

# **SEMI-ANNUAL REPORT**

**July 1, 2017– December 31, 2017**

March 2018



# MISSION STATEMENT

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

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**SCHOOL BOARD OF PALM BEACH COUNTY  
OFFICE OF INSPECTOR GENERAL**

*Message from the Inspector General*

March 12, 2018

Chair and Members of School Board of Palm Beach County  
Superintendent of Schools  
Chair and Members of Audit Committee

I am pleased to present to you our office 2018 Semi-annual Report for the period July1, 2017 through December 31, 2017. This semi-annual report is intended to capture and summarize our activities, and highlight accomplishments achieved by the office during this six-month period. Thus, this semi-annual report is not as extensive as the annual report you will receive during the summer.

As you are aware, the Office of Inspector General is required to provide only an annual report. However, we believe it is in the best interest of the organization to provide this interim, semi-annual report to keep all of us abreast of any possible patterns or trends of activities that might relate to fraud, waste, abuse, and fiscal/financial misconduct that may adversely affect the District in accomplishing its mission.

Sincerely,

K. Lung Chiu  
Inspector General

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## **Organizational Functions and Structure**

Investigations are conducted by the Investigative Unit. The unit works to deter, detect, and investigate fraud, waste, abuse, or other misconduct adversely impacting the School District. The unit receives inquiries or complaints from a variety of sources: the OIG Hotline, emails, telephone calls, letters, in person statements, Florida Department of Education, or other entities.

The Investigations Unit reviews all complaints, and makes a determination as to whether such complaints fall within the jurisdiction of OIG or should be referred to another District office. For all matters referred to other District offices, the unit obtains periodic follow-ups on the status of the complaints.

Investigations are conducted in accordance with the quality standards as set forth in the *Association of Inspectors General Principals and Standards for Offices of Inspector General*.

The investigative unit consists of the Director of Investigations, a Senior Investigator II, a Senior Investigator I, an Investigator, and the Complaint Intake Coordinator. *See Appendix for the OIG organizational chart.*

# Types of Allegations

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Complaints submitted to or filed with the Inspector General may include a wide range of alleged wrongdoing and may include allegations of more than one type of misconduct committed by an individual, District office, or District vendor or contractor. Even as an investigation proceeds, there may be new allegations of wrongdoing which come to light. Other individuals, District offices or District vendors or contractors may become a part of the investigation. Pursuant to Board Policy 1.092, wrongdoings that fall under the jurisdiction of the Inspector General include:



## FRAUD

A willful or deliberate act or omission designed to unlawfully deprive the District through an unauthorized benefit, service, property, or something of value by deception, misrepresentation or other unethical or unlawful means.

*Examples:*

- Authorizing or receiving compensation for time not worked.
- Falsifying financial records or payroll information to cover up a theft
- Fraudulent travel reimbursements, or other expense reimbursements
- Intentionally misrepresenting the costs of goods or services provided
- Offer, payment or acceptance of a bribe or gratuity
- Product substitution
- Bid fixing or rigging
- False statements or claims
- MWBE Fronts
- Kickbacks

# WASTE

An act of using or expending District resources unreasonably, carelessly, extravagantly, or for no useful purpose.

*Examples:*

- Purchase of goods, equipment, supplies, or services at inflated prices
- Purchase of an excessive amount of goods or equipment which are not timely placed for employees' use, resulting in such goods becoming obsolete
- Purchase of unneeded supplies or equipment
- Inadequate oversight or mismanagement of District resources
- Failure to reuse major resources or reduce waste generation

# ABUSE

The intentional or improper use or destruction of District resources that can include the excessive or improper use of one's position, in a manner contrary to its rightful or legally intended use, or the misuse of authority or position in wrongdoing that had an impact on either the complainant (adverse loss) or subject (personal gain).

*Examples:*

- Misuse of authority or position for personal financial interests
- Administrative, managerial or supervisory personnel requesting support worker to purchase his or her lunch and failing to reimburse the support workers
- Improper hiring practices
- Misuse of District resources, including assets or funds, equipment or supplies, personnel and property to secure an unfair or personal gain.

# FISCAL MISCONDUCT

The deliberate action by an individual to misrepresent or conceal the facts of a business transaction.

*Examples:*

- Fraud
- Embezzlement
- Theft of goods or services
- Misappropriation of District funds, goods, property (including intellectual property), services or other resources
- Improper handling or reporting of financial transactions
- Authorizing or receiving compensation for goods not received or services not performed
- Diversion of District assets
- Use of District's facilities, equipment or personnel for personal gain

# FINANCIAL MISMANAGEMENT

Financial mismanagement that results in financial loss to the District may also constitute fiscal misconduct. Acts of financial mismanagement which may constitute fiscal misconduct include the following:

*Examples:*

- Financial mismanagement that results in a material financial risk to District
- Failure to reasonably safeguard District assets
- Failure to properly supervise budgets under one's control
- Failure to adhere to applicable Board Policies, if such failure leads to financial loss to the District to jeopardize District resources
- Manipulation of District data and documentation to allow spending where funds do not exist
- Intentionally misreporting District transactions
- Knowingly violating District financial policies



# WHISTLEBLOWER



# COMPLAINTS

The Florida Public Sector Whistleblower Act (FWA) and Board Policy 3.28 prohibit the District and its independent contractors from taking retaliatory action against employees who make certain “protected disclosures” to the District or its contractors.

