

PALM BEACH COUNTY  
BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: 2/6/18

[ 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 December 20, 2017 meeting as follows:
  - 1. 18-01 Facilities Development and Operations – *Capital Project Management Process*
  - 2. 18-02 Airports – *Capital Project Management Process*
- B. Audit recommendation status follow-up report as of September 30, 2017 reviewed by the Audit Committee at its December 20, 2017 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 December 20, 2017, the Committee reviewed and authorized distribution of the attached audit reports, as well as the Audit Recommendation Status Follow-up Report as of September 30, 2017. We are submitting these reports to the Board of County Commissioners as required by the Ordinance. Countywide (DB)

**Background and Justification:** The Internal Audit Committee reviewed and authorized distribution of audit reports 18-01 and 18-02, and the Audit Recommendation Status Follow-up Report as of September 30, 2017 reviewed by the Audit Committee at its December 20, 2017 meeting.

**Attachments:**

- 1. Audit report 18-01 Facilities Development and Operations – *Capital Project Management Process*
- 2. Audit report 18-02 Airports – *Capital Project Management Process*
- 3. Audit recommendation status follow-up report as of September 30, 2017

Recommended by:

Joseph F. Bergeron  
County Internal Auditor

1-4-18  
Date

Recommended by:

N/A  
County Administrator

\_\_\_\_\_  
Date



**II. FISCAL IMPACT ANALYSIS**

**A. Five Year Summary of Fiscal Impact:**

Fiscal Years	2018	2019	2020	2021	2022
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:

*Robert Row* \_\_\_\_\_ 1/10/18  
 Budget/OFMB  
*sp/18/18* *AK 1/8/18*

*J. J. Jacobson* \_\_\_\_\_ 1/10/18  
 Contract Administration  
 1/10/18 *(TW)*

B. Legal Sufficiency:

*D.C. [Signature]* \_\_\_\_\_ 1/10/18  
 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 #2018-01

**Facilities Development & Operations**  
*Capital Project Management Process*



*Reviewed by Audit Committee  
December 20, 2017*

*DATED August 14, 2017*

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*Stewardship – Accountability – Transparency*

## WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

- Did the Facilities Development & Operations Department Director implement effective management controls over the capital project management process for capital projects managed by the Department?

## WHAT WE FOUND

We found that the Facilities Development & Operations Department Director generally implemented effective management controls over the capital project management process.

The report includes five findings. The findings address:

- Documentation issues relating to project completion;
- Documentation issues relating to payments for allowance accounts and other GMP lines;
- Scheduling issues for individual construction activities;

- Tracking and reporting project status; and
- Design project schedules lacking anticipated completion dates.

During the course of our engagement, we noted control issues related to monthly status report requirements and scope of work statements, which did not rise to the level of a finding. However, we felt these matters should be brought to management's attention. A management letter was issued to the FDO Director to identify the conditions for informational purposes only.



## WHAT WE RECOMMEND

The audit report makes nine recommendations for improvement in the capital project management process

relating to the issues we described above in the "What We Found" section.

## DETAILED FINDING AND RECOMMENDATIONS

### **Finding 1. Documentation and Process Issues Regarding Project Completion**

We reviewed all the related contract documents for the 10 sample projects as described above. We had issues with each of the 10 construction projects we reviewed. These issues centered around documentation supporting the date of project completion and the timeliness of final change orders on projects which exceeded their contractually established completion dates.

County Policy (PPM CW-F-049 entitled "*Contract Development and Contract Responsibility*") states that departments may assess liquidated damages on projects and that liquidated damage rates must be included in the contracts. Liquidated damages are assessed against a contractor to compensate the owner when the owner incurs additional costs as a result of the contractor's failure to deliver the project

at the contracted completion date. Liquidated damages may be assessed for failure to meet either the substantial completion (SC) date or the final completion (FC) date. Circumstances may arise during construction that might require extensions of time for the contractor. These time extensions are granted by issuance of a change order adding time to the contracted completion dates.

According to the CID Director, projects are evaluated prior to construction solicitations to determine if the County will incur any additional costs due to late delivery of a project. An estimate of those costs is prepared and included in the construction solicitation after Department Director review and approval. We observed an example of the memo produced documenting this process.

The CID Director stated that the Department had decided years ago to stop imposing liquidated damages for failure to meet final completion dates. The rationale for this was described as the County already has beneficial use of the project at the SC date and that the County would not incur any additional costs associated with achieving final completion. However, three of the contracts we reviewed included liquidated damage rates for failure to achieve timely final completion due dates.

In our review of JOC and Annual Construction contracts we noted three instances where documentation supporting the actual project completion date was not included in the project file. However, CID was able to provide adequate documentation from other sources.

We also noted several instances where change orders adding additional time to the contract due date were processed months after physical completion of the project. For example, project 16319 (an annual construction contract for \$70,290) had a completion date of September 2, 2016. Final payment for the project was made on April 26, 2017. We were provided a copy of a letter from the contractor establishing the actual completion date as November 1, 2016. The CID Director stated agreement with the contractor's asserted completion date. No corroborating information was available in the project file. As of May 18, 2017 the change order adding the additional time to the project had not been processed.

#### **Recommendations:**

- 1. The Department Director should ensure that there are adequate and consistently applied procedures to establish and record completion dates as determined by Department personnel.**
- 2. The Department Director should ensure that all project files contain documentation supporting the CID Director's determination as to whether liquidated damages are to be assessed and the calculation of liquidated damage amounts when deemed necessary.**
- 3. The Department Director should ensure change order requests are handled expeditiously by staff.**

#### **Management Comments and Our Evaluation**

In responding to a draft of this report, the Department Director agreed in part with each recommendation.

As to Recommendation #1, the Director stated her belief that the Department already has adequate procedures in place, but added that the Division Director would reinforce those procedures with his project managers.

As to Recommendation #2, the Director stated her belief that the Department has adequately addressed the liquidated damages calculation method in existing Departmental policy, but added that a new policy documenting the process of

when liquidated damages would be assessed.

As to Recommendation #3, the Director stated that Division policy already required change orders to be processed expeditiously. She added that the Division Director will reinforce this policy with the project managers.

The Department Director also provided general comments on Finding #1 regarding potential factual errors or misunderstanding by us of the Department's assessment of liquidated damages. These comments are on page 2 of the Director's written response, which is attached to this audit report.

We acknowledge that we may have misunderstood certain elements of the finding as we have presented them. We also find the Department Director's responses to our recommendations to be fully responsive to those recommendations.

**Finding 2. Documentation Supporting Payment Requests for Allowance Accounts and Other GMP Lines**

According to the CID's procedure entitled "*Project Manual*", change orders are initiated for reconciliation of the final cost of a CM@R contract (guaranteed maximum price GMP contract) or amendment. At the end of a GMP project, FDO conducts an audit reconciliation of "allowance accounts" and specific subcontractor GMP lines with large threshold amounts. Allowance accounts are segregated construction amounts dedicated for a

specific use that may not have a specific contract budget or contract line item.

CID's project manager conducts a payment reconciliation audit on a sample of invoices for services provided to the contractor to support the propriety of the requested payment to the contractor for allowance items. The objective of this step is to ensure that discrepancies do not exist between the contract billings and the actual payments.

We reviewed CID's files for the contractor's "allowance line" and the requested "subcontractor GMP cost line" to determine if the invoices were accurate, sufficient, and reconciled to the actual costs incurred. We identified 1 (Project 13024) out of the 2 closed capital projects (Tables 3 and 4) where FDO did not have invoice documentation from subcontractors.

FDO entered into a contract with Trillium Construction Inc. for an Information System Service Data Center. The contract amount of the project was \$3,227,411.00.

**Project 13204 – Allowance Line**

We identified \$9,824.41 in payments from the allowance line which did not have invoice documentation. See Table 1 below:



<b>Table 1</b>	
<b>Allowance Description Line</b>	<b>Actual Cost</b>
Security	\$ 0
Dumpster (Government)	\$ 6,222.09
Tree Relocation (Private)	\$ 2,148.00
Site work	\$ 0
Signage (Private)	\$ 1,454.32
<b>Total</b>	<b>\$ 9,824.41</b>

We noted that the CM submitted its own invoices for verification rather than the subcontractor's invoices. Some of the CM's documentation were unsigned checks for such amounts as \$1,454.32 and \$589.00.

The PM was unaware that some of the checks were not signed and other documentation was not present in the project files. CID requested the documentation from the contractor

during our review of the file. The contractor provided the missing documentation the same day they were requested by FDO.

Project 13204 – Specific Requested Subcontractor Lines

We also identified \$1,490,160.13 in payments from specific GMP lines which did not have invoice documentation. See Table 2 below:

<b>Table 2</b>	
<b>Requested Subcontractor's Cost Line</b>	<b>Actual Cost</b>
Concrete/ Masonry (Private)	\$ 253,300.00
Plumbing (Private)	\$ 189,359.33
HVAC (Private)	\$ 315,954.00
Electrical	\$ 731,546.80
<b>Total</b>	<b>\$1,490,160.13</b>

FDO requested the missing documentation from the contractor during our review of the project files. The contractor provided the information the day requested.

We also noted that the CM submitted its own invoices for verification rather than the subcontractor's invoices. Some of the CM's documentation were unsigned checks for such amounts as followed:

- \$90,402.73

- \$60,273.24
- \$20,047.70

The PM was unaware that some of the checks were not signed. Supporting documentation is intended to provide transparency for services rendered/products purchased. Without documentation, payment requests for allowances could result in discrepancies and possible over charges

**Recommendation:**

4. **The Department Director should ensure the CID Director documents the allowance and other GMP line reconciliation process in the Project Manual and that appropriate documentation to support the allowance reconciliation process is retained in the project files.**

**Management Comments and Our Evaluation**

In responding to a draft of this report, the Department Director agreed with the recommendation. The Director stated that the Project Manual will be revised to document CID's process for reconciling CM@Risk projects.

The Department Director also provided general comments on Finding #2 stating the Department's belief that certain factual errors exist in our description of the finding. The full detail of these comments can be found on pages 2 and 3 of the Department's response, which is attached.

We acknowledge the potential of factual

error as described by the Department Director. However, we believe that any such errors do not materially affect the overall significance of the finding. We also find the Director's response to the recommendation is fully responsive to the recommendation.

**Finding 3. Scheduled Individual Construction Activities Exceed Maximum Duration Allowed by the General Conditions of the Construction Contracts**

The general conditions section of construction contracts include a requirement for the contractor to prepare construction time schedules to support achievement of the contracted delivery date for the project. These general conditions limit the time for any individual construction activity (or task) to no more than 20 days.

According to the County's contracts with Trillium Construction Inc, (Storage Pavilions - Project 15206) and Hedrick Brothers Construction Company Inc (Construction Manager at Risk Services for Airport Center Renovations - Project 13208), no individual construction activity should be scheduled for more than 20 workdays. According to the FDO Director, the purpose for this requirement is to ensure the production schedule is provided in sufficient detail to understand and evaluate changes in the schedule whether the changes are contractor or owner initiated, not to artificially limit any one task duration to 20 days. The contractor works with the project managers to create schedules using the Microsoft Project management

software. The software creates visual timelines that represents the steps, assignments, and duration of activities in a project.

Project schedules are intended to accurately represent a contractor's plan

to complete all work by required date. Our reviews disclosed that 3 out of 4 (75%) capital projects have activities scheduled for more 20 days. For example, some construction activities were scheduled for the following days for project 15206:

<b>Table 3</b>	
Project 15206 - Storage Pavilions	
Days	Activity
33	Remove fencing/ create temporary dust wall
32	Reroute Existing Electrical
112	Interior Drywall
45	Rough Dry Pipe Sprinkler system
41	Chiller connects

For project 13204, construction activities were scheduled for the following days:

<b>Table 4</b>	
Project 13204 - ISS Enterprise Data Center	
Days	Activity
106	Area 2 N/S Run along fence
80	Below grade electrical and fuel
181	Monument sign Travertine and Lettering
55	Under slab electric
55	Floor drains

Both tables above show activities exceeding the contract maximum limit which could result in long project duration going beyond the projected SC and FC date. In most large projects, delaying one or more milestone dates can cause increased expenses. FDO indicated this *20 days' maximum duration* language may need to be removed from the general conditions to allow the PM to approve exceeding the requirement.

**Recommendation:**

- The Department Director should revise their contracts to comply with current management processes.**

**Management Comments and Our Evaluation**

In responding to a draft of this report, the Department Director agreed in part with the recommendation. The Director stated that the 20 day requirement was adopted to require the contractor to provide sufficient detail in the



construction schedule to give the Department some confidence that the overall construction deadlines would be met.

The Director also provided general comments on Finding #3 suggesting an incorrect assumption on our part as to the potential impact of individual task durations in excess of the 20-day requirement. The full text of her comments can be found on page 3 of the Department's response, which is attached.

The Director stated that the contract language has been revised to clarify the Department's intent in this regard.

