those emails were not incorporated into the project files. City staff also cited a history of staff turnover in this area of operations over time which also have contributed to the inability to locate the approvals. *Attachment B details the permits and fee credits taken.*

The Building Division has been in contact with the Palm Beach County Impact Fee Division and has requested a duplicate credit form be issued for the permits as outlined in attachment "B". This task should be completed in six to eight weeks.

In addition the Building Division will be codifying policies and procedures that outline no credit is to be applied to impact fees in any circumstance unless an approved credit form is received from Palm Beach County Impact Fee Division. The procedure will further outline that staff are to retain a copy of the credit form in the record file as the required documentation. This will be completed in four to six weeks.

4. Nine Multi-family residential permits (Vista Bella @ Renaissance Commons) had Impact Fees paid to Palm Beach County on their original permits in 2005. The Developer (Hovsite Firenze LLC) did not do any building due to the downturn in the economy. Permits were renewed over the years and finally replaced with new permits in 2013 to meet new building codes. The City's Building Division transferred the impact fees to the new 2013 permits. The County Impact Fee Manager informed us that he had instructed the City to have the developer pay impact fees on the new permits after giving them credit for the impact fees that they had paid. The difference between the 2005 and 2013 fees due for the nine permits is \$23,340.

The Building Division has been in contact with the Palm Beach County Impact Fee Division regarding the impact fee assessment on the permits in question for Vista Bella. The PBC Impact Fee Division is in the process of verifying the audit findings and should have a corrected impact fee assessment to the City within four to six weeks. Upon receipt of the verified impact fee assessment the Building Division will correct the impact fee assessment in our database and transmit invoices to the permit holder requesting payment along with a letter explaining the error.

3. The City of Boynton Beach's timetable for completing the corrective actions planned.

The Building Division estimates that all corrective actions within the City's control will be completed in four to six weeks.

Thank you for your cooperation as part of the audit process and if you have any questions I can be reached in the office at 561.742.6010.

Sincerely,



Lori LaVerriere
City Manager

Cc: Andrew P. Mack, P.E., Director of Development/City Engineer
Shane Kittendorf, Building Official
File

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