What are “Protected disclosures”? “Protected disclosures” show that the employee,

- 1) Disclosed a *violation or suspected violation* of a law, rule, or regulation which presents a *substantial danger* to the public or students’ health, safety or welfare, OR
- 2) Disclosed an *act or suspected act of gross mismanagement, malfeasance, misfeasance, waste of funds, or gross neglect of duty.*

***Example of Protected Disclosure:***

\*\* Giving information in a confidential inquiry, as the FWA and Board Policy protect individuals who make a disclosure of eligible information when requested to participate in an investigation, hearing or other inquiry conducted by the District.

***Examples of a Non-Protected Disclosure:***

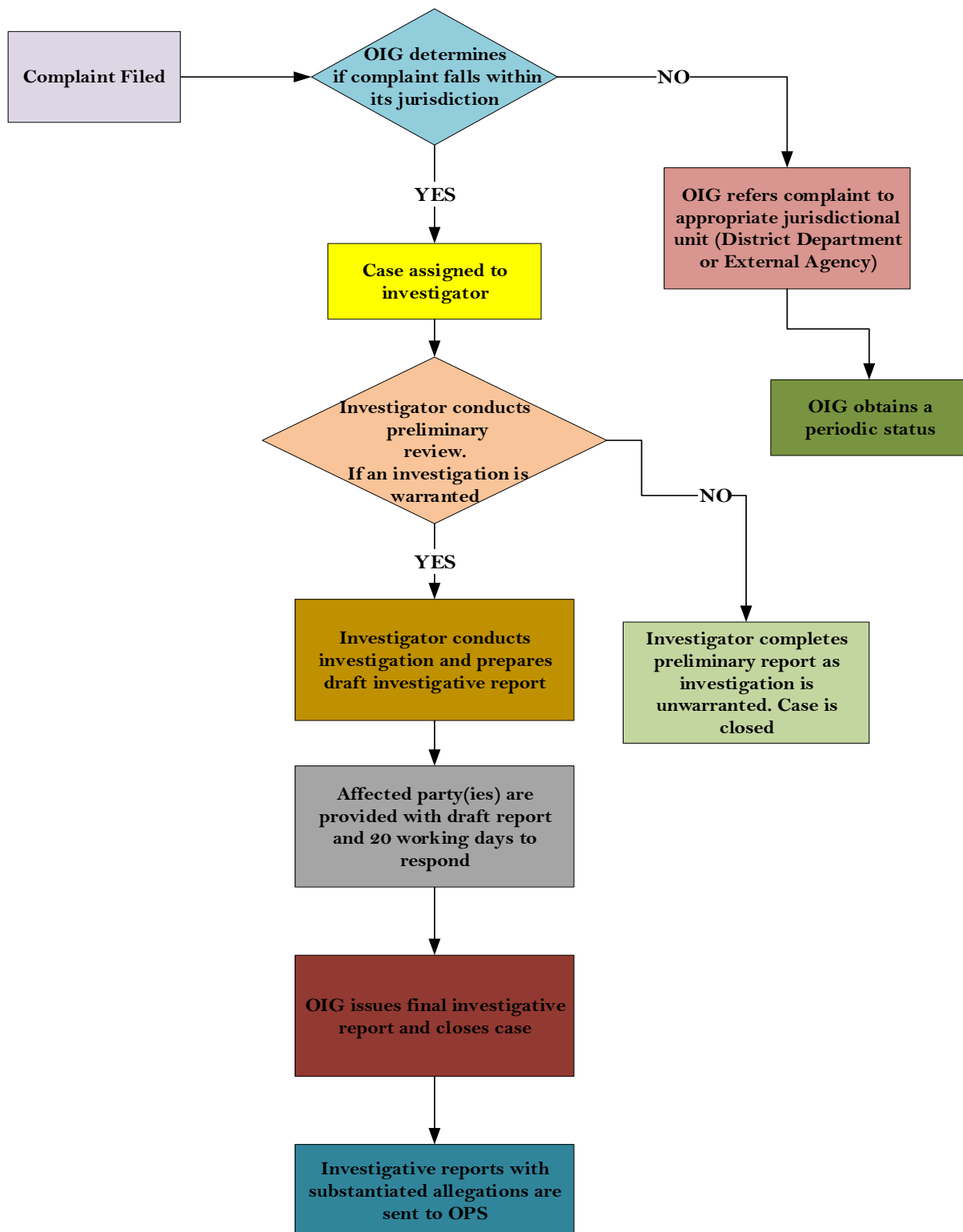
\*\* A communication expressing displeasure or memorializing an internal dispute, as such does not constitute a report of unlawfulness.

\*\* Complaint that employee was engaged in dual employment does not state a claim under FWA or Board Policy, as the violation does not present a substantial and specific danger to public health, safety or welfare.

***Exclusions:*** FWA and Board Policy do not protect a person who: (1) commits or intentionally participates in committing the violation; or (2) discloses information s/he knows to be false.

***Prohibited Acts:*** (1) Taking “adverse personnel action” against an employee based on the employee engaging in the “protected disclosure”. (2) Taking any adverse action that affects the rights or interests of an employee in retaliation for the person’s disclosure of the information.