We acknowledge that construction tasks not on the critical path can exceed the existing 20-day limit without adversely affecting achievement of timely completion of the project. We also find the Director's response to our recommendation to be fully responsive to that recommendation.

#### **Finding 4. Tracking and Reporting Project Status**

We requested FDO provide the close-out date for their construction projects. FDO indicated it would take two weeks to gather the information. According to the CID Director, CID maintains records of project status in the individual project paper files. No electronic tracking or monitoring is done of project status. The Department does not track or monitor project close-out other than in the project files. The department is not using the JOC program/system to its

full potential because FDO is not using the feature to enable the organization to track and monitor project close-out.

According to management, FDO records the approval date and scheduled completion date of the WO and not the actual completion date for JOC work orders. Actual completion dates for individual work orders against Annual or JOC contracts are not electronically tracked in any way. The FDO capital improvement process is very manual based on a file system. Lack of electronic tracking of project status will make future Capital Improvement Program reporting requirements challenging. With this condition in mind, FDO has entered into a contract with a project management consultant to implement an electronic (automated) project tracking system.

Unlike capital projects not procured using the JOC methodology, there are no FDO policies and procedure memoranda for the JOC and Annual process. Countywide Policies and Procedure Memoranda (CW-O-001) entitled "*Policies and Procedure Memoranda*" states, "the County Administrator, all department directors, all division directors, and all heads of separate offices shall issue and maintain Policies and Procedures Memoranda (PPM). 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." Lack of written policies and procedures does not

promote consistent operations and to implement a strong internal control environment.

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.*

#### **Recommendations:**

- 6. The Department Director should determine whether the Gordian Group's JOC system supports tracking and recording key project milestones.**
- 7. If the determination in recommendation #6 is negative, the Department Director should ensure CID tracks key project milestone**

**dates in the project management system being provided by the project management consultant.**

- 8. The Department Director should ensure that CID updates the CID Project Manual to include reference to the Gordian Group manual and supplements that manual as necessary.**

#### **Management Comments and Our Evaluation**

In responding to a draft of this report, the Department Director indicated that the Department will be phasing-out the Gordian JOC system over the next few years and transitioning tracking project to the Prolog System. The Director stated that all new projects will be tracked in the Prolog System, while existing projects will continue to be tracked manually.

We find the Department's response to recommendations 6, 7, and 8 to be reasonable considering that we believe the investment necessary to fully utilize the tracking capabilities in the JOC system would have no real payback due to the planned termination of the JOC system.

#### **Finding 5. Missing Key Milestones Deadline Dates for Design**

According to CID's procedure entitled "*Project Manual*", once a project has been assigned, the PM is responsible for the development, review and, approval of a project program for all design projects being administered by the Division

during the design phase of a project. The program typically contains the project schedule. The schedule lists key milestone dates and deadlines as well as assumptions relative to the County's responsibilities.

We determined that none of the four projects we selected for design phase testing had an anticipated design completion date. According to FDO management, design project completion dates include elements of consultant work effort and County work effort. FDO management stated that consultant progress can be monitored based on the duration of work effort established for each phase of the design project. However, since much of the County work effort is dependent on input from other parties within the County organization, projections of duration for the County effort portion of design contracts is problematic.

Without established milestone deadlines for design, FDO will not be able to determine if consultants are consistently missing, meeting, or exceeding expectations. We were unable to determine if consultants were meeting expectations. FDO indicated the department did not set a consultant design anticipated deadline because no one asked for this information before. FDO indicated that the department is in the process of procuring and implementing project management system.

**Recommendation:**

**9. The Department Director should ensure CID staff track and monitor anticipated design task durations for determining consultant compliance with contract requirements.**

**Management Comments and Our Evaluation**

In responding to a draft of this report, the Department Director agreed in part with the recommendation. The Director stated that the Department does track and monitor design professional performance using task durations.

The Director also provided general comments on this finding stating her belief that our assertion regarding establishing milestones for design progress does not reflect the reality of the Department's management of design contracts.

Essentially, the Department Director asserted the Department is currently monitoring design professional performance, albeit differently than we suggested.

We acknowledge that the Department is currently tracking design professional performance. We also recognize that the total duration of a design project is really not subject to control either by the design professional or the Department.

Accordingly, we consider this recommendation closed with issuance of this report.



## BACKGROUND

Facilities Development & Operation (FDO) is responsible for siting, building, and operating the County's physical plants, major equipment, and electronics systems. This includes the buildings occupied by the Sheriff's Office and the 15th Judicial Circuit Court, as well as several other Constitutional Officers including the Property Appraiser, Supervisor of Elections, and the Tax Collector. More specifically, this includes the implementation of capital building and land improvement projects, the maintenance and operation of more than 800 occupied structures, and operations and maintenance of the countywide public safety radio system. The major divisions within FDO include: Administration, Capital Improvements (CID or the Division), Electronic Services and Security, Facilities Management, Facilities Services, and Property and Real Estate Management and Fleet Management.

CID is responsible for managing the design and construction of facilities. Primary services include procuring architectural and engineering services for capital projects, administering bids and other procurement related activities for capital projects, and administering capital project construction activity. FDO has 24 positions in CID. For FY 2016, the approved 2016 capital

project and previous year balance carry forward amounted to \$109M. CID manages new construction projects as well as repair and renovation projects. These projects are implemented using one of the four procurement methods described below.

CID uses outside consultants for all of its design work. CID projects use a variety of project procurement methods including: traditional design-bid-build (also known as Hard Bid), Job Order Contracting (JOC), annual contractors, and Construction Manager at Risk (CM). Each project is assigned to a project manager (PM) who handles the project from the consultant selection phase through the design & construction phase. In the past four years, CID has awarded over \$250,000,000 in construction contracts and over \$22,000,000 in consultant contracts. The capital improvement process (CIP) includes several capital project documents as follows:

**Table 5 - CAPITAL IMPROVEMENT PROCESS DOCUMENTS**

<b>TYPE</b>	<b>PROFESSIONAL SERVICE CONTRACT DESCRIPTIONS</b>
Basic Consultant Contract	Utilized to establish the professional relationship with the consultant. May be for a single project or a group of similar projects (generally referred to as "annual" agreements).
Consultant Service Authorization (CSA)	Utilized in relation to professional services contracts approved by the Board with engineers, architects, landscape architects and land surveyors that request additional services in relation to that
Supplement	Utilized to request additional services in relation to an existing Consultant Services Authorization to a professional services
Pay Applications (Pay App)	Utilized to confirm work has been satisfactorily completed for the payment being requested.
<b>TYPE</b>	<b>CONSTRUCTION CONTRACT DESCRIPTIONS</b>
Construction Contract	Utilized to establish a basic scope of construction related services with a contractor. May be a project specific contract, a contract for construction manager at risk services, a contract for a certain type of services to be provided on an "as-needed" basis (generally referred to as "annual" agreements), or may be a contract for a broad range of specific construction services provided by contractors who have bid on the package of specific construction services (known as IOC or job order contract
Change Orders (CO)	Utilized to direct a vendor or contractor to make changes or additions to a Board approved construction contract.
Pay Applications (Pay App)	Utilized to confirm work has been satisfactorily completed for the payment being requested.
Work Order (WO)	Utilized for a particular task request in relation to the Board approved annual construction contract.

**AUDIT SCOPE AND METHODOLOGY**

This audit was part of the 2017 new business process annual audit plan as approved by the Audit Committee. The audit scope included a review of

internal controls in place relating to the capital project management process for projects with substantial completion due dates from Fiscal Year 2015 through

Fiscal Year 2016, as well as testing of those controls.

The activities in the capital project management process include:

1. production priorities and schedule,
2. solicitation of consultants and contractors,
3. oversight & quality of design & construction activities,
4. payments to contractors in accordance with contract terms, and
5. timely project closeouts.

The audit covered the processes the department utilized to take a capital project from the beginning to final completion. Audit fieldwork was conducted at FDO from March 2017 to May 2017.

To become familiar with the various project types and procurement methods, we conducted interviews with the CID management and staff involved. We discussed the processes and the controls used to manage the CID function at the Department. Our methodology included the review and testing of

backup documentation related to the project's budgeting, set-up, monitoring, change orders, payments, and implementation. For the JOC project, we reviewed the JOC contractor's bids based on the eGordian Construction Task Catalog (CTC). The CTC defines unit prices based upon local market costs.

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

#### Sample Selections

As of December 2016, the Department listed 841 projects for a total budget amount of \$145 million with Substantial Completion (SC) and Final Completion (FC) due dates from Fiscal Year 2014 through Fiscal Year 2016. We divided the project population into three project types, (Table 6):

TYPE	# OF PROJECTS	AMOUNT
Hard Bid or CM @ Risk	83	\$130,853,351
JOC Project	180	\$4,933,839
Annual Project	578	\$9,862,765

We performed a walkthrough of the capital process. The walkthrough helped to gauge the amount of time to review a sample item throughout the capital project cycle. Based on the

results of our walkthrough of the procurement and implementation processes, we determined an appropriate sample selection would be:

- 4 hard bid or CM @ Risk Projects

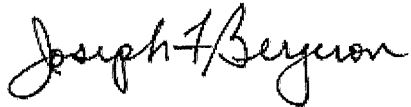
- 2 JOCs
- 4 Annual construction contracts

We reviewed the projects in the design phase and in the construction phase. For the testing and review of the design phase, we selected all the CSAs and Supplements (11 and 30, respectively) for our selected sample projects. We tested to determine if design items complied with the terms and conditions of the set agreement.

For the testing and review of the construction phase, we selected all the WO related documents for our selected sample projects. Related documents include contracts, budgets, change orders, pay apps, and close-out reconciliations. We tested to determine if construction items complied with the terms and conditions of the set agreement.

**Management and Audit Responsibilities**

Management is responsible for establishing and maintaining effective



Joseph F. Bergeron, CPA, CIA, CGAP  
County Internal Auditor  
August 14, 2017  
W/P # 2017-03

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



INTEROFFICE MEMORANDUM

TO : Joseph F. Bergeron, Internal Auditor
THRU : Audrey Wolf, Director, FD&O
FROM : John Chesher, Director, Capital Improvements
DATE: November 30, 2017
RE : FDO Response – Audit Capital Project Mgmt Process

Facilities Development & Operations Department

2633 Vista Parkway
West Palm Beach, FL 33411

Telephone - (561) 233-0200
Facsimile - (561) 233-0206
www.pbcgov.com/fdo

The Capital Improvements Division is in receipt of your letter dated November 20, 2017 enclosing the Final Draft Audit Report – FDO-Capital Project Management Audit and requesting a response to the audit recommendations.

As directed by your letter, the text of the individual audit recommendations is followed by FD&O’s response.

Finding 1. Documentation and Process Issues Regarding Project Completion

RECOMMENDATION:

1. The Department Director should ensure that there are adequate and consistently applied procedures to establish and record completion dates as determined by Department personnel.

FD&O RESPONSE:

1. The Department concurs in part with this recommendation; but, the Department believes we already have adequate close out procedures in place as documented in the FDO/CID Project Manual Section 6 Paragraphs A and B and as documented in the General Conditions to our standard construction contracts. However, the Division Director will reinforce the close out procedures and file documentation (since some, not “all” as written, were deficient) with his Project Managers no later December 31, 2017.

RECOMMENDATION:

2. The Department Director should ensure that all project files contain documentation supporting the CID Director’s determination as to whether liquidated damages are to be assessed and the calculation of liquidated damage amounts when deemed necessary.

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

“An Equal Opportunity Affirmative Action Employer”



**FD&O RESPONSE:**

2. The Department concurs in part with the recommendation. The Department will issue a Departmental PPM no later than February 15, 2018 documenting its procedures for determining when LDs are and are not assessed. The Department believes that the calculation methodology of LDs is already adequately addressed in the FDO/CID Project Manual Section 3 Paragraph F and is adequately documented in each construction contract.

**RECOMMENDATION:**

3. *The Department Director should ensure change order requests are handled expeditiously by staff.*

**FD&O RESPONSE:**

3. The Department concurs in part with the recommendation. The FDO/CID Project Manual already directs the Project Managers to handle change orders expeditiously (Section 5, Paragraph C), but the Division Director will reinforce this with his Project Managers no later than December 31, 2017. It should be noted that often it is the contractor who delays the processing of change orders by not providing the required backup information in a timely manner.

