April 19, 2019

Mr. Lung Chiu
Inspector General
The School District of Palm Beach County
3318 Forrest Hill Blvd., C-306
West Palm Beach, Florida 33406

Dear Inspector General Chiu:

The Association of Inspectors General (AIG) performed a peer review of the Palm Beach County School Board, Office of Inspector General (PBCSB-OIG) located in West Palm Beach, Florida. The PBCSB-OIG consists of Audit Services and Investigative Services complemented by a Compliance and Quality Assurance Unit. At your request, the divisions were separately evaluated based upon AIG Principles and Standards for Offices of Inspector General\(^1\) (Green Book) and the United States General Accountability Office (GAO) Government Auditing Standards (Yellow Book).\(^2\) These standards are consistent with the qualitative standards under which your office has operated throughout the review period of July 1, 2015, to June 30, 2018.

The Peer Review Team (PRT) performed the on-site review April 1, 2019 through April 5, 2019, at your offices located at 3318 Forest Hill Boulevard, Suite C316, West Palm Beach, Florida 33406.

The four person AIG PRT consisted of the following individuals:

Levin White, Team Leader
Special Agent, Office of the State Inspector General
Commonwealth of Virginia

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Jacqueline Hendricks-Moore, Team Member
Investigator, Office of Inspector General
City of Detroit, Michigan

F. Michael Taylor, Team Member (Audit)
Deputy Inspector General – Audit, Office of the State Inspector General
Commonwealth of Virginia

Daniel Fanger, Team Member (Audit)
Inspector General
St. Johns River Water Management District
Palatka, Florida

On behalf of the Team, I am pleased to advise that we found no reportable instances of failure to meet standards. There are no limitations or qualifications on our opinion. It is the unanimous conclusion of the PRT members that the reviewed areas of the Palm Beach County School Board (PBCSB), Office of the Inspector General (OIG) met all relevant AIG and GAO standards for the period under review.

The remainder of this letter sets forth the purpose, scope, and methodology of the Peer Review.

Purpose:
The PRT conducted an independent, qualitative review of The School District of Palm Beach County, Office of the Inspector General, West Palm Beach, Florida, Audit Services, Compliance and Quality Assurance and Investigative Services focusing on their compliance with agreed-upon AIG and GAO standards.

Scope:
The Peer Review covered the department's operations, resulting work products, and related file materials chosen from selected reports (issued and not issued), closed investigations and completed audits from July 1, 2015 to June 30, 2018. The Peer Review's scope also covered compliance with their relevant policy and process manuals; procedural requirements; staff qualifications; and professional training requirements. Finally, the Peer
Review assessed supervisory review and quality control over the work product, reporting of results, and the Audit and Investigative components’ relationship and communications with outside agencies. For this last step, the PRT met with stakeholders with whom the OIG units frequently work, or who are the recipients of the work product.

The PRT notes and underscores that the overall consensus of these stakeholders was that the Department of Inspector General is a valued member of the Inspector General Community and asset to the Palm Beach County School District.

Method:

The PRT generally followed the Peer Review/Qualitative Assessment Review Checklists for the PBCSB-OIG, Audit and Investigative Services, based on AIG and GAO standards. The PRT also called upon their own professional experience as senior investigators and auditors of various Offices of Inspectors General and through their knowledge of and familiarity with best practices within the Inspector General community. Prior to the actual on-site review, the PRT requested information from the PBCSB-OIG, including but not limited to, policy and procedures manuals; closed case log; a list of annual reports; website based links; staff training records; a list of issued reports; and a list of internal and external stakeholders. The PRT used this information to select the work products and related case materials for the peer review.

On April 1, 2019 the PRT held an entrance conference with you and your leadership team in order to explain the peer review scope, methodology, limitations, and proposed schedule. Prior to April 1, 2019, we delivered our request for additional review materials and multiple document productions were provided to the PRT by your staff prior to arrival. During the on-site review, the PRT conducted fieldwork through the examination of selected case files, work papers, electronic procedures and forms, complaint registers and other documents as necessary. The PRT also interviewed senior staff personnel that perform tasks from both the Audit and Investigative Services components of the Office of Inspector General.