# Filing a Complaint

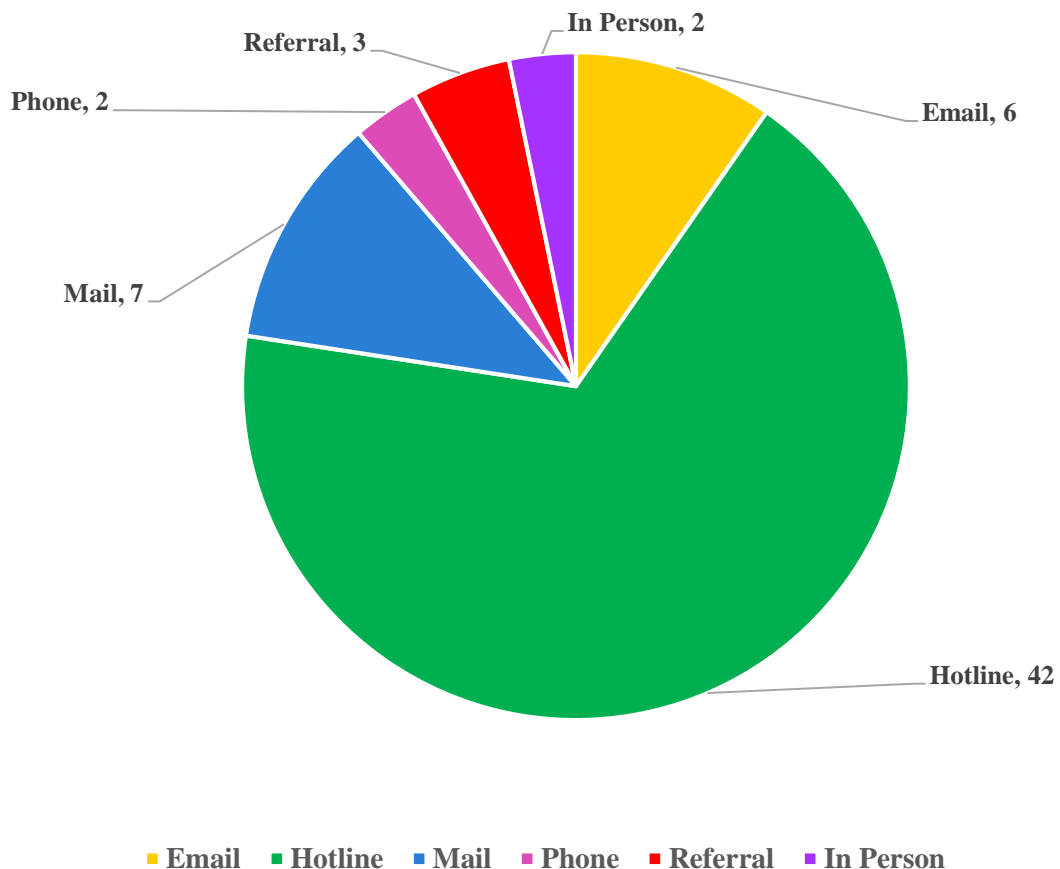


# Statistical Summary for July 1, 2017 through December 31, 2017 Investigations

During the six-month period, July 1, 2017 through December 31, 2017, the OIG's Investigative Unit received and processed 62 complaint intakes, completed 11 preliminary reviews, and released 9 investigative reports. Since July 1, 2012 through December 31, 2017, 747 complaints have been received by the OIG.

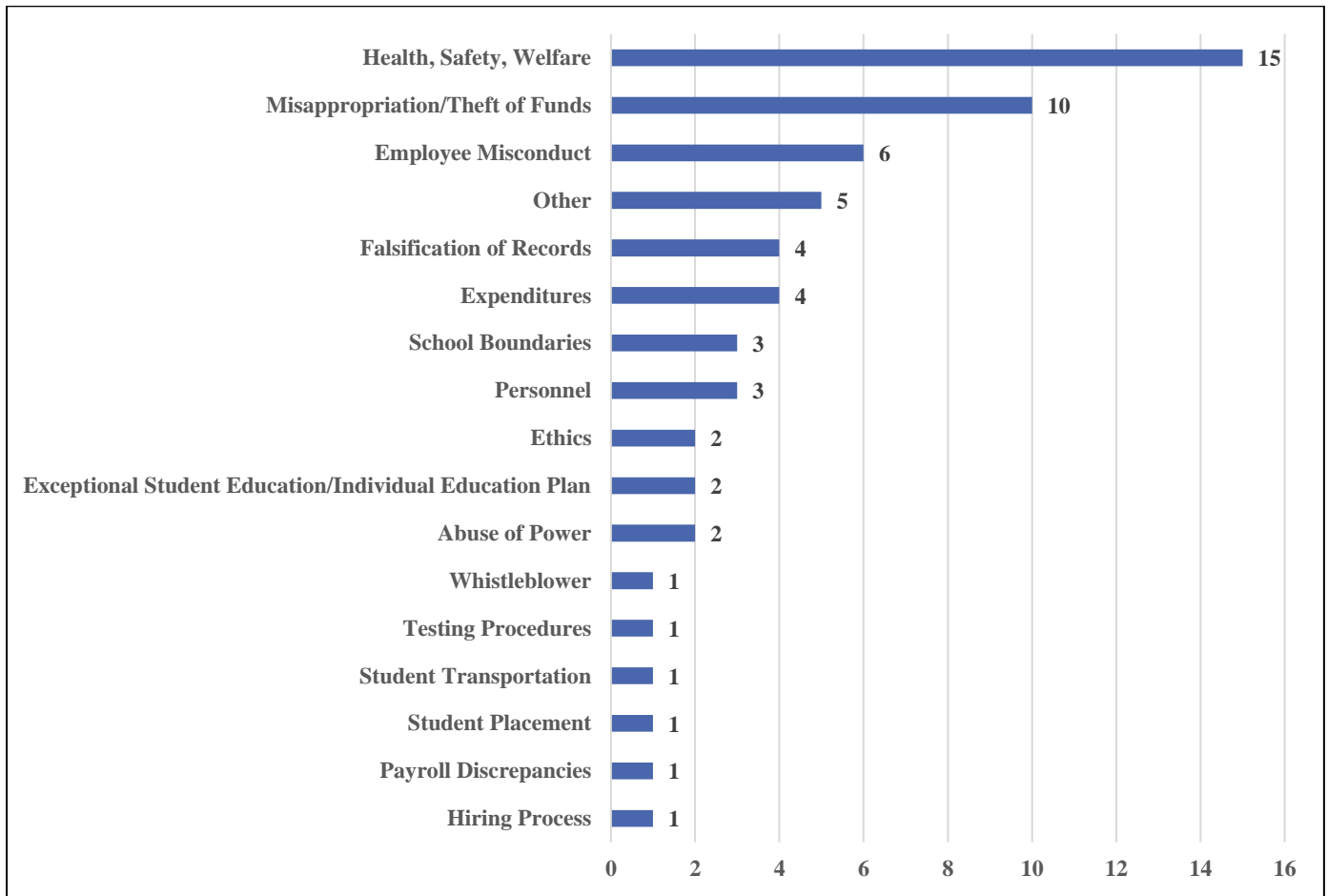
The above 62 complaints were received by the OIG through the below noted channels. It should be noted that the Hotline has continued to be the preferred method of reporting since its inception in March 2013.