*FDO General Comments on Finding 1: The Department believes there are certain factual errors in the Auditor's discussion of Finding 1 in the Audit Report. The second sentence of the first paragraph states that there were documentation and process issues regarding project completions with each of the 10 construction projects reviewed; we do not believe this is a correct statement. Also in the fourth paragraph you state that three of the contracts included LDs for failure to achieve timely final completion; but we are not aware of any of the audited projects that contain LDs for "Final Completion" since our practice is to only impose LDs for failure to timely achieve Substantial Completion. Any use of the words "Final Completion" on the standard JOC Notice to Proceed work order letter provided as part of the Gordian project system software is referring to final completion of the construction work.*

**Finding 2. Documentation Supporting Payment Requests for Allowance Accounts and Other GMP Lines**

**RECOMMENDATION:**

4. *The Department Director should ensure the CID Director documents the allowance and other GMP line reconciliation process in the Project Manual and that appropriate documentation to support the allowance reconciliation process is retained in the project files.*

**FD&O RESPONSE:**

4. The Department concurs with this recommendation. The FDO/CID Project Manual will be revised to document CID's reconciliation process for CM@Risk projects no later than February 28, 2018.

*FDO General Comments on Finding 2: The Department believes there are certain factual errors in the Auditor's discussion of Finding 2 in the Audit Report. In the seventh paragraph regarding reconciliation of allowances, we would like to note that the contractor provided copies of signed*

checks on the same day as requested and the amounts were verified as correct and supported the accuracy of the existing reconciliation documentation in the file. In the eighth and ninth paragraphs regarding CID's sample verification of certain GMP line items at closeout, the report states that certain GMP line items did not have invoice documentation and there was "missing" documentation. At closeout, CID verifies a sample of the GMP line items (not every line item) by comparing the amounts paid to the CM to amounts owed and paid under the subcontracts for that line item. There was no "missing documentation" because subcontractor invoices are not part of our procedure for verifying that what we paid the CM matches what was owed to the subcontractor; since we verify this by matching the amount we paid the CM with checks issued by the CM to the Subcontractor.

**Finding 3. Scheduled Individual Construction Activities Exceed Maximum Duration Allowed by the General Conditions of the Construction Contracts**

**RECOMMENDATION:**

5. The Department Director should revise their contracts to comply with current management processes.

**FD&O RESPONSE:**

5. The Department concurs in part with this recommendation. The General Condition referenced was an attempt to require the contractor to break down the construction schedule in sufficient detail, it was not an attempt to limit a construction activity to 20 days. The Department has already revised the contract condition to clarify this language.

*FDO General Comments on Finding 3: The Department believes there are certain incorrect conclusions in the Auditor's discussion of Finding 3 in the Audit Report. In the final paragraph of the discussion under Finding 3, it is stated that the activities in the schedule exceeded the 20 day limit which could result in long project duration going beyond the projected SC and FC date; this is not a correct conclusion. Even though all of the activities noted in the schedule are longer than 20 days, all of the activities fit within the overall contract time and do not and cannot extend the contract dates. As stated above the contract language was just an attempt to get a detailed construction schedule from the contractor it was not an attempt to limit any construction activity to 20 days. We believe the contract provision has been misinterpreted by audit staff in Finding 3.*

**Finding 4. Tracking and Reporting Project Status**

**RECOMMENDATION:**

6. The Department Director should determine whether the Gordian Group's JOC system supports tracking and recording key project milestones.

**FD&O RESPONSE:**

6. The Department will not use Gordian to track construction dates, because the Department will track all future projects in the new Prolog software system provided by Jacobs Project Management. Existing Gordian projects will continue to be tracked manually as we convert to the new Prolog system.

**RECOMMENDATION:**

7. *If the determination in recommendation #6 is negative, the Department Director should ensure CID tracks key project milestone dates in the project management system being provided by the project management consultant.*

**FD&O RESPONSE:**

7. The Department concurs in part with this recommendation, since all new projects will be tracked in Prolog; but existing Gordian projects will continue to be tracked manually as we convert to the new Prolog system.

**RECOMMENDATION:**

8. *The Department Director should ensure that CID updates the CID Project Manual to include reference to the Gordian Group manual and supplements that manual as necessary.*

**FD&O RESPONSE:**

8. The Department does not agree with this recommendation, since the Department will be phasing out the JOC contracts and the Gordian system when the JOC contracts expire in 2020. In the interim, the Department will continue to follow the procedures in the Gordian manual and to track key project milestones manually, but we do not see the need to incorporate the Gordian manual into our Project Manual since use of JOC will be phased out in the next two years.

**Finding 5. Missing Key Milestones Deadline Dates for Design**

**RECOMMENDATION:**

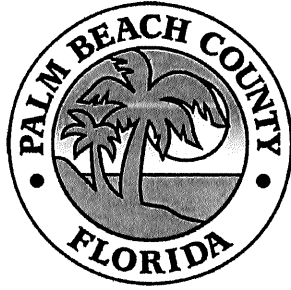
9. *The Department Director should ensure CID staff track and monitor anticipated design task durations for determining consultant compliance with contract requirements.*

**FD&O RESPONSE:**

9. The Department concurs in part with the recommendation, since it is the Department's current practice to track and monitor the design professional's compliance through task durations.

*FDO General Comments on Finding 5: The Department believes there are certain incorrect conclusions in the Auditor's discussion of Finding 5 in the Audit Report. In the third paragraph of discussion of Finding 5, you conclude that "without established milestone deadlines for design, FDO will not be able to determine if consultants are consistently missing, meeting or exceeding expectations". FDO does not agree with this conclusion. FDO can and does determine if a consultant is meeting its schedule commitments by monitoring the design task durations.*

As always, we thank you for the time and professionalism of your staff as we work together to improve our management processes and procedures and insure adequate internal controls.



Office of the County Internal Auditor  
Audit Report #2018-02

**Department of Airports**  
*Capital Project Management Process*



*Reviewed by Audit Committee  
December 20, 2017*

*DATED October 31, 2017*

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*Stewardship – Accountability – Transparency*

## WHY WE CONDUCTED THIS AUDIT

We conducted this audit to address the following:

Did the Department of Airports (DOA) Director implement effective Capital Project Management controls to ensure that:

1. Capital project proposals reflect the needs of the community and reflect the Level of Service (LOS) established in the Comprehensive Plan; and they are scoped, funded and prioritized effectively;
2. The Capital Project Design Consultant Agreements are

approved, awarded, managed, closed and paid in accordance with Departmental and Countywide policies and procedures;

3. The Capital Project Construction Contracts are approved, awarded, managed, closed and paid in accordance with Departmental and Countywide policies and procedures?

## WHAT WE FOUND

We found that the Department of Airports Director generally implemented effective management controls over the capital project management process. We did, however, have some issues relating to objectives 2 and 3 above.

The report includes three findings. The findings address:

- Issues relating to compliance with the County policy implementing the State of Florida's Consultants' Competitive Negotiation Act;

- Issues relating to compliance with the County policy governing management of County contracts; and
- Issues relating to DOA administration of consultant and construction contracts.

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 DOA Director identifying

these situations for informational purposes only. The management letter comments included minor incidents of non-compliance with policy relating to

both Consultant Agreements and Construction Contracts.

## WHAT WE RECOMMEND

The audit report makes six recommendations for improvement in the capital project management process relating to

the issues we described above in the "What We Found" section.

## DETAILED FINDING AND RECOMMENDATIONS

### **Finding 1: Compliance with Florida Statutes CCNA requirements**

Countywide PPM CW-O-048 entitled "*Selection of Professional Engineers, Architects, Landscape Architects, Land Surveyors and Mappers*" requires County departments to acquire professional services for projects in excess of the threshold amounts established in Florida Statutes in accordance with the Florida's Consultants' Competitive Negotiation Act - (CCNA). The CCNA

(Florida Statutes section 287.055) governs the process local governments follow for awarding contracts for professional architectural, engineering, landscape architectural, or surveying and mapping services.

Section 287.055 (2) defines a project in subsection (f); and defines a continuing contract in subsection (g). Section 287.055 (3a1) establishes thresholds for public announcements of a need for professional services.

#### Section 287.055 (2) (f) states:

*"Project" means that fixed capital outlay study or planning activity described in the public notice of the state or a state agency under paragraph (3)(a). A project may include:*

- 1. A grouping of minor construction, rehabilitation, or renovation activities.*
- 2. A grouping of substantially similar construction, rehabilitation, or renovation activities.*

#### Section 287.055 (2) (g) states:

*A "continuing contract" is a contract for professional services entered into in accordance with all the procedures of this act between an agency and a firm whereby the firm provides*



*professional services to the agency for projects in which the estimated construction cost of each individual project under the contract does not exceed \$2 million, .....*

Section 287.055 (3) (a1) states:

- 1. Each agency shall publicly announce, in a uniform and consistent manner, each occasion when professional services must be purchased for a project the basic construction cost of which is estimated by the agency to exceed the threshold amount provided in s. 287.017 for CATEGORY FIVE or for a planning or study activity when the fee for professional services exceeds the threshold amount provided in s. 287.017 for CATEGORY TWO, except in cases of valid public emergencies certified by the agency head. The public notice must include a general description of the project and must indicate how interested consultants may apply for consideration.*
- 2. Each agency shall provide a good faith estimate in determining whether the proposed activity meets the threshold amounts referred to in this paragraph.*

*The threshold amount for Category Five services, as established by Section 287.017 (5), is \$325,000. The threshold amount for Category Two is \$35,000.*

The intent of the CCNA is to ensure that there is fair and open competition for professional services related to projects as defined in the statute. The CCNA requires competitive selection for any construction project with an estimated construction cost in excess of \$325,000. The CCNA statute allows agencies to use continuing contracts with professionals to provide services for projects whose estimated construction costs do not exceed \$2,000,000 per project.

The DOA utilizes four consultants to provide General Consulting Services. Each of these agreements is for a two-year term, with two one-year renewal options. These agreements appear to be continuing contracts as defined by the Statute. In our review of several of these General Consulting agreements, we found a number of projects with DOA estimated construction costs of \$2 million or more were included in the original agreements and in subsequent

amendments. Accordingly, it appears that the DOA did not comply with the requirements of the CCNA by failing to individually solicit consultant services for projects with estimated construction costs of \$2 million or more.

This situation was reviewed with the County Attorney's Office and a meeting was held with Airport staff, County Attorney staff and Internal Audit. During the meeting the Assistant County Attorney stated that the Department's practice was consistent with a prior opinion of the County Attorney's Office. However, reference was made to a recent Attorney General opinion that addressed questions regarding CCNA raised by Ocseola County School Board that specifically addressed the question of continuing contracts. The Attorney's opinion was that, while the State Attorney General's opinion (AGO) was only binding on party requesting the opinion, the AGO did establish a "best practice" in this

area. Department management agreed at that meeting to adopt consultant solicitation practices that would be consistent with the new "best practice" represented by the AGO. This agreement is consistent with the recommendation which follows.

The General Consulting Service contract with AECOM Technical Services, Inc. (AECOM) includes 10 amendments since the original contract approval in January 2014. The original agreement and its subsequent amendments authorized 33 different projects. Of those 33 projects, at least eight exceeded the \$2 million threshold established in Section 287.055 (2) (g). Substantially all the other projects exceed the \$325,000 threshold established in Section 287.017.

**Recommendation:**

1. The DOA Director should revise existing contract management practices to ensure compliance with the requirements of the CCNA statute. These revised practices should be documented in Departmental policies and procedures and distributed to appropriate staff members. In developing these practices, the DOA Director should consult with the County Attorney's Office to determine an appropriate policy on managing solicitations for groups or packages of projects that will ensure compliance with the CCNA statute.

**Management Comments and Our Evaluation**

In responding to a draft of this audit

report, the Department Director agreed with the recommendation. The Director stated that the Department had recently developed two separate solicitations for continuing professional services contract that are currently under review in the County Attorney's Office.

We believe the Department's actions are consistent with our recommendation. We would expect the Department's new process, once cleared by the County Attorney's Office, to be documented in an appropriate Departmental policy. We believe the key for full remediation of the condition we observed will be in how the Department manages individual projects within future contracts awarded following the revised solicitations the Director identified. Our follow-up on this recommendation will specifically focus on that implementation.

**Finding 2: Compliance with County Policy CW-F-049 entitled "Contract Development and Contract Responsibility."**

Countywide Policy PPM CW-F-049 entitled "Contract Development and Contract Responsibility," establishes a variety of requirements relating to contract management. Among those requirements is one that requires any Board agenda item for a contract amendment or modification to include the following information;

- a. The date and resolution number of Board approval of the original contract.
- b. The total number of amendments/modifications.

- c. Inception to date contract expenditures.
- d. Total revised contract amount.

In our review of 10 contract amendments sent to the Board by the DOA regarding the AECOM contract, we found none of the 10 amendments contained any of the information listed in b through c above. Each agenda item does show the sequential number of the contract amendment. The sequential number of the amendment could indicate the total number of amendments as long as no contract amendments have been approved by the department head as authorized in Countywide PPM CW-F-050 entitled *"Change Order and Consultant Services Authorization Authority for Construction, Engineering, and Architectural Contracts."* Department staff informed us that no such amendments had been approved by the Director.