The PRT reviewed the current employees Training and Continuing Education files, and relevant policy and process manuals and procedural guides. All file requests were met fully and timely.
The PRT interviewed all of the staff with exception to those who were performing duties on time sensitive projects. The interviews were conducted in confidence and without any limitation on scope or time. Additionally, the PRT interviewed numerous stakeholders. These interviews were arranged in advance by your staff between the PRT and the stakeholders for the purpose of evaluating agency cooperation, effectiveness, and responsiveness. Stakeholders included the following:

- Palm Beach County School Board, Chairperson
- Palm Beach County Audit Committee, Chairperson
- Palm Beach County School Superintendent
- Florida Department of Education, Inspector General
- Palm Beach County School Police Department Investigator
- Office of the Florida State Attorney – Head of Public Corruption Unit
- Palm Beach County School Board, Director of Labor Relations & Professional Standards
- Florida State Attorney’s Office – Investigations Department

Finally, the PRT held an exit conference with you and your executive leadership on April 5, 2019, during which time the PRT shared its conclusion that the PBCSB-OIG met the AIG and GAO standards. PRT members provided our observations and opinions gathered during the review. PRT members elaborated on the observations made during the week of review. The PRT members provided several observations that did not limit or qualify the opinion of the PRT, but were shared with you and your leadership team as possible areas of consideration going forward.

Throughout the on-site review, we had productive discussions with OIG, Audit and Investigations members (from the leadership to the professional staff) regarding their positive experiences about the peer review process and their thoughts regarding possible improvements to the process. These observations, including areas for both distinction and consideration, will be detailed later in a separate management letter. As noted above, it is the unanimous conclusion of the Peer Review Team that the Palm Beach County School Board, Office of Inspector General, Investigative and Audit components met all current and relevant AIG and GAO standards for the review period.
On behalf of the AIG, please accept our thank you for the confidence placed in the Association by requesting that we conduct this review. For all of the Peer Review Team, we would like thank you for all of your efforts in the coordination and planning of this event and for providing the necessary records and tools for a thorough and smooth review. Your hospitality and professionalism was outstanding and commendable.

Finally, on behalf of the Team, please know that in all of our interactions with you, Ms. Elizabeth McBride and your entire staff, we were shown the respect and cooperation that is the hallmark of a professional staff truly interested in a full and open review of their work. At the same time, this has been a learning experience for each member of the PRT, for which we wish to convey our sincerest gratitude.

Please feel free to contact me or any member of the Peer Review Team should you have any questions.

 Levin J. White
Team Leader, AIG Peer Review for PBCSB-OIG, April 2019

cc: Jacqueline Jackson, Team Member, AIG Peer Review for PBCSB-OIG, April 2019
    F. Michael Taylor, Team Member, AIG Peer Review for PBCSB-OIG, April 2019
    Daniel Fanger, Team Member, AIG Peer Review for PBCSB-OIG, April 2019
    Hector Collazo, Chair, Peer Review Committee and Executive Board Member, AIG
May 13, 2019

Mr. Lung Chiu
Inspector General
The School District of Palm Beach County
3318 Forrest Hill Blvd., C-306
West Palm Beach, Florida 33406

Dear Inspector General Chiu:

The Association of Inspectors General (AIG) performed a peer review of the Palm Beach County School Board, Office of Inspector General (PBCSB-OIG) located in West Palm Beach, Florida. The PBCSB-OIG consists of Audit Services and Investigative Services complemented by a Compliance and Quality Assurance Unit. At your request, the divisions were separately evaluated based upon AIG Principles and Standards for Offices of Inspector General1 (Green Book) and the United States General Accountability Office (GAO) Government Auditing Standards (Yellow Book).2

These standards are consistent with the qualitative standards under which your office has operated throughout the review period. On behalf of the Team, I am pleased to advise that we found no reportable instances of failure to meet standards. It is the unanimous conclusion of the PRT members that the reviewed areas of the PBCSB-OIG met all relevant AIG and GAO standards for the period under review.

There are no limitations or qualifications on our opinion. An earlier letter dated April 19, 2019 provided this unqualified opinion. The purpose of this letter is to provide the comments shared with your staff during the exit conference on April 5, 2019.