**Methods in which the 62 Complaints were Received from  
July 1, 2017 through December 31, 2017**

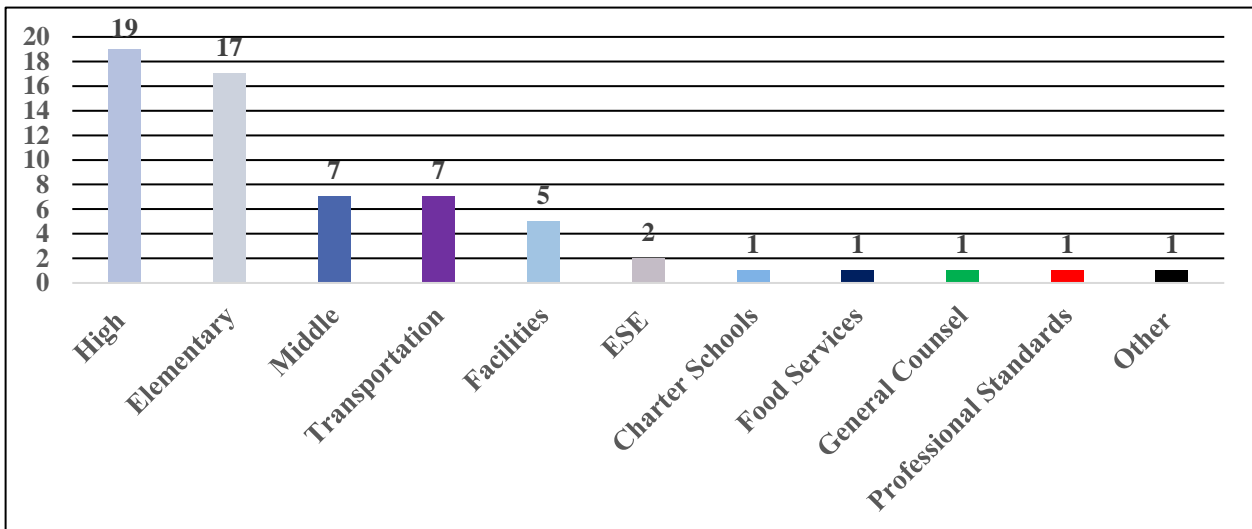


## General Nature of Received Complaints

The **general nature** of the sixty-two (62) complaints are reflected below:



## Complaints by Schools/Departments/Programs



Of the 62 complaints, forty-six (46) of the complaints related to school settings.

## Status of Complaints Received

Of the 62 complaints received during the first half of Fiscal Year 2017-18, action by the OIG in response to these complaints are reflected below:

<b>COMPLAINT STATUS: JULY 1, 2017 – DECEMBER 31, 2017</b>		
<b>ACTION</b>		<b>No.</b>
<b>Referred to other Departments</b>		<b>42</b>
<b>Retained and Closed After Preliminary Review by OIG Due to:</b>	<b>No Violation/Wrongdoing</b>	<b>3</b>
	<b>Reviewed/Action by Another Department</b>	<b>1</b>
<b>Retained and Closed by OIG After Publication of Final Investigative Report</b>		<b>1</b>
<b>Retained, Open Investigation/Preliminary Review by OIG</b>		<b>15</b>
<b>TOTAL</b>		<b>62</b>

### Referred Complaints

Forty-Two (42) complaints were referred to various District departments as outlined below.

<b>REFERRED DEPARTMENT/WORK UNIT</b>	<b>No.</b>
<b>School Police</b>	6
<b>Regional/Instructional Superintendents</b>	6
<b>Office of Professional Standards/Human Resources</b>	6
<b>Planning</b>	4
<b>Deputy Superintendent Office</b>	3
<b>Chief Operating Officer</b>	2
<b>School Principals</b>	2
<b>Risk Management</b>	2
<b>Office of Professional Standards &amp; Regional Superintendent</b>	2
<b>General Counsel</b>	1
<b>Chief Academic Officer</b>	1
<b>OIG – Audit Unit</b>	1
<b>Exceptional Student Education</b>	1
<b>Food Services</b>	1
<b>Transportation</b>	1
<b>Chief of Human Resources/Chief Academic Officer</b>	1
<b>Office of Professional Standards/Exceptional Student Education</b>	1
<b>Exceptional Student Education/Transportation</b>	1

## Resolutions of Referred Complaints

Board Policy 1.092 requires the OIG to refer matters to the appropriate District offices, keep records of the referrals, and requires the District offices to provide a periodic status report of the referral to the OIG. The AIG Principles and Standards further recommend a periodic report of office activities contain “a summary of civil and administrative referrals and the results from such referrals.”