**Recommendation:**

**2. The DOA Director should institute procedures that ensure all future Board of County Commissioners agenda items for contract amendments and modifications include all the information required by the referenced PPM. These procedures should be documented and distributed to appropriate staff for implementation. The Director may need to consult with County Administration regarding any necessary clarifications in existing County policy.**

**Management Comments and Our Evaluation**

In responding to a draft of this audit report, the Department Director agreed with the recommendation. The Director also stated that the practice we observed was specifically directed by County Administration. However, the Director stated that the Department would include the information required by the PPM in future Board agenda items.

We believe the actions stated by the Director are fully responsive to our recommendation.

**Finding 3: DOA Administrative Procedures for Management of Consultant and Construction Agreements Need Improvement.**

**Consultant Agreements**

Administrative procedures for management of consultant agreement are generally controlled by two Countywide PPMs; PPM CW-F-049 entitled *"Contract Development and Contract Responsibility,"* and PPM CW-F-050 entitled *"Change Order and Consultant Services Authorization Authority for Construction, Engineering and Architectural Contracts."*

PPM CW-F-049 states that (among other things):

- No County contract shall provide for any payment prior to the receipt and acceptance of the receipt of goods and services represented by that payment;
- All requests for payments shall be accompanied by documents sufficient to establish the amount of

goods and services delivered to incur payment and obligation of the County to pay;

- Contracts shall state milestones, deliverables, materials, labor, unit quantity, phases, manpower loading, and completion date(s), where applicable. Payments shall be tied directly to these milestones, deliverables, tasks, unit quantities etc.

PPM CW-F-050 governs changes to consulting contracts. The PPM authorizes the Department Director to approve individual changes up to \$50,000; the Contract Review Committee can approve individual changes up to \$100,000; and any individual changes over \$100,000 must be approved by the Board of County Commissioners (BCC).

Individual consultant agreements also establish a variety of administrative requirements that necessitate administrative procedures to manage. For example, payment processing, schedule management, changes to sub-consultant team members, support for time and materials invoices, and support for reimbursable expenses.

Grant agreements and FAA regulations also establish a variety of administrative requirements that necessitate administrative procedures to manage.

**Payment Prior to Receipt of Deliverables Issues**

Our pay application reviews identified 10 instances (out of 126) where payments were made prior to delivery of required products (deliverables) or prior to services being fully completed. For example, RW Armstrong (a sub-consultant) was paid at 100% completion in November 2011 even though final work and deliverables were not completed until March 2012.

**Timeliness of Deliverables Issues**

Our review of those same pay applications identified 16 instances where the actual completion of deliverables was later than the deliverable due dates established in the consultant contracts. For example, the agreement with Ricondo and Associates for Pahokee Airfield Electrical Upgrades (Task #31) had the following contractual due dates and results:

	<b>Contract Due Date</b>	<b>Actual Date Delivered</b>
30% Design documents	February 2012	March 2012
60% Design documents	April 2012	July 2012
90% Design documents	September 2012	April 2013
100% Design documents	May 2013	November 2013

**Changes in Sub-consultant Team Issues**

The consultant agreements establish a mechanism where the lead consultant can make changes in the group of sub-consultants on a project. DOA approval

is required by the agreements prior to making changes in the sub-consultant group. We noted two instances where changes were made to sub-consultants on a projects. The Ricondo and Associates agreement for Lantana Miscellaneous Airfield Pavement Repairs (Task #13) included three approved sub-consultants. One sub-consultant (Tierra) was added. The Ricondo and Associates agreement for PBI Security Enhancements (Task #32) included two approved sub-consultants. A third sub-consultant (American Infrastructure Design) was added. In each case the Director of Airports Planning approved the changes to the consulting team. The Department has no policy establishing who has the authority to approve these changes.

#### **Reimbursable Expenses Issues**

Reimbursable expenses in consultant contracts include time and materials for the prime consultant and sub-consultants as well as travel and other miscellaneous expenses. Payments to the prime and sub-consultants for time and materials, and other miscellaneous expenses are governed by the terms of the prime consultant's contract with the County. Payments to the prime and sub-consultants for travel expenses are governed by Florida Statutes Section 112.061 and County Policy. PPM CW-049 entitled "*Contract Development and Contract Responsibility*" states in Section III E that 'If reimbursables are included in the contract, the terms and conditions of the contract must specifically state those items that are considered reimbursable.' The PPM further

requires that Reimbursements for travel be in accordance with F.S.112.061; and that the contract language specify the level and detail and specific documentation required for reimbursement where available and applicable.

Our review of those same pay applications referenced above identified instances of discrepancies with time and material invoices. Some applications lacked supporting detail, others invoiced rates that differed from the rates in the contract, and others converted contractual time and materials items into lump sum items for sub-consultants.

Our review of pay applications relating to AECOM, Ricondo, and Corgan contracts identified issues relating to travel and other reimbursable expenses. These issues included: no backup documentation supporting expenses claimed; incorrect travel and per diem requests; and payment for cost of meals at actual rather than the standard County policy rate.

We believe a contributing factor to the issues we identified for reimbursable expenses is the complexity of the contracts with the consultants. For example, the AECOM contract included detailed requirements for reimbursable expenses that applied to the first five project tasks assigned to AECOM. Subsequent to the original agreement, 10 additional contract amendments were issued. Most of those 10 additional amendments included specific language related to

reimbursable expenses that differed from the language in the original and from each other. As discussed above in Finding #1, those 10 additional amendments added additional project tasks to the contract bringing the total number of project tasks to 33. In addition, we noted that the format of presentation for the reimbursable expenses differed from amendment to amendment and from the basic contract. When the number of contract amendments is combined with significant variety in format and content of reimbursable expense contractual language, and with the large number of invoices produced by these contracts over time, the result is a complex system that is prone to error simply from overload.

**Recommendations:**

**3. The DOA Director should develop, document and implement procedures to ensure that payment of consultant pay applications is consistent with: the contractually required deliverables; contractual schedules for deliverables and other services. Also, provisions relating to reimbursements for time and materials, travel and per diem, and other reimbursable expenses established in the consultant agreement should be uniform and consistent across all amendments to the consultant's contract.**

**4. The DOA Director should develop, document and implement procedures to ensure that changes to the consultant's design team are approved by the Department Director**

**and that the approval is documented in the project files.**

**Management Comments and Our Evaluation**

In responding to a draft of this audit report, the Department Director agreed with the recommendations.

As to Recommendation #3, the Director agreed with our observation regarding the complexity of the consultant agreements and agreed that working toward consistent pay application language was desirable. The Director also stated that formalized tracking procedures for monitoring deliverables would be developed.

As to Recommendation #4, the Director stated that, although not finalized, the Department has procedures in place for providing authorizations to changes in the consultant's design team. The Director stated that future changes to design teams would be authorized by appropriately approved contract modifications, or by a written authorization from the Director or his designee.

We believe the Department's planned actions are responsive to our audit recommendations.

**Construction Agreements**

**Liquidated Damages**

Liquidated damages are money damages assessed by an owner against a contractor generally when the



contractor does not deliver the project to the owner in the timeframe established by the contract. The money damages are established at the beginning of the contract to compensate the owner for costs incurred because of the late delivery of the project. Liquidated damages may be assessed for the contractor's failure to meet either the substantial completion date, the final completion date or both. Substantial completion is generally considered the date when the owner has beneficial occupancy or use of the project. Final completion occurs when all the project work has been completed and turned over to the owner.

Countywide PPMs CW-F-049 entitled "*Contract Development and Contract Responsibility*" and CW-F-054 entitled "*Capital Project Management Oversight*" establish policy and procedures for assessment of liquidated damages. PPM CW-F-054 defines final completion and substantial completion essentially as described above. PPM CW-F-049 states that liquidated damages may be assessed in accordance with Florida Statutes Section 337.18 unless otherwise indicated in the contract document. Subsection (2) of the statute states "*The department shall establish a schedule of daily liquidated damage charges, based on original contract amounts, for construction contracts entered into by the department, which schedule shall be incorporated by reference into the contract.*" The Statute goes on to require the department to update the schedule at least once every two years, but no more often than once a year. The reference in the Statute to "the department" means the Florida

Department of Transportation (FDOT). The FDOT schedule for liquidated damages covers projects with original contract amounts from less than \$50,000 to more than \$20,000,000 in nine increments with damages ranging from \$763 per day to \$6,323 per day (plus a percentage of the excess of \$20,000,000).

In our review of DOA construction management practices, we noted that, in four of the five contracts we tested, there were issues with assessment of liquidated damages. There were no issues with liquidated damages on the Whiting Turner contract. Four of the five contracts established liquidated damage rates for failure to meet substantial completion dates; two of the five contracts established liquidated damage rates for failure to meet final completion dates; and one contract established a liquidated damages rate that did specify either substantial or final completion. Three of the four contracts had no liquidated damages assessed even though none of the three met the contract due dates. One contract assessed liquidated damages for failure to meet the final completion date but did not assess liquidated damages for failure to meet the substantial completion date which was also missed.

We estimated the amount of unassessed or under-assessed liquidated damages at \$48,500 (\$56,000 estimated by Audit less \$7,500 assessed by DOA) for the five contracts we reviewed. Our estimates required us to recalculate actual completion dates using information in the DOA contract files. As discussed in

the following section, there are issues associated with establishing and documenting actual completion dates.

	Contractual Contract Date	Actual Completion per DOA	Actual Completion per Audit	Days Late per Audit	Damages Assessed by DOA	Damages Estimated by Audit
<b>Weitz Restroom Renovations W1</b>						
Substantial	7/17/15	7/13/15	7/23/15	6	\$0	\$6,000
<b>Weitz Restroom Renovations W2</b>						
Substantial	11/10/15	11/06/15	12/3/15	23	\$0	\$23,000
<b>Ranger Construction Taxiways D&amp;E Rehabilitation</b>						
Final	4/14/16	4/19/16	4/19/16	5	\$7,500	\$7,500
<b>Rosso Site Development Inc. Taxiway W Construction</b>						
Substantial	11/8/16	11/4/16	11/10/16	2	\$0	\$6,000
Final	1/25/17	2/3/17	2/3/17	9	\$0	\$13,500
<b>Dollar Totals</b>					<b>\$7,500</b>	<b>\$56,000</b>

### Substantial Completion Certificates

Documentation and certification of substantial completion is essential to supporting a determination of the potential for liquidated damages on a project. The construction contracts include requirements that must be satisfied prior to making a determination of actual substantial completion. These requirements are included in the special provisions section of the construction contracts. The requirements to be satisfied vary depending on the nature of the work in the construction contract. Typically, substantial completion occurs when the project has reached the point where the owner may take or have beneficial occupancy or use of the project. In addition, typically, a punch list of items that need correction is produced as a result of the project inspection that is

done to determine substantial completion.

In our review of construction contracts, we noted that each contract had received a substantial completion certificate while items that were required to be completed prior to substantial completion were still listed as punch list items. Accordingly, we believe the certificates of substantial completion were issued prematurely.

## **Warranty and Maintenance Documents**

Each construction contract requires the contractor to supply the owner all warranty and maintenance documentation within 10 days of substantial completion and prior to requesting final payment. These documents are essential for DOA's safe and proper operation of the equipment and facilities delivered by the contractor as well as establishing a basis for warranty claims that may arise.

In our review of construction contracts, we noted that none of the contractors provided the required documentation within the established time frames.

### **Recommendations:**

- 5. The DOA Director should develop, document and implement procedures to ensure that liquidated damages are imposed when appropriate and that supporting documentation such as the certification of substantial completion is properly and accurately prepared.**
- 6. The DOA Director should develop, document and implement procedures to ensure that warranty and maintenance documents are received in a timely manner as specified in the**

**contract, and that the receipt is promptly and accurately recorded in the project files.**

### **Management Comments and Our Evaluation**

In responding to a draft of this audit report, the Department Director agreed with the recommendations. The Director stated that operational considerations require the Department to take use of a project prior to a formal inspection by the Engineer or Architect of record. The Director stated that future construction contracts would be revised to more specifically address the Department's operational concerns and clarify the conditions that will be necessary to establish substantial completion of a project.

While the Director did not specifically address our comments on liquidated damages, we believe the Department's responses to our recommendations are appropriate. We will encourage the Department to document and retain its determination of the actual date of acceptance of a project into service for purposes of determining substantial completion of a project.

## BACKGROUND

The Department of Airports (DOA or the Department) owns and operates Palm Beach International Airport (PBIA) and three general aviation airports located in Palm Beach Gardens, Lantana, and Pahokee. The PBIA McCampbell Terminal, located in West Palm Beach, serves six million passengers a year with 15 or more airlines. PBIA is also home to three fixed base operators: Jet, Signature and Atlantic Aviation serving general aviation customers. The DOA creates an annual economic impact of \$3.4 billion annually, and receives no Ad Valorem tax dollars. All funding is generated from user fees either from airlines, general aviation companies and users, parking facilities, and restaurant/retail leasing revenues. The DOA is comprised of four Divisions, each under a deputy director: Airports Finance and Administration, Airports Operations and Maintenance, Airports Business Affairs, and Airports Planning and Community Affairs. For FY 2017, the adopted budget for DOA is \$84M, and a staff of 155.