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The remainder of this letter will address areas of distinction and consideration. These comments are based on the direct observations of the Peer Review Team members derived from: interviews with stakeholders; interviews with PBCSB-OIG staff; case file reviews; reviews of PBCSB-OIG administrative and operating materials; and the professional judgement and experience of the Peer Reviewers.

Palm Beach County School Board, Office of Inspector General (PBCSB-OIG) – Overall Area of Distinction

* As previously stated in the 2016 Peer Review, “Having in-house legal counsel with relevant experience in oversight and litigation is a significant added value to the OIG.” Elizabeth McBride has been a voice and face of professionalism during the entire time of the review process.

* The PRT commends the OIG for successfully gaining certification through the Commission for Florida Law Enforcement Accreditation (CFA) which, presumably will be formally awarded in June 2019. The certification required intense scrutiny and attention to detail to records and compliance measures prior to review by CFA.

* The PRT recognizes the importance of stakeholder relationships. All internal and external stakeholders interviewed commended the OIG staff for their professionalism and work product.

* AIG Peer Review Team members reviewed the policies, training certifications, relative press releases, and interviewed external stakeholders and found that the PBCSB-OIG has the professional decorum required for any agency that has transitioned from primarily an audit operation to an inspector general’s office. The scope of your office’s jurisdiction over one of the largest school districts in the nation and limited size makes it apparent that your agency can perform nationally.

Compliance and Quality Assurance – Area of Distinction and Consideration

* The PRT reviewed the OIG’s annual work plan and found it to be descriptive and informative addressing the OIG’s objectives and goals for the specified year. While the OIG’s annual work plan was descriptive of the OIG’s objectives and goals for that year, the annual work plan did not disclose follow up information concerning completed work plan objectives and goals for the prior year.

* The PRT recommends PBCSB-OIG consider additional language added to the annual work plan identifying areas still under review from the prior year.
• The PRT recognizes the extensive work in preparing the Annual Work Plans. The PRT recommends that the Annual Plan, introduction page includes language that informs the reader that the OIG follows the Government Auditing Standards (Yellow Book) and the Association of Inspectors General (AIG) Principles and Standards (Green Book) with footnote links attached. The current annual plan mentions both standards in the report however, they do not reflect both standards/methods inclusively at the beginning of the report.

Audit Services Division – Areas of Distinction(s):

• The PRT reviewed internal controls and procedures along with sampling workpapers to confirm the application of supervisory controls and management approvals. The OIG did an exemplary job of maintaining quality control and consistency of performance and financial audits.

• The PBCSB-OIG has audit staff conducting performance audits to present findings to the Audit Committee alongside management. The Team believes this unique protocol allows for more detailed information to be conveyed to the Audit Committee while building greater confidence of the Audit Committee in the OIG. The process also provides staff an opportunity to build presentation skills.

• The OIG has revised its Audit Procedures Manual as recommended in the previous AIG Peer Review conducted in 2016. The PRT has noted that the manual is comprehensive and is required to be distributed and reviewed by all new OIG staff.

• The PRT recognizes the OIG intermittently issues IG Advisory Publications District-wide. These publications clarify the role of OIG while providing valuable information to stakeholders via education and pragmatic results.

• The OIG regularly recommends corrective actions to District management. During the formulation of these recommendations, the PRT noted that the OIG solicits greater input from District management to formulate more effective and feasible recommendations.

• Throughout the audit process, the OIG may identify a critical situation that management should react to swiftly rather than await the completion of the audit for corrective action recommendations. The PRT observed several situations where the OIG took initiative by issuing Management Advisory Letters which led to immediate improvements while an audit was ongoing. This proactive effort resulted in a safer environment for students and financial benefits to the District.
Audit Services Division – Areas of Recommendation(s):

- While the OIG has a comprehensive process related to audit and workpaper management, including several levels of supervisory approval, a singular original physical binder is the only comprehensive record of management notes and input. If such a binder were to be misplaced or destroyed, the documentation would be lost. The OIG should consider work toward establishing a method of documentation that reduces risk of having a singular physical source of management and supervisory input. Electronic work paper (EWP) systems have two major advantages. The first is managerial; they are labor saving applications that could allow OIG to reallocate staff resources more efficiently and effectively. The second is that, because everything is stored immediately and in a consistent format, there are fewer opportunities for errors or omissions in the documentation chain. The OIG should invest in an EWP system for the purpose of managing (including sign-offs) and archiving all project-related documents.