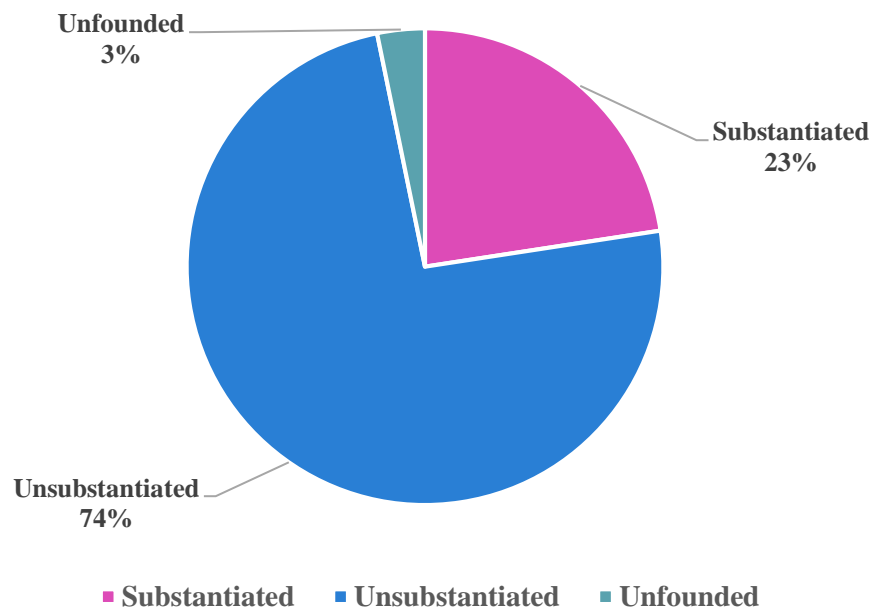
As of December 31, 2017, the OIG received resolution for 36 complaints as reflected below.

Referred Department	Nature of Complaint	Resolution
Chief Operating Officer	School Conditions	Necessary repairs were completed.
Instructional Superintendent	Academic Communication	Principal worked with parent to resolve issue.
Office of Professional Standards / School Police	Health, Safety & Welfare	Conference Notes.
Office of Professional Standards	Ethics & Policies	Complaint turned over to Director of Transportation who determined no action was necessary.
Deputy Superintendent	Health, Safety & Welfare	Matter reviewed; right measures were put in place.
Regional Superintendent	Ethics & Policies	Matter was administratively closed.
Office of Professional Standards	Safety/Welfare	Complaint turned over to Director of Transportation. Conference Notes.
Office of Professional Standards	Ethics & Policies	Conference Notes.
Office of Professional Standards	Ethics & Policies	Unfounded.
Student Services, Equity & Access	Falsification of Records	No evidence of wrong doing, administratively closed.
Office of Professional Standards	Ethics & Policies	Lack of evidence, administratively closed.
Office of Professional Standards	Ethical Misconduct	Lack of evidence, administratively closed.
Chief Operating Officer	Transportation	Bus stop was moved/relocated.
Office of Professional Standards / School Police	Health, Safety & Welfare	Disciplinary action taken.
School Police / Regional Superintendent	Health, Safety & Welfare	Matter resolved.
Regional Superintendent	Misuse of Authority	No violations of criminal laws. Climate assessment performed.
Office of Professional Standards	Ethics & Policies	Memo given to cheerleading coach per Principal
Office of Professional Standards / School Police	Health, Safety & Welfare/ Misuse of Authority	No violations of criminal laws. Climate assessment performed.
Office of Professional Standards / School Police	Health, Safety & Welfare	Matter resolved.
Charter Schools	Financial	Voluntary termination of charter.

Referred Department	Nature of Complaint	Resolution
Human Resources	Staffing Resource	Unsubstantiated.
Dep Sup & EEO	School Environment	Verbal coaching.
Dep Sup & OPS	Employee misconduct /School Climate	Lack of evidence. Staff meeting to address professionalism.
Risk Management	Claim	Matter resolved.
Regional Superintendent	Abuse of Power	Unsubstantiated.
Risk Management	Health, Safety & Welfare	Unsubstantiated.
Regional Superintendent	Health, Safety & Welfare	New procedures put in place to remedy issue.
Food Services	Other	Matter resolved.
School Police	Employee Misconduct	Unfounded.
Chief Academic Officer	Testing Procedures	Matter resolved.
Instructional Superintendent	Other	Staff meeting to address procedure.
Risk Management	Health, Safety & Welfare	Matter resolved.
Chief Operating Officer	Health, Safety & Welfare	Corrective action taken.
School Police	Health, Safety & Welfare	Criminal investigation closed.
Regional Superintendent	Health, Safety & Welfare	Unsubstantiated.
Office of Professional Standards	Health, Safety & Welfare	Unsubstantiated.