The Airports Planning and Community Affairs is responsible for all Capital Projects design and construction functions. The Design section is headed by a Director of Planning and the Construction function is headed by a Project Manager, both of whom report

to the Deputy Director Airports Planning and Community Affairs.

For Fiscal years 2015 and 2016 the DOA closed 17 construction capital projects totaling \$21,667,019. As of January 1, 2017, there are 17 construction projects currently open valued at \$103,926,607. In addition, as of January 1, 2017 the DOA has six consultant agreements open valued at \$36,110,860. Two of these agreements are project specific agreements valued at \$4,801,714. The remaining four agreements are annual general consultant agreements related to 119 project task authorizations valued at \$31,309,146.

### **The Capital Project Management Process**

The process begins with identification and development of a proposed project. The project is added to the approved capital improvement program (CIP). Funding is acquired, and a design professional (consultant) is selected. The project design is completed and a construction method is selected. A construction company is selected and the construction contract is awarded. The project is completed and placed into service. The Department has a \$106.4 million capital improvement program over the five-year period of fiscal years 2017 through 2021 consisting of some 38 projects.

The project proposal is a joint effort of Department staff and a consultant who provides strategic planning services. The proposed project is evaluated for qualification for grant funding and for compliance with the Airport Master Plan. The project is then added to the CIP and scheduled for action in the appropriate fiscal period. Actions are taken to arrange grant funding as the project approaches initiation.

The Department uses two basic approaches to select consultants for its capital projects. One approach is use of a general consulting agreement with a qualified consultant. This approach includes a package of specific design services for specified projects, general design and consulting services for predefined service areas and a miscellaneous design category of services. The second approach is to select a consultant for design services for a single project. All these consultants are selected following the requirements established in Florida Statutes, Section 287.055. This section is known as the Consultants' Competitive Negotiation Act (CCNA).

The general consulting agreement approach includes a specific list of projects to be included in the original contract. For example, the contract with AECOM Technical Services, Inc. (AECOM) authorizes services in the area of Airport General Consulting, including but not limited to architecture, engineering, planning, construction management and inspection, and financial planning and consulting.

These services are divided into three general tasks. Task 1 (also known as Basic Services) is for planning, design and construction efforts relating to specific projects. Task 2 is for annual services. Task 3 is for miscellaneous planning and engineering services. Work is authorized by either (1) written notice to proceed if the scope, schedule and fee are established in the contract or (2) through a Task Authorization.

The original agreement with AECOM identified five specific projects under Task 1, no projects under Task 2, and 3 projects under Task 3. The contract value for the five projects under Task 1 was \$1,451,372.00. The contract value for the three projects under Task 3 was \$190,000. Since the agreement was originally approved in January 2014 there have been 10 amendments adding some 32 projects and increasing the contract value to \$11,934,002.

An example of the project specific consulting agreement is the agreement with Corgan Associates, Inc. for the PBIA Baggage Handling System Project. The agreement was approved in September 2012 at \$1,491,800. Two amendments were approved (June 2013 and October 2014) increasing the contract value to \$3,376,949.

The Department generally has two or three consultants under contract at any one time to provide general consulting services. There may also be one or more project specific consultants under contract at any one time depending on the project development schedule. The Department also uses one consultant to

review the work of another consultant on certain projects subject to FAA requirements.

Changes to consulting contracts are governed by Countywide Policy PPM CW-F-050 entitled "*Change Order and Consultant Services Authorization Authority for Construction, Engineering and Architectural Contracts.*" The PPM authorizes the Department Director to approve individual changes up to \$50,000; the Contract Review Committee can approve individual changes up to \$100,000; and any individual changes over \$100,000 must be approved by the Board of County Commissioners (BCC).

Once the consultant has finished the design documents, the project is advertised for construction. Most construction projects follow the traditional model where a contractor is selected using a competitive procurement process following design by an independent consultant. Some Department construction projects follow the Construction Manager at Risk contracting method. The consultant

helps the Department review the construction bid packages and provides construction management services during the construction phase of the project. The contract for the selected construction contractor (based on lowest bid proposal meeting specifications) is presented to the BCC for approval. Following Board approval, the Department issues a notice to proceed to the contractor.

During the active phases of construction and consulting contracts, Department staff monitor the progress of the consultants and construction contractors, process applications for payment, and process requests for contract modifications. Design contracts include basic services (usually expressed as a lump sum fee), time and material services, and reimbursable services. The design contracts also identify the sub-consultants that will be used by the lead consultant for each project and provide a mechanism to make changes in the sub-consultant team.

## AUDIT SCOPE AND METHODOLOGY

This audit was part of the 2017 new business process annual audit plan as approved by the Audit Committee. The audit scope included all processes and transactions, related to all open and closed consultant agreements and construction contracts for the fiscal years 2015, 2016 and through January

31<sup>st</sup>, 2017, and which are identified in the last paragraph of the background section of this report.

These processes and transactions will include the Consultant and Construction contract project stages listed below:



Consultant Contract project stages:

- a. Preliminary Consultant Selection Process;
- b. Scope, cost and project concurrency for consultant services authorizations (CSA) and their approvals;
- c. Consultant contract monitoring - fiscal
- d. Consultant contract monitoring - operational;
- e. Consultant contract project closeout.

Construction contract project stages:

- a. Preliminary project scope and cost,
- b. Contract bid process
- c. Contract monitoring - fiscal
- d. Contract monitoring - operational
- e. Subsequent scope changes including the change order process
- f. Project closeout.

To become familiar with the various Capital Project functions performed at the Department we obtained and reviewed Departmental and Countywide policies and procedures, and agreements relating to the Department's Capital Projects management processes. In addition, we interviewed management and staff involved in various processes and transactions. For Objective 1, we reviewed the "Airport Zoning Ordinance" (ULDC Chapter 16), the Airport Master Plan Report; the Annual Facilities Inspection Report and Florida Department of Transportation (FDOT) Runways and Airfield Inspection Report and any other analysis data and compared the needs relationship of the proposed project list. For objective #s 2 & 3 our review and testing included observation, examination of existing system and file documents as well as analytical procedures applied to transactions for all phases of the

department's Capital Projects life cycle, which include both consultant and construction contracts. We used selected judgmental samples as detailed in our sampling plan for the various transaction populations to be tested. Audit field work was conducted at the Department from February to June 2017.

Consultant and Construction Contracts:

We reviewed backup documentation to verify and confirm DOA's consultant and contracting processes and their related compliance with the guidelines established in the Countywide and DOA policies and procedures relating to consultant and construction contracts. In order to accomplish this, we selected a sample of consultant and construction contracts as detailed in our sampling Plan. All selected projects were reviewed for the consultant and construction contract project stages (as included in the scope section of the various contracts).

## SAMPLING PLAN

To meet our audit objective, we judgmentally selected samples for testing. Our sampling was as follows:

Consultant Contracts: We selected our sample from the six Consultant Agreements mentioned in the background section of page one, which included two project specific agreements and four annual agreements. We judgmentally selected a sample of three consultant agreements. The selected sample included one project specific agreement and two annual agreements. The two annual agreements were with different consultants and included 10 task authorizations valued at \$6,890,186 from the total population of 119 tasks authorizations valued at \$31,309,146. The task authorizations selected were such in dollar value, scope of service, and time duration, so as to capture a larger number of reviewable transactions. We reviewed and tested all pay applications (126) relating to the task authorizations selected. Total value of pay applications tested was \$4,532,152.

Construction Contracts: We selected a sample of four construction contracts, which included two open and two closed contracts valued at \$55,023,958 from the 34 open and closed construction contracts mentioned in the background section of page one valued at \$125,593,626. Two of these are airfield related projects and two are airport facility improvement projects. All four

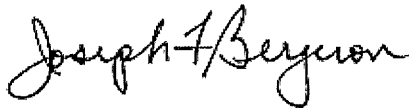
projects are with four different construction contractors. These projects are varied in dollar value, and time duration in order to capture a larger number of reviewable transactions. One is large in these terms and three are mid-sized.

**Management and Audit  
Responsibilities**

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  
October 31, 2017  
W/P # 2017-01

## ADMINISTRATIVE RESPONSE

PALM BEACH COUNTY  
BOARD OF COUNTY  
COMMISSIONERS  
Melissa McKinlay, Mayor  
Mack Bernard, Vice Mayor  
Hal R. Valeche  
Paulette Burdick  
Dave Kerner  
Steven L. Abrams  
Mary Lou Berger

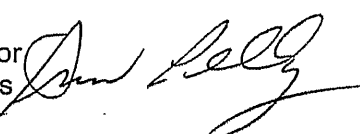
# Palm Beach

INTERNATIONAL AIRPORT



COUNTY ADMINISTRATOR  
Verdenia C. Baker  
DEPARTMENT OF AIRPORTS

**To:** Joseph F. Bergeron  
County Internal Auditor

**From:** Bruce V. Pelly, Director  
Department of Airports 

**Date:** December 6, 2017

**Re:** **Internal Audit Report – Capital Project Management**  
**Department of Airports**

---

The Department of Airports generally agrees with the *Conclusions* of the Internal Audit Report, Department of Airports Capital Project Management, which are:

Audit Objective #1:

The DOA Director implemented effective Capital Project Management controls to ensure that Capital project proposals reflect the needs of the community and reflect the Level of Service (LOS) established in the Comprehensive Plan; and they are scoped, funded and prioritized effectively.

Audit Objective #2:

The DOA Director implemented effective Capital Project Management controls to ensure Capital Project Design Consultant Agreements are approved and awarded in accordance with DOA and Countywide policies and procedures.

Audit Objective #3:

The DOA Director implemented effective Capital Project Management controls to ensure Construction Contracts are approved and awarded in accordance with Departmental and Countywide policies and procedures.

We have also found many of the specific recommendations useful and will take action to improve our practices, processes and procedures. Our response to each recommendation can be found below:

846 PALM BEACH INTERNATIONAL AIRPORT  
West Palm Beach, Florida 33406-1470  
(561) 471-7400 FAX: (561) 471-7427 www.pbia.org

PALM BEACH COUNTY GLADES AIRPORT  
Pahokee

PALM BEACH COUNTY PARK AIRPORT  
Lantana

NORTH COUNTY GENERAL AVIATION AIRPORT  
Palm Beach Gardens

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**Recommendation No. 1:**

The DOA Director should revise existing contract management practices to ensure compliance with the requirements of the CCNA statute. These revised practices should be documented in Departmental policies and procedures and distributed to appropriate staff members. In developing these practices, the DOA Director should consult with the County Attorney's Office to determine an appropriate policy on managing solicitations for groups or packages of projects that will ensure compliance with the CCNA statute.

**Response:**

Historically, as stated in the audit report, the Department's practice has been consistent with the opinion of the County Attorney's Office. During recent discussions with Internal Audit staff as well as County Attorney's Office staff, it was agreed that the Department would modify their solicitations for professional services. The Department has recently developed two (2) separate solicitations for continuing professional services contracts – one for "civil" services and one for "terminal facilities systems". At the time of this response, the solicitations remain under review in the County Attorney's Office.

Proposed Implementation: 1<sup>st</sup> Quarter CY18

**Recommendation No. 2:**

The DOA Director should institute procedures that ensure all future Board of County Commissioners agenda items for contract amendments and modifications include all the information required by the referenced PPM. These procedures should be documented and distributed to appropriate staff for implementation. The Director may need to consult with County Administration regarding any necessary clarifications in existing County policy.

**Response:**

Up until August 2013, the Department had included the information necessary for agenda items in compliance with Countywide Policy PPM CW-F-049 entitled "*Contract Development and Contract Responsibility*". In August 2013, the Department received direction from County Administration staff to remove some of the information contained in the summary (*see attached email*).

In response to this recommendation, the Department will begin to once again comply with the requirements of Countywide Policy PPM CW-F-049 entitled "*Contract Development and Contract Responsibility*" in regards to the information required for inclusion in Board agenda items for contract amendments or modifications.

Proposed Implementation: 1<sup>st</sup> Quarter CY18

**Recommendation No. 3:**

The DOA Director should develop, document and implement procedures to ensure that payment of consultant pay applications is consistent with: the contractually required deliverables; contractual schedules for deliverables and other services; and provisions relating to reimbursements for time and materials, travel and per diem, and other reimbursable expenses established in the consultant agreement.

**Response:**

In regards to consistency in pay application procedures, the Department acknowledges that amendments and tasks can be very complex over time due to changing needs and complex projects. We agree that working towards consistent pay application language is desirable. The Department occasionally reimbursed a consultant for a lesser amount than what the County allows because the Department's pay application language allowed for this treatment, saving the County money. We also believe all reimbursements were allowable and reasonable under Florida Statute regulations.