- The PRT has learned that the current Inspector General and some senior staff have identified a timeframe of leaving office through retirement. The replacement of the IG requires a unique process and Board approval that may take a substantial length of time for the process of appointing a new IG. Due to these requirements, it is recommended that the OIG develop a succession plan to be in place with consideration of the appointment process and transfer of institutional knowledge from the current IG and senior staff.

- The PRT found that a few references to GAS on Schedule M were not updated from the 2007 revision and found that it will be necessary to update the manual for the 2018 revision of GAS, which are effective for performance audits beginning on or after July 1, 2019 and financial audits for periods ending on or after June 30, 2020. As part of the revision, it is recommended that the GAS reference be updated and more detailed guidance be included on how the reporting standards are applied by the OIG. Also, there are new GAS requirements regarding internal controls that will need to be incorporated into the audit process.

- The PRT recommends that the OIG consider implementing additional monitoring of Continuing Professional Education (CPE) compliance, including a review of government versus non-government hours required by staff.

Investigation Services Division – Areas of Distinction(s)

- The PRT found that the staff are professional, qualified and experienced investigators and meet standards required to conduct comprehensive investigations. The investigative supervisory leadership has extensive experience and collaborates very well with legal counsel and the Inspector General. It is noted that there are no outsourcing of any investigations and the PRT recommends this continued policy and best practice.

- The PRT reviewed a sample of closed investigations and closed preliminary investigations. The review revealed that the investigations were thorough and complete.
• The PRT conducted a review of the final report of investigations and found that they are well written with clarity and understanding. The work papers in the case files were found to be in compliance with the (Green Book) Qualitative Standards. Additionally, the investigation case files and work papers were found to be complete and well organized.

• The PRT applauds the OIG implementing a new case management software system in December 2018. The “CMTS” system is being used by other larger OIG’s in the state and around the nation and it is apparent that the OIG is serious about performing at a maximum level for the educational recipients throughout Palm Beach County. The “CMTS” system will aid the OIG with progressing to a more computerized investigation tracking system eventually eliminating the paper-based systems of record keeping.

Investigation Services Division – Areas of Recommendation(s)

• The PRT is aware of the desire of OIG to promote awareness within the school community. In order to promote and maintain a robust awareness of purpose and function of the OIG, the PRT recommended that the OIG consider capitalizing on training events, Parent Teacher Association (PTA) meetings, new school district hiring orientation trainings and other forms of community outreach.

• While the staff is encouraged to secure additional training and education to continue to develop their skill set, The PRT recommends training advanced personnel in areas of supervision, along with assigning some supervisory responsibilities in order to offer upward mobility within the OIG organization. This could help maintain an increased level of employee retention.

• The PRT commends the OIG in their efforts to mitigate conflict of interest in the event of a complaint against any member of the PBCSB, Superintendent or OIG staff. While this is preferred by the AIG, the PRT recommends all stakeholders to determine a method or threshold that would prevent frivolous complaints in an attempt to undermine the PBCSB and or OIG for personal or political gain.

• The PRT recognizes the intended path of progression for investigators to achieve advancement within the investigative division of OIG. It is recommended the OIG investigative division create a career development program with clear educational and training objectives in order to achieve career progression within the organization.
In conclusion, we would like to commend the Palm Beach County School Board and the Inspector General for establishing a strong effective Inspector General Office. It is apparent by the PRT that the entire staff are committed to the families and personnel of the Palm Beach County School District. We hope that you and your staff find our comments to be helpful and we will always be available to assist you and your staff at any time in the future.

Very truly yours,

Levin White
Team Leader, AIG Peer Review for Palm Beach County School Board, OIG
April 2019

cc: Jacqueline Hendricks-Moore, Team Member, AIG Peer Review
F. Michael Taylor, Team Member, AIG Peer Review
Daniel Fanger, Team Member, AIG Peer Review
Hector Collazo, AIG, Chair, Peer Review Committee