### **Findings for Cases Closed During July 1 through December 31, 2017**

Of the nine (9) investigations closed, which included thirty-one (31) allegations, during the designated reporting period, the following chart designates the percentage of allegations that were found to be substantiated versus those allegations that were found to be partially substantiated or unsubstantiated. The number of investigations closed may include cases that were opened in previous years.



# Published Investigative Reports

## **Case No. 15-302 (Afterschool Programming)**

This investigation was commenced based upon the requests of two former Directors of the Afterschool Program who expressed concerns regarding (1) misuse of P-card and the Staples Rewards Program by an employee; (2) theft of time, (3) overtime abuse in Afterschool Programming, and (4) site coordinators logging excessive hours.

Upon completion of the investigation, the OIG concluded that:

- The allegation of misuse of P-card and the Staples Rewards Program was substantiated.
- The allegations of theft of time, overtime abuse and site coordinators logging excessive hours were unsubstantiated.

A copy of the final investigative report was forwarded to School Police and the Office of Professional Standards for review and possible action.

## **Case No. 16-474 (Gardens School of Technology Arts)**

An investigation of the Gardens School of Technology Arts (GSOTA), a charter school, was commenced upon a request of a District department, alleging the charter school was violating the terms of its current charter contract. Specifically, the allegations were that GSOTA:

- Entered into a 15- year rental lease agreement with its current landlord. *The OIG offered no opinion on this allegation because the District extended the date of the contract in order to complete negotiations for the contract renewal or related to the completion of this investigation.*
- Engaged in questionable business/management relationships with its landlord, a religious organization. *The OIG determined GSOTA may have entered into professional service contracts with professional service providers without adhering to the Code of Federal Regulations and their own internal procurement policy. The contracts were awarded without a competitive solicitation process.*
- Did not inform the District there would be additional facilities added to the property. *The OIG determined this allegation to be unsubstantiated.*
- Used capital outlay dollars for the expansion of the its charter school located in facilities owned by the religious organization. *The OIG determined Florida laws allow GSOTA to be eligible for school capital outlay funding.*
- Charged student fees for students being late, volunteer hours, technology and registration to hold a spot for before school and after school care. *The OIG determined Florida Statutes allow the fees to be charged. As for volunteer hours, the OIG recommended GSOTA should include clearly stated language associated with student fees and the parent's ability not to pay.*



### **Case No. 16-481 (Spotlight on Young Musicians and Race for the Arts)**

The investigation addresses allegations concerning two programs, Spotlight on Young Musicians (Spotlight) and Race for the Arts. The allegations were regarding funds collected for Spotlight tee shirts and consisting of: the person who handled the funds was banned from handling District money, the purpose of the funds, and the location of shirts that were not given to students. The report also addresses allegations regarding the participation of students from charter and private schools, the number of students allowed per participating school, and students not held to the same attendance rules with relation to the Spotlight program.

The investigation concluded the allegation regarding the location of shirts that were not given to students was substantiated. The remainder of the allegations were determined to be unsubstantiated.

The results of this investigation were referred to the Office of Professional Standards for necessary action.

### **Case No. 16-498 (Palm Beach Gardens High School)**

This investigation addresses allegations regarding Palm Beach Gardens High School relative to: the use of a non-approved vendor; back-dated consulting agreements; procedures not followed by sponsors; concession funds; theft of time; violation of rental car procedures; and a workers' compensation claim.

The results of the preliminary review concluded the allegation regarding purchases made using a non-approved vendor was substantiated. An investigation was unwarranted for the remainder of the allegations due to the absence of sufficient information.

The allegation regarding a workers' compensation claim was referred to the Risk Management Department for further review. This matter was later closed by Risk Management due to lack of activity.

### **Case No. 16-515 (Adult and Community Education)**

The investigation addresses allegations regarding the Adult and Community Education Department. Specifically, it was alleged that: 1) school centers were forced to report data for which they had no direct oversight and 2) a data processor was given a directive to input virtual students' data under a specific school site for 2015 Spring/Summer and Winter Terms. The results of the investigation concluded that both allegations were unsubstantiated.

### **Case No. 17-595 (Freedom Shores Elementary)**

This investigation addresses an allegation of abuse of authority. The complaint alleges that the Principal requested her daughter's absence be changed. The allegation was unsubstantiated.

### **Case No. 17-623 (Grove Park Elementary)**

The report addresses allegations of Misuse of District Equipment and Funds by the Principal of Grove Park Elementary. The allegations include the Principal; (1) discarded school furniture without assessing its usefulness; (2) inappropriately used her Purchasing Card (P-Card) to purchase shoes for her Assistant Principal; (3) used her P-Card to purchase lunch for custodial staff; (4) spent hundreds of dollars using internal school funds to purchase Halloween costumes and Christmas trees; (5) purchased lunch for certain students using funds from the Safety Patrol Account; (6) spent \$15,000 for a student field-trip to Miami (Dade County) Zoo; (7) received a truck load of donated toys from “Toys-for-Tots” and did not distribute the toys to Grove Park students; and, (8) the Assistant Principal, and Lead Custodian removed some of the donated “Toys-for-Tots” from the school’s TV studio closet and took them home for personal use.

The results of the investigation concluded that allegations, Grove Park Principal (1) discarded school furniture without assessing its usefulness, is unsubstantiated; (2) purchased shoes for her Assistant Principal, is substantiated; (3) used her P-Card to purchase lunch for custodial staff, is unsubstantiated; (4) spent hundreds of dollars using internal school funds to purchase Halloween costumes and Christmas trees, is unsubstantiated; (5) purchased lunch for certain students using funds from the Safety Patrol Account, is unsubstantiated; (6) spent \$15,000 for a student field-trip to Miami (Dade County) Zoo, is unsubstantiated; (7) received a truck load of donated toys from “Toys-for-Tots” and did not distribute the toys to Grove Park students is substantiated; and (8) the Principal, Assistant Principal, and Lead Custodian removed some of the donated “Toys-for-Tots” from the school’s TV studio closet and took them home for personal use, is unsubstantiated.