Additionally, the Department will develop formalized tracking procedures for monitoring schedules and deliverables, as well as authorized changes to deliverables and/or schedules. Information will be provided to consultants detailing the process for requesting changes to the approved project schedule and deliverable timetable as outlined in the tasks approved either through a formal amendment to the contract or those established through the approval of a consultant services authorization (CSA).

Proposed Implementation: 1<sup>st</sup> Quarter CY18

**Recommendation No. 4:**

The DOA Director should develop, document and implement procedures to ensure that changes to the consultant's design team are approved by the Department Director and that the approval is documented in the project files.

**Response:**

Although not finalized, the Department has had procedures in place providing for authorization for consultant's to make additions to their design team; as such, the Department will continue to make such changes to the consultant's design team either through (1) the amendment process to the contract following Countywide PPM CW-F-050 entitled "*Change Order and Consultant Services Authorization Authority for Construction, Engineering, and Architectural Contracts.*", or (2) a written authorization by the Director of the Department of Airports or his designee.

**Recommendation No. 5:**

The DOA Director should develop, document and implement procedures to ensure that liquidated damages are imposed when appropriate and that supporting documentation such as the certification of substantial completion is properly and accurately prepared.

**Recommendation No. 6:**

The DOA Director should develop, document and implement procedures to ensure that warranty and maintenance documents are received in a timely manner as specified in the contract, and that the receipt is promptly and accurately recorded in the project files.

**Response (to Recommendations 5 and 6):**

As referenced, substantial completion occurs when the project has reached the point where the owner may take or have beneficial occupancy or use of the project. In addition, typically, a punch list of items that need correction is produced as a result of the project inspection that is done to determine substantial completion. Due to the impacts to the traveling public there are conditions that require the

DOA to take use of a project prior to a formal inspection with the Engineers or Architect of Records. An internal inspection is performed with DOA operations on airfield civil projects for compliance with FAA safety and security regulations prior to taking use. We will modify the front end of the contract documents accordingly and remove references to submittal of documents or completion of items that are not considered essential to meeting substantial completion.

Proposed Implementation: 1<sup>st</sup> Quarter CY18



## Gary Sypek

---

**From:** Nancy Herrera  
**Sent:** Wednesday, August 28, 2013 9:42 AM  
**To:** Cynthia Portnoy; Gary Sypek  
**Subject:** FW: Morganti and CH2M BCC items

FYI

**From:** Debra Reese  
**Sent:** Wednesday, August 28, 2013 9:36 AM  
**To:** Nancy Herrera  
**Subject:** FW: Morganti and CH2M BCC items

FYI

**From:** Patty Hindle [<mailto:PHindle@pbcgov.org>]  
**Sent:** Wednesday, August 28, 2013 9:08 AM  
**To:** Debra Reese  
**Subject:** FW: Morganti and CH2M BCC items

FYI

**From:** Robert Weisman  
**Sent:** Wednesday, August 28, 2013 9:08 AM  
**To:** Bruce V. Pelly; Jerry Allen  
**Cc:** Patty Hindle; Theresa Lawrence  
**Subject:** Morganti and CH2M BCC items

I think you are providing too much info and it might cause unnecessary questions. You are giving amendment or work authorization history and it makes it look like the items on the agenda are change orders of prior items. Aren't these amendments simply independent work authorizations under the master contract? If yes, I would simply describe the proposed item without the history in the summary. If you want to put that info in background to track it, fine.

---

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**Office of the County Internal Auditor**

**AUDIT RECOMMENDATION STATUS  
FOLLOW-UP REPORT  
AS OF SEPTEMBER 30, 2017**



*Reviewed by Audit Committee  
December 20, 2017*

*ISSUED DECEMBER 20, 2017*

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*Stewardship – Accountability – Transparency*



**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**

Melissa McKinlay, Mayor

Mack Bernard, Vice Mayor

Hal R. Valeche

Paulette Burdick

Dave Kerner

Steven L. Abrams

Mary Lou Berger

**County Administrator**

Verdenia C. Baker

DATE: December 20, 2017

TO: The Audit Committee

FROM: Joseph F. Bergeron, Internal Auditor

SUBJECT: Transmittal Letter for Recommendation Follow-Up  
Report Dated September 30, 2017

Attached is the Internal Auditor's Recommendation Follow-Up Report providing the status of audit recommendations as of September 30, 2017. These reports are 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 April 1, 2017 through September 30, 2017 Reporting Period
- Exhibit 2 Audit Recommendations Issued During the April 1, 2017 through September 30, 2017 Reporting Period
- Exhibit 3 Open Audit Recommendations by County Department at September 30, 2017
- Exhibit 4 Summary Aging of Open Audit Recommendations at September 30, 2017
- Exhibit 5 Recommendation Implementation Dates
- Exhibit 6 Audit Recommendations Submitted for Audit Committee Consideration
- Exhibit 7 Recommendation Status at September 30, 2017

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 6 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).

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Official Electronic Letterhead

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.

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 6 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 6 and 7 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** Internal Audit has conducted a follow-up review and found that management has not fully implemented the recommendation and that additional work is necessary to fully implement the recommendation. Management provides a new projected implementation date for the corrective action. Additional follow-up will be required. In some cases, management tells Internal Audit that implementation is underway but not yet complete. In that case Internal Audit will perform limited procedures to verify management's assertion.
- **Future implementation** 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

SEPTEMBER 30, 2017

As of September 30, 2017 the Internal Auditor's Database of Audit Recommendations showed that management actions had not been completed on 27 recommendations. These recommendations are considered "Open". Of those 27 open recommendations, follow-up has been conducted on 12 showing that management action has started but was not yet complete. The other 15 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 April 1, 2017 through September 30, 2017 are shown below:

Open Audit Recommendations as of April 1, 2017	35
Additional Audit Recommendations from Audit Reports Issued April 1, 2017 through September 30, 2017	15
Audit Recommendations Completed April 1, 2017 through September 30, 2017	23
Open Audit Recommendations as of September 30, 2017	27

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 correct the identified deficiency or deficiencies?
- 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 an audit recommendation, the recommendation is considered "Complete" and is included in the current report, but not in future reports.

If management action is not complete on any audit recommendation, the recommendation is included in this report as "In Process." Another audit follow-up will be scheduled. If 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 in Exhibit 6 for Audit Committee consideration.

**Exhibit 1: Audit Recommendations Open at Beginning of the April 1, 2017  
through September 30, 2017 Reporting Period**

<b>Report</b>	<b>Issue Date</b>	<b>Number of Open Audit Recommendations Beginning of Reporting Period</b>	<b>Final Management Action Taken During Reporting Period</b>	<b>Number of Open Audit Recommendations End of Reporting Period</b>
15-06 <b>Palm Tran</b> Fixed Route	Mar-15	3	2	1
15-17 <b>Office of Small Business Assistance</b> Revenue Management	Sep-15	1	0	1
16-04 <b>ISS</b> Applications Services	Dec-15	1	1	0
16-09 <b>Community Services</b> Procurement to Payment	Jun-16	2	2	0
16-10 <b>Purchasing</b> Procurement to Payment	Jun-16	1	1	0
16-11 <b>Fire Rescue</b> Revenue Management	Sep-16	8	4	4
16-12 <b>Airports</b> Revenue Management	Sep-16	1	1	0
16-14 <b>Palm Tran</b> Revenue Management	Mar-17	6	5	1
17-03 <b>Water Utilities</b> Capital Project Management	Mar-17	7	7	0
17-04 <b>Human Resources</b> Customer Service Processes	Mar-17	5	0	5
<b>Totals</b>		<b>35</b>	<b>23</b>	<b>12</b>

**Exhibit 2: Audit Recommendations Issued During the April 1, 2017 through  
September 30, 2017 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
17-05 PZB - Code Enforcement Customer Service Processes	Apr-17	15	0	15
<b>Totals</b>		<b>15</b>	<b>0</b>	<b>15</b>

**Exhibit 3: Open Audit Recommendations  
by County Department  
as of September 30, 2017**

Department	In Process	Future Implementation
Palm Tran	1	0
Office of Small Business Assistance	1	0
ISS	0	0
Community Services	0	0
Purchasing	0	0
Fire Rescue	4	0
Airports	0	0
Palm Tran	1	0
Water Utilities	0	0
Human Resources	5	0
PZB - Code Enforcement	0	15
<b>Total Open Recommendations</b>	<b>12</b>	<b>15</b>

**Future implementation**

The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation(s).



**Exhibit 4: Summary Aging of Open Audit Recommendations  
As of September 30, 2017**

<b>Timeframe</b>	<b>Inventory at Beginning of Period (Exhibit 1)</b>	<b>Issued During this Period (Exhibit 2)</b>	<b>Closed During this Period (Exhibits 1 and 2)</b>	<b>Open at the End of this Period</b>	<b>In Process</b>	<b>Future Implementation</b>
0 - 6 Months	0	15	0	15	0	15
7 - 12 Months	18	0	12	6	6	0
13 - 18 Months	12	0	8	4	4	0
19 - 24 Months	1	0	1	0	0	0
Greater Than 24 Months	4	0	2	2	2	0
<b>Total</b>	<b>35</b>	<b>15</b>	<b>23</b>	<b>27</b>	<b>12</b>	<b>15</b>

0 - 6 Months	June and September 2017
7 - 12 Months	December 2016 and March 2017
13 - 18 Months	June and September 2016
19 - 24 Months	December 2015 and March 2016
Over 24 Months	September 2015 or Earlier

**Future implementation**

The implementation date established by management occurs after the date of this report and Internal Audit has done no review work on the recommendation(s).

**Exhibit 5**  
**Recommendation Status Report as of September 30, 2017**  
**By Report Number and Implementation Date**

A/C Mtg Date	Report #	Rec #	OID	AFD	RID	AFD	RID	AFD	RID	AFD
Mar-15	15-06	2	Sep-15	Oct-15	complete					
Mar-15	15-06	3	Sep-15	Oct-15	complete					
Mar-15	15-06	7	Sep-15	Oct-15	complete					
Mar-15	15-06	11	Sep-15	Oct-15	complete					
Mar-15	15-06	12	Sep-15	Oct-15	complete					
Mar-15	15-06	13	Sep-15	Oct-15	complete					
Mar-15	15-06	4	Sep-15	Oct-15	Dec-15	Mar-16	complete			
Mar-15	15-06	8	Sep-15	Oct-15	Dec-15	Mar-16	complete			
Mar-15	15-06	1	Sep-15	Oct-15	Dec-15	Mar-16	Dec-16	Oct-17		
Mar-15	15-06	9	Sep-15	Oct-15	Dec-15	Mar-16	Dec-16	complete		
Mar-15	15-06	10	Sep-15	Oct-15	Dec-15	Mar-16	Dec-16	complete		
Sep-15	15-17	1	Mar-16	-	Aug-16	Nov-16	complete			
Sep-15	15-17	2	Mar-16	-	Aug-16	Nov-16				
Dec-15	16-04	2	Jun-16	Oct-16	complete					
Dec-15	16-04	3	Feb-16	Oct-16	complete					
Dec-15	16-04	1	Jun-16	Oct-16	Feb-17	complete				
Jun-16	16-09	1	Dec-16	Mar-17	complete					
Jun-16	16-09	2	Dec-16	Mar-17	complete					
Jun-16	16-09	3	Dec-16	Mar-17	complete					
Jun-16	16-09	4	Dec-16	Mar-17	complete					
Jun-16	16-09	5	Dec-16	Mar-17	complete					
Jun-16	16-09	6	Dec-16	Mar-17	complete					
Jun-16	16-09	7	Dec-16	Mar-17	Apr-17	May-17	complete			
Jun-16	16-09	8	Dec-16	Mar-17	Apr-17	May-17	complete			
Jun-16	16-09	9	Dec-16	Mar-17	complete					
Jun-16	16-10	1	Jun-16	Jan-17	complete					
Jun-16	16-10	2	Jun-16	Jan-17	complete					
Jun-16	16-10	3	Jun-16	Jan-17	complete					
Jun-16	16-10	4	Jun-16	Jan-17	complete					
Jun-16	16-10	5	Jun-16	Jan-17	complete					
Jun-16	16-10	6	Jun-16	Jan-17	Jul-17	complete				
Sep-16	16-11	1	Feb-17	complete						
Sep-16	16-11	2	Jan-17	Oct-17						
Sep-16	16-11	3	Feb-17	complete						
Sep-16	16-11	4	Feb-17	complete						
Sep-16	16-11	5	Feb-17	complete						
Sep-16	16-11	6	Feb-17	Oct-17						
Sep-16	16-11	7	Feb-17	Oct-17						
Sep-16	16-11	8	Feb-17	Oct-17						

Symbol Legend: OID = Original Implementation Date; AFD = Audit Follow-up Date; RID = Revised Implementation Date

**Exhibit 5**  
**Recommendation Status Report as of September 30, 2017**  
**By Report Number and Implementation Date**

A/C Mtg	Report	Rec	OID	AFD	RID	AFD	RID	AFD	RID	AFD
Date	#	#								
Sep-16	16-12	1	Mar-17	Mar-17	complete					
Sep-16	16-12	2	Mar-17	Mar-17	complete					
Sep-16	16-12	3	Mar-17	Mar-17	complete					
Sep-16	16-12	4	Mar-17	Mar-17	complete					
Sep-16	16-12	5	Mar-17	at report issuance						
Sep-16	16-12	6	Mar-17	Apr-17	complete					
Sep-16	16-14	1	Dec-16	complete						
Sep-16	16-14	2	Dec-16	complete						
Sep-16	16-14	3	Dec-16	complete						
Sep-16	16-14	4	Dec-16	complete						
Sep-16	16-14	5	Dec-16	Oct-17						
Sep-16	16-14	6	Dec-16	complete						
Mar-17	17-03	1	May-17	complete						
Mar-17	17-03	2	May-17	complete						
Mar-17	17-03	3	May-17	complete						
Mar-17	17-03	4	May-17	complete						
Mar-17	17-03	5	May-17	complete						
Mar-17	17-03	6	May-17	complete						
Mar-17	17-03	7	May-17	complete						
Mar-17	17-04	1	Aug-17	Oct-17						
Mar-17	17-04	2	Aug-17	Oct-17						
Mar-17	17-04	3	Apr-17	Oct-17						
Mar-17	17-04	4	Jul-17	Oct-17						
Mar-17	17-04	5	Feb-18	Oct-17						
Apr-17	17-05	1	Nov-17							
Apr-17	17-05	2	Nov-17							
Apr-17	17-05	3	Nov-17							
Apr-17	17-05	4	Nov-17							
Apr-17	17-05	5	Nov-17							
Apr-17	17-05	6	Nov-17							
Apr-17	17-05	7	Nov-17							
Apr-17	17-05	8	Nov-17							
Apr-17	17-05	9	Nov-17							
Apr-17	17-05	10	Nov-17							
Apr-17	17-05	11	Nov-17							
Apr-17	17-05	12	Nov-17							
Apr-17	17-05	13	Nov-17							
Apr-17	17-05	14	Nov-17							
Apr-17	17-05	15	Nov-17							

Symbol Legend: OID = Original Implementation Date; AFD = Audit Follow-up Date; RID = Revised Implementation Date

**Exhibit 6: Audit Recommendations Submitted for Audit Committee  
Consideration as of September 30, 2017**

<b>Recommendations for which Final Management Action Has Been Taken Without Resolving the Underlying Condition</b>
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None	

<b>Recommendations Which Have Been Open Longer Than Two Years</b>
---

<b>15-06 Palm Tran Fixed Route</b>	
Report issued March 2015 containing 13 recommendations. Follow-up #1-October 2015, 5 remain open. Follow-up #2-March 2016, 3 remain open. Follow-up #3- June 2017, 1 remains open. Follow-up #4 Scheduled for October 2017.	
#1 The Department Director should enforce overtime-scheduling requirements based on seniority order.	<p><b>Status – September 2017</b> <b>In process.</b> Changes in process, 3 overtime violations identified; follow up scheduled for October 2017.</p> <p><b>Status – March 2017</b> <b>Follow-up pending.</b> Follow-up scheduled for May 2017</p> <p><b>Status - September 2016</b> <b>Follow-up pending.</b> New implementation scheduled for December 2016; follow-up scheduled for January 2017.</p> <p><b>Status - March 2016</b> <b>In process.</b> Based on Palm Tran's payroll record, we found 9 instances where Palm Tran</p>

**Exhibit 6: Audit Recommendations Submitted for Audit Committee  
Consideration as of September 30, 2017**

	<p>did not schedule overtime correctly for a supervisor or ATU employees according to union contract since August 2015. The Director of Admin. Services indicated the contract violations relating to SEIU overtime have not been entirely eliminated. We cannot consider this recommendation fully implemented. Implementation scheduled for September 2016; follow-up scheduled for October 2016.</p> <p><b>Status - September 2015</b> <b>Follow-up pending.</b></p> <p><b>Status - March 2015</b> <b>Follow-up pending.</b> Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p><b>15-17 Office of Small Business Assistance Revenue Management</b></p>	
<p>Report issued September 2015 containing 2 recommendations. Follow-up #1 November 2016. 1 remains open.</p>	
<p>#2 The OSBA Director should ensure the calculations supporting the fee schedule are maintained and reviewed on an annual basis to determine if fee schedule should be adjusted based on either changes in the Consumer Price Index or changes in the OSBA cost structure.</p>	<p><b>Status – September 2017</b> <b>In process.</b> Internal Auditor to discuss with Department Director.</p> <p><b>Status – March 2017</b> <b>In process.</b> Internal Auditor to discuss with County Administrator.</p> <p><b>Status – September 2016</b> <b>Follow-up pending.</b> New implementation scheduled for August 2016.</p> <p><b>Status - March 2016</b></p>

**Exhibit 6: Audit Recommendations Submitted for Audit Committee  
Consideration as of September 30, 2017**

	<p><b>Follow-up pending.</b></p> <p><b>Status - September 2015</b> <b>Future implementation.</b> Implementation scheduled for March 2016; follow-up scheduled for April 2016.</p>
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**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p><b>15-06 Palm Tran Fixed Route</b></p>	
<p>Report issued March 2015 containing 13 recommendations. Follow-up #1-October 2015, 5 remain open. Follow-up #2-March 2016, 3 remain open. Follow-up #3- June 2017, 1 remains open. Follow-up #4 scheduled for October 2017.</p>	
<p>#1 The Department Director should enforce overtime-scheduling requirements based on seniority order.</p>	<p><b>Status – September 2017</b> <b>In process.</b> Changes in process, 3 overtime violations identified; follow up scheduled for October 2017.</p> <p><b>Status – March 2017</b> <b>Follow-up pending.</b> Follow-up scheduled for May 2017</p> <p><b>Status - September 2016</b> <b>Follow-up pending.</b> New implementation scheduled for December 2016; follow-up scheduled for January 2017.</p> <p><b>Status - March 2016</b> <b>In process.</b> Based on Palm Tran's payroll record, we found 9 instances where Palm Tran did not schedule overtime correctly for a supervisor or ATU employees according to union contract since August 2015. The Director of Admin. Services indicated the contract violations relating to SEIU overtime have not been entirely eliminated. We cannot consider this recommendation fully implemented. Implementation scheduled for September 2016; follow-up scheduled for October 2016.</p> <p><b>Status - September 2015</b> <b>Follow-up pending.</b></p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p><b>Status - March 2015</b>  <b>Follow-up pending.</b>                      Implementation scheduled for September 2015; follow-up scheduled for October 2015.</p>
<p>#9 The Department Director should implement the Agency-Developed Rostering approach to improve controls over scheduled overtime and to improve the bidding process.</p>	<p><b>Status – September 2017</b>  <b>Complete.</b></p> <p><b>Status – March 2017</b>  <b>Follow-up pending.</b>                      Follow-up scheduled for May 2017</p> <p><b>Status - September 2016</b>  <b>Follow-up pending.</b>                      New implementation scheduled for December 2016; follow-up scheduled for January 2017.</p> <p><b>Status - March 2016</b>  <b>In process.</b>                      This recommendation will be considered during negotiations with the ATU for the next labor agreement, which is expected to conclude by October 2016.</p> <p><b>Status - Sept 2015</b>  <b>Follow-up pending.</b></p> <p><b>Status - March 2015</b>  <b>Follow-up pending.</b>                      Implementation scheduled for September 2015; follow-up scheduled for Oct 2015.</p>
<p>#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.</p>	<p><b>Status – September 2017</b>  <b>Complete.</b></p> <p><b>Status – March 2017</b>  <b>Follow-up pending.</b>                      Follow-up scheduled for May 2017</p> <p><b>Status - September 2016</b>  <b>Follow-up pending.</b>                      New implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>



**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p><b>Status - March 2016</b>  <b>In process.</b>                      This recommendation will be considered during negotiations with the ATU for the next labor agreement expected to conclude by October 2016.</p> <p><b>Status - September 2015</b>  <b>Follow-up pending.</b></p> <p><b>Status - March 2015</b>  <b>Follow-up pending.</b> Implementation scheduled for Sept 2015; follow-up scheduled for Oct 2015.</p>
<p><b>15-17 Office of Small Business Assistance Revenue Management</b></p>	
<p>Report issued September 2015 containing 2 recommendations.                      Follow-up #1 November 2016. 1 remains open.</p>	
<p>#2 The OSBA Director should ensure the calculations supporting the fee schedule are maintained and reviewed on an annual basis to determine if fee schedule should be adjusted based on either changes in the Consumer Price Index or changes in the OSBA cost structure.</p>	<p><b>Status – September 2017</b>  <b>In process.</b> Internal Auditor to discuss with Department Director.</p> <p><b>Status – March 2017</b>  <b>In process.</b> Internal Auditor to discuss with County Administrator.</p> <p><b>Status – September 2016</b>  <b>Follow-up pending.</b>                      New implementation scheduled for August 2016.</p> <p><b>Status - March 2016</b>  <b>Follow-up pending.</b></p> <p><b>Status - September 2015</b>  <b>Future implementation.</b>                      Implementation scheduled for March 2016; follow-up scheduled for April 2016.</p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<b>16-04 Information System Services Application Services</b>	
Report issued December 2015 containing 3 recommendations. Follow-up scheduled for July 2016. All recommendations completed.	
#1 ISS Management should consistently enforce the requirements contained in PPM IS-ADM-004 for all application development projects.	<p><b>Status – September 2017 Complete.</b></p> <p><b>Status – March 2017 In process.</b> PPM has been issued, follow-up scheduled for June 2017.</p> <p><b>Status – September 2016 Follow-up pending.</b></p> <p><b>Status - March 2016 Future implementation.</b> Implementation scheduled for June 2016; follow-up scheduled for July 2016.</p>
<b>16-09 Community Services Procurement to Payment</b>	
Report issued June 2016 containing 9 recommendations. Follow-up scheduled for January 2017. All recommendations completed.	
#7. The Department Director should ensure all goods and services delivered are to be received and accepted, evidenced by a receiving document indicating the receiver [staff person], items and quantities received, and the receiving date, prior to the receiver (RC) document being entered into the Advantage financial system.	<p><b>Status – September 2017 Complete.</b></p> <p><b>Status – March 2017 In process</b> PPM has been updated, follow-up to be conducted in May 2017</p> <p><b>Status – March 2017 In process</b></p> <p><b>Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
#8. The Department Director should ensure persons physically receiving goods should initial and date the receiving document (i.e.	<b>Status – September 2017 Complete.</b>

**Exhibit 7 - Recommendation Status at September 30, 2017**

<b>Audit Report Number, Title and Recommendation(s)</b>	<b>Recommendation Status</b>
<p>packing slip, PO copy) used to verify shipping contents, as well as notate quantities and items received as evidence of receipt of goods.</p>	<p><b>Status – March 2017</b>  <b>In process</b>                      PPM has been updated, follow-up to be conducted in May 2017.</p> <p><b>Status – March 2017</b>  <b>In process.</b></p> <p><b>Future Implementation.</b> Implementation scheduled for December 2016.</p>
<p><b>16-10 Purchasing Procurement to Payment</b></p>	
<p>Report issued June 2016 containing 6 recommendations                      Follow-up scheduled for December 2016.                      All recommendations completed.</p>	
<p>#6. The Warehouse Manager should require the SRQ document be entered in the accounting system prior to the delivery/receipt of warehouse stock items requested by warehouse office and mailroom staff and the Pick and Issue ticket generated from the entry of the SRQ be used to document when the items are received, who received the order, and what items were received.</p>	<p><b>Status – September 2017</b>  <b>Complete.</b></p> <p><b>Status – March 2017</b>  <b>In process</b>                      Follow-up to be conducted in July 2017</p> <p><b>Status – March 2017</b>  <b>In Process.</b></p> <p><b>Status – September 2016</b>  <b>In process.</b> Implementation scheduled for June 2016; follow-up scheduled for December 2016.</p>
<p><b>16-11 Fire Rescue Revenue Management</b></p>	
<p>Report issued September 2016 containing 7 recommendations.                      Follow-up #1 June 2017, 4 remain open.                      Follow-up #2 Scheduled for October 2017.</p>	
<p>#1. The Fire Rescue Administrator should ensure staff complete a monthly reconciliation of transport service recorded in the Fire Rescue Department to ADPI's system.</p>	<p><b>Status – September 2017</b>  <b>Complete.</b></p> <p><b>Status – March 2017</b>  <b>In process</b>                      Department reported completion in February</p>