The final investigative report was referred to the Office of Professional Standards for appropriate action.

### **Case No. 17-649 (Maintenance & Plant Operations)**

The investigation addresses allegations of overtime abuse and nepotism. Specifically, the allegation is that an administrative assistant is not justified in accruing overtime and that she supervises a relative in the department. The results of the investigation determined the allegations to be unsubstantiated.

### **Case No. 17-682 (Grove Park Elementary)**

The investigation addresses allegations regarding a school fun day that took place at Grove Park Elementary School. Specifically, it was alleged that the required documentation was not completed, the school inappropriately sold donated items to the students, food items were prepared in an unsafe manner and sold during the school day, and a bounce house was used in violation of District policy.

The results of the investigation concluded the allegations related to documentation, sale of donated items, and violation of policy for use of a bounce house were either unsubstantiated or unfounded. The remaining allegations regarding food items sold during the school day and prepared in an unsafe manner were substantiated.

The results of this investigation were referred to the Office of Professional Standards for any necessary action.

# Investigative Recommendations

As a result of the investigations finalized between July 1 and December 31, 2017, the Investigations Unit issued fifteen (15) recommendations related to the investigations. These recommendations are outlined below, and a status report will be provided in the 2017 OIG Annual Report.

CASE NO.	OIG RECOMMENDATIONS
<p><b>15-302</b> <b>(Afterschool Programming)</b></p>	<ol style="list-style-type: none"> <li>1. Administrative staff should make sure all malfunctioning TCD machines are reported for repairs</li> <li>2. Program Manager or other designated individual should specifically monitor the work times of all staff of the Afterschool Programming and address any issues concerning overtime immediately. Matters affecting the budget and potential misuse of federal funds should be reported to the Executive Director immediately.</li> <li>3. Afterschool Programming may want to consider adding a new position of a regular custodian to cut down on overtime hours.</li> <li>4. The District may want to relocate all Afterschool Programming staff to one location for direct access to the Director of Afterschool Programming.</li> <li>5. Director of Afterschool Programming may need to re-evaluate the new positions and duties for Afterschool Programming staff and adjust as needed.</li> <li>6. All employees, consultants, per-diem staff times should be accurately documented and tracked at all times.</li> <li>7. To better prevent waste or over-ordering educational materials, consideration should be given to expand the 21st CCLC Program's reach to other schools in the District where resources for such materials is not readily accessible.</li> </ol>
<p><b>16-481</b> <b>(Spotlight on Young Musicians / Race for the Arts)</b></p>	<ol style="list-style-type: none"> <li>1. Department of Secondary Education should establish clear written procedures and guidelines for Spotlight.</li> <li>2. Department of Secondary Education should consider establishing a different procedure that does not give the appearance that a student pays for a shirt and yet does not receive a refund or a shirt if the student miss rehearsals.</li> <li>3. Department of Secondary Education consider not housing a Spotlight internal fund account at Forest Hill High School.</li> </ol>
<p><b>17-595</b> <b>(Freedom Shores Elementary)</b></p>	<p>District and Area Management ensure that School Administrators are performing their required duties related to attendance as provided in School Board Policy 5.09.</p>
<p><b>17-623</b> <b>(Grove Park Elementary)</b></p>	<p>The Principal be required to complete online training related to internal funds and P-cards.</p>
<p><b>17-649</b> <b>(Maintenance &amp; Plant Operations)</b></p>	<ol style="list-style-type: none"> <li>1. District Management consider adding the question "Are you related to anyone working in the District?" to the District's online job application.</li> <li>2. District Management should revise/amend School District Policy 3.60 (5)(b) to include the name of the specific disclosures and/or when in the application process family relationships should be disclosed.</li> </ol>
<p><b>17-682</b> <b>Grove Park Elementary</b></p>	<p>The Principal and Confidential Secretary should receive additional training on the completion of fundraising activity forms to ensure all fundraising activity forms are properly filled out.</p>



*School Board Policy 1.092* authorizes the OIG to conduct “financial, compliance, performance, management, operational, electronic data processing or other audits of all departments, offices, activities, agencies, contracts, grants, procurements for goods, services, or construction, agreement, and other programs under the operation, control and supervision of the School District.”

District audit work is conducted in accordance with *Generally Accepted Government Auditing Standards (GAGAS)*. These standards require due professional care in conducting audits, professionally qualified staff, adequate supervision, and planning of audit work, and reporting audit findings. Two major types of audits are performed by the OIG: Performance Audits and Financial and Compliance Audits.

## Performance Audits and Special Reviews

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### 1. Special Review of Palm Beach Lakes High School Money Collection Records, Report No. 2017-06

In response to the request of the School Principal, the Office of Inspector General conducted the *Special Review of Palm Beach Lakes High School Money Collection Records*. The primary objective of this review was to determine whether all the monies collected by the school during September and October 2016 were properly accounted for. This review produced the following major conclusions:

- A. *No Money Missing*. The review concluded that no money was missing related to the available *Money Collected Reports (MCRs)*; all of the \$58,563.23 in collections were properly reconciled to the deposit records and General Ledger.
- B. *Forty-six percent (46%) (183) of the Yellow Copies of the MCRs Missing or Not Retained by Staff*. Due to the significant number of the yellow copies of MCRs not available for review, there is less assurance that the collections recorded on the unavailable MCRs were properly accounted for.