### Exhibit 7 - Recommendation Status at September 30, 2017

Audit Report Number, Title and Recommendation(s)	Recommendation Status
	<p>2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p>#2. The Fire Rescue Administrator should determine the reasons for the discrepancies noted and ensure that any properly billable transport charges that have not been billed are promptly billed.</p>	<p><b>Status – September 2017</b>  <b>In process.</b>                      Department continues to work with vendor regarding transports not properly billed. Follow-up #2 scheduled for October 2017.</p> <p><b>Status – March 2017</b>  <b>In process.</b>                      Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p>#3. In order to comply with HIPPA's regulation, the Fire Rescue Administrator should review the current security profiles for all SafetyPad users and ensure that appropriate system access rights are assigned only to employees whose current duties and responsibilities require system access.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status – March 2017</b>  <b>In process.</b>                      Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p>#4. The Fire Rescue Administrator should establish written procedures covering requesting, modifying, and deleting system</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>access for users, and schedule periodic reviews of user lists and the associated access rights for SafetyPad.</p>	<p><b>Status – March 2017</b>  <b>In process</b>                      Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017.</p>
<p>#5. The Fire Rescue Administrator should offer patients the option to pay their ambulance bill using an online payment method in accordance to contract requirement. The online payment option should include a convenience fee.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status – March 2017</b>  <b>In process</b>                      Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p>#6. The Fire Rescue Administrator should conduct a cost analysis of the average unit cost of providing transport services and then adjust billing rates accordingly, if appropriate.</p>	<p><b>Status – September 2017</b>  <b>In process.</b>                      Although a rate study has been conducted, the review of billing rates should be conducted and presented to the Board of County Commissioners in the near future rather than at next rate revision in 2019. Follow-up #2 Scheduled for October 2017.</p> <p><b>Status – March 2017</b>  <b>In process.</b>                      Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#7. The Fire Rescue Administrator should perform quarterly review of receivables.</p>	<p><b>Status – September 2017</b>  <b>In process.</b>  Document retention of receivables reviews will start in June 2017. Follow-up #2 Scheduled for October 2017.</p> <p><b>Status – March 2017</b>  <b>In process</b>  Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p>#8. The Fire Rescue Administrator should perform periodic write-offs of accounts that are uncollectible; in order to more clearly represent the financial position of the County and in accordance with County's Policy.</p>	<p><b>Status – September 2017</b>  <b>In process.</b>  Accounts of uncollectible non-transport past due since 2012 have not been written off. Follow-up #2 Scheduled for October 2017.</p> <p><b>Status – March 2017</b>  <b>In process</b>  Department reported completion in February 2017 and requested delay in follow-up to allow completion of budget development. Follow-up scheduled for May 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for February 2017; follow-up scheduled for March 2017.</p>
<p><b>16-12 Airports Revenue Management</b></p>	
<p>Report issued September 2016 containing 6 recommendations  Follow-up scheduled for April 2017.  All recommendations completed.</p>	

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#6 The Airport Director should impose late fees in accordance with the Signatory Airline agreements and in accordance with other airline and concessionaire agreements.</p>	<p><b>Status – September 2017 Completed.</b></p> <p><b>Status – March 2017 In process.</b> Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016 Future Implementation.</b> Implementation scheduled for March 2017; follow-up scheduled for April 2017.</p>
<p><b>16-14 Palm Tran Revenue Management</b></p>	
<p>Report issued September 2016 containing 6 recommendations Follow-up #1 August 2017, 1 remains open. Follow-up #2 scheduled for October 2017.</p>	
<p>#1. The Palm Tran Executive Director should ensure that all required documents are received and properly retained for the approved application for the ADA and TD programs of the department. This should include a supervisory review of the documentation.</p>	<p><b>Status – September 2017 Completed.</b></p> <p><b>Status – March 2017 In process</b> Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016 Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
<p>#2. The Palm Tran Executive Director should ensure that vendor complies with the timely payment of revenues due.</p>	<p><b>Status – September 2017 Completed.</b></p> <p><b>Status – March 2017 In process</b> Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016 Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>

### Exhibit 7 - Recommendation Status at September 30, 2017

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>#3. The Palm Tran Executive Director should ensure that late fees are assessed for late payments as defined in the contract.</p>	<p><b>Status – September 2017</b> <b>Completed.</b></p> <p><b>Status – March 2017</b> <b>In process</b> Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016</b> <b>Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
<p>#4. The Palm Tran Executive Director should assess and collect the late fees for the late payments identified in the audit.</p>	<p><b>Status – September 2017</b> <b>Completed.</b></p> <p><b>Status – March 2017</b> <b>In process</b> Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016</b> <b>Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
<p>#5. The Palm Tran Executive Director should develop and implement policy and procedures to establish a reconciliation and monitoring process for the contract. This should include, verifying the accuracy, completeness and timeliness of contractor billing reports, including the quantity and type of advertisement product, and the gross space, gross production and net invoice dollar amounts; verifying the types of advertising by type/category installed, location on the bus, bus number and expiration date of the advertising on the contractor inventory reports; ensuring the timely installation and removal of advertising products; and tracking the frequency, type and amount of rate deviations approved.</p>	<p><b>Status – September 2017</b> <b>In process.</b> Although a Standard Operating Guide (SOG) has been drafted, some of the required monitoring and tracking needs to be addressed. Follow-up #2 scheduled for October 2017.</p> <p><b>Status – March 2017</b> <b>In process.</b> Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016</b> <b>Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
<p>#6. The Palm Tran Executive Director should develop a database of bus advertising information to use as a tool for the monitoring</p>	<p><b>Status – September 2017</b> <b>Completed.</b></p>



**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
and tracking processes.	<p><b>Status – March 2017</b>  <b>In process</b>                      Department reported implementation January 2017. Follow-up scheduled for April 2017.</p> <p><b>Status – September 2016</b>  <b>Future Implementation.</b> Implementation scheduled for December 2016; follow-up scheduled for January 2017.</p>
<p><b>17-03 Water Utilities</b>  <b>Capital Project Management</b></p>	
<p>Report issued March 2017 containing 7 recommendations                      Follow-up #1 August 2017.                      All recommendations completed.</p>	
<p>#1. The Water Utility Department Director should develop a new contract for Rangeline Tapping Services that more accurately reflects the nature of the work while still supporting the need to be able to assert liquidated damages when necessary.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for May 2017</p>
<p>#2. The Water Utility Department Director should enforce (where applicable) the liquidated damages clauses in the term of their contracts when time overruns occur.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for May 2017</p>
<p>#3. The Water Utility Department Director should ensure that staff develops and implements ongoing procedures for ensuring capital improvements data are accurate, reliable, and timely.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for May 2017</p>
<p>#4. The Water Utility Department Director should complete a Vendor Performance Report in regards to the vendor non-compliance. The Vendor Performance Report should describe in detail the vendor's failure to perform and if the vendor will perform a corrective action plan addressing specifics of non-performance.</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for May 2017</p>
<p>#5. The Water Utility Department Director should implement a department policy or</p>	<p><b>Status – September 2017</b>  <b>Completed.</b></p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

<b>Audit Report Number, Title and Recommendation(s)</b>	<b>Recommendation Status</b>
standard operating procedure that establishes specific guidelines for staff inspection and oversight for WUD's design and construction activities.	<p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for May 2017</p>
#6. The Water Utility Department Director should ensure WUD's Finance Section develop reconciliation procedures.	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for March 2017</p>
#7. The Water Utility Department Director should ensure staff complete monthly reconciliations of expenditures between the CIP system application and Advantage.	<p><b>Status – September 2017</b>  <b>Completed.</b></p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation.</b>                      Implementation scheduled for May 2017</p>
<b>17-04 Human Resources Customer Service Processes</b>	
Report issued March 2017 containing 5 recommendations Follow-up scheduled for October 2017.	
#1. The Human Resources Director should add the ability to attach documents when submitting an application to the Online Job Application System. In the meantime, the inability of the application to generate a completed cover sheet should be corrected and the instructions in the e-mail acknowledging receipt of the application should include directions on how to submit additional documents.	<p><b>Status – September 2017</b>  <b>Implementation Pending.</b>                      Follow-up scheduled for October 2017.</p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for August 2017</p>
#2. The Human Resources Director should require T&E raters to use the module in the HRIS system to calculate the total criteria points for each applicant.	<p><b>Status – September 2017</b>  <b>Implementation Pending.</b>                      Follow-up scheduled for October 2017.</p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for August 2017</p>
#3. The Human Resources Director should request input controls be implemented to require a selection is made in the Education, Experience, and Veteran Preference sections of	<p><b>Status – September 2017</b>  <b>Implementation Pending.</b>                      Follow-up scheduled for October 2017.</p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

Audit Report Number, Title and Recommendation(s)	Recommendation Status
the Applicant T&E scoring page.	<p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for April 2017</p>
#4. The Human Resources Director should have an automated system developed that allows a request to be submitted on-line by the departments and track the progress of the request as the recommendation is approved. This would reduce the time a document is passed between approvers and allow the departments to check the progress instead of having to contact the Human Resource Specialist to find out the status of the request.	<p><b>Status – September 2017</b>  <b>Implementation Pending.</b>                      Follow-up scheduled for October 2017.</p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for July 2017</p>
#5. The Human Resources Director should have all active and terminated employee personnel files housed in the storage shelves scanned and maintained electronically.	<p><b>Status – September 2017</b>  <b>Implementation Pending.</b>                      Follow-up scheduled for October 2017.</p> <p><b>Status at March 31, 2017</b>  <b>Future Implementation</b>                      Implementation scheduled for March 2017</p>
<b>17-05 Planning, Zoning, &amp; Building Code Enforcement</b>	
Report issued June 2017 containing 15 recommendations. Follow-up scheduled for November 2017.	
#1 Identify factors causing delays in response time; especially for teams with the highest percentages of non-compliance, and implement appropriate corrective actions. This should include tasking supervisors to assist in identifying reasons within their team for lags in responding to complaints and bringing violations into compliance.	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
#2 Implement corrective actions to minimize delays in the complaint response time, which include, but are not limited to:  A system edit or a non-system protocol (or combination of both) to ensure complaints are promptly submitted through the Work-in-Progress queue for assignment.	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>

## Exhibit 7 - Recommendation Status at September 30, 2017

Audit Report Number, Title and Recommendation(s)	Recommendation Status
<p>Protocols to ensure the drop-down menu for the CEO field, which is used for assigning complaints, is kept current.</p>	
<p>#3 Establish specific expectations and requirements to ensure consistency and uniformity in the monitoring and oversight of CEO complaint handling/ investigations.</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#4 Identify tools to assist Supervisors in oversight roles, and ensure adequate training in their use. This includes working with ISS to identify, develop, and/ or correct existing reports in the ePZB system that can assist in the oversight and monitoring of complaint handling.</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#5 Ensure established expectations and requirements are in writing (i.e. PPMs), and at a minimum, address the following:</p> <p>a) Reviews: types, frequency, specific items to evaluate,</p> <p>b) Available tools (i.e. reports) and methods to be utilized, and</p> <p>c) Types of oversight and monitoring activities (i.e. staff meetings).</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#6 Communicate and review written PPMs with appropriate Staff.</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#7 Ensure approvals and reviews are documented (i.e. noted in case files) to provide for accountability and evidence of their completion.</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#8 Encourage and provide for appropriate training of staff in their roles as code officers (i.e. periodic in-house training, certification).</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#9 ePZB system security user access does not exceed what is needed to perform a job and current users identified with access beyond need should be corrected.</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b>                      Follow-up scheduled for November 2017.</p>
<p>#10 ePZB system security user access is reviewed, at least annually, to ensure user</p>	<p><b>Status – September 2017</b>  <b>Implementation pending.</b></p>

**Exhibit 7 - Recommendation Status at September 30, 2017**

<b>Audit Report Number, Title and Recommendation(s)</b>	<b>Recommendation Status</b>
access is congruent with job responsibilities and functions; including both security roles and other added access (i.e. Supervisor Authority).	Follow-up scheduled for November 2017.
#11 Procedures are established for system access control in ePZB (including a protocol to resolve incompatible duties of staff granting/modifying access to the system to themselves).	<b>Status – September 2017</b> <b>Implementation pending.</b> Follow-up scheduled for November 2017.
#12 Request to grant/ modify security access in the ePZB system is authorized by Division management, documented (manual, electronic), and maintained.	<b>Status – September 2017</b> <b>Implementation pending.</b> Follow-up scheduled for November 2017.
#13 Procedures are established for system access control in ePZB (including a protocol to resolve incompatible duties of staff granting/modifying access to the system to themselves).	<b>Status – September 2017</b> <b>Implementation pending.</b> Follow-up scheduled for November 2017.
#14 The Code Enforcement Division Director should ensure all division PPMs are up-to-date, contain clear expectations of established timeframes for responding to complaints, and staff is made aware of all PPM requirements.	<b>Status – September 2017</b> <b>Implementation pending.</b> Follow-up scheduled for November 2017.
#15 Compliance with established PPMs should be monitored, such as with the use of reports that capture key indicators from the system to measure performance.	<b>Status – September 2017</b> <b>Implementation pending.</b> Follow-up scheduled for November 2017.