## 2. Special Review of an Employee's Overtime Payroll in School Police Department, Report No. 2017-07

The *Special Review of An Employee's Overtime Payroll in School Police Department* was conducted in response to a referral received by the OIG. The primary objective of this review was to determine if overtime payroll for this employee complied with related *School Board Policies* and District's procedures. The review produced the following major conclusions:

- A. *Subject Employee Eligible for Overtime.* The review confirmed that the subject employee was eligible for overtime, and the overtime recorded on the time sheets was accurately entered into the payroll system. Overtime pay was correctly calculated with the correct pay rate. No exceptions were noted. During Fiscal Years 2015, 2016, and 2017, the subject employee received overtime payments of \$14,639, \$23,760 and \$30,689, which equaled to 30%, 43% and 59% of the regular pays respectively.
- B. *Overtime Not Pre-approved in Writing.* The employee's supervisor stated that he pre-approved employee overtime including subject employee; but his approval was verbal, not in writing. He was not aware of the required *Expenditure Justification Form (PBSD 1862)* that overtime must be pre-approved in writing. *School Board Policy 6.12(1)(c)* requires that overtime be pre-approved in writing by the supervisor.

The OIG issued a Management Advisory for the Chief Operating Officer, Financial Management and Human Resources Divisions about these concerns and potential fiscal impacts. The District should consider establishing guidance to manage individual employee overtime, including assessing staff salary levels, in light of aggregate overtime, and taking into account of the potential financial impacts.

## 3. Special Review of Educational Facilities Safety Inspections, Report No. 2017-08

The *Special Review of the Educational Facilities Safety Inspections Program* was conducted pursuant to the OIG's 2016-17 Work Plan. The primary objectives of the Special Review were to (1) assess the adequacy of the procedures in ensuring critical violations are corrected in a timely manner, and (2) determine if violations recorded as resolved have been corrected. The review produced the following major conclusions:

- A. *Eighteen (18) Serious Violations Remained Uncorrected for Three to 13 Years.* According to the *2017 Final Comprehensive Safety Inspections Report*, 1,233 citations were noted uncorrected as of May 19, 2017. Moreover, 90 of the 1,233 uncorrected citations were considered serious, and 18 of these serious violations had been repeatedly cited for three to 13 years.
- B. *Seventeen (or 28%) of 60 Sample Violations Reportedly Resolved, But Problems Remained.* OIG auditors and Building Code Services Inspectors conducted on-site joint-observations of 45 facilities (at 18 schools) that contained 60 random sample citations.
- C. Although the citations were reported as resolved by Building Code Services, the joint observations revealed that 17 (28%) of the problems still existed.

#### 4. Special Review of Missing Monies at Boca Raton High School, Report No. 2017-09

The *Special Review of Missing Monies at Boca Raton High School* was conducted pursuant to the OIG's 2015-16 Work Plan. Money collections were reviewed for Fiscal Year 2015 and selected periods during Fiscal Years 2014 and 2016. The primary objective of this review was to determine whether all money collections were accounted for in accordance with District guidelines.

- A. \$23,086 in Cash Missing, Allegedly Substituted by the Treasurer with Unrecorded Checks.  
The analysis of deposit records for the periods October 29 through December 31, 2013, and July 1, 2014 through September 30, 2015, revealed that the former school treasurer allegedly took a total of \$23,086 in cash from 50 deposits and substituted the stolen cash with 98 unrecorded checks from various sources payable to Boca Raton High School.
- B. Failure to Adhere to Procedures. Noncompliance with procedures created opportunities for theft of cash from deposits. Our review of money collection records and an unannounced cash count on October 2, 2015, revealed the following noncompliances: (1) information missing on *Monies Collected Reports (MCRs)*, (2) collections not turned-in timely for deposit, (3) *Drop-Safe Log* not used, (4) 12% of yellow copies of MCRs missing or not retained by staff, (5) collections in drop-safe not reconciled to *Drop-Safe Log*, and (6) *Drop-Safe Log* not properly completed by an independent verifier.

Subsequent Event. On January 9, 2018, the former Boca Raton High School Treasurer pleaded guilty to a felony grand theft charge (adjudication withheld) and a misdemeanor petit theft charge (adjudicated guilty). Based upon her plea to the above stated charges, the court ordered her to pay \$23,085.85 in restitution to the Boca Raton High School in 60 monthly installments of \$385 each month, commencing on February 8, 2018.

## Status of School Audits - July 1 thru December 31, 2017

The Annual Audit of Internal Fund Accounts of the District's schools is required by *Florida State Board of Education, Administrative Rules 6A-1.087(2)*. Please find below a summary of school internal fund audits completed between July 1 and December 31, 2017.

	Elementary Schools	Middle Schools	High Schools	Alternate/ Other Schools
<b>Audits Completed</b>	<b>82</b>	<b>20</b>	<b>15</b>	<b>4</b>
<b>Remaining Audits to be Completed</b>	<b>27</b>	<b>13</b>	<b>8</b>	<b>6</b>



## In General

*School Board Policy 1.092* requires OIG audits, investigations, and inspections to be completed in accordance with professional standards. For audits, the OIG follows *Government Auditing Standards* promulgated by the Comptroller General of the United States; and for investigations, the OIG follows *Quality Standards for Investigations, Principles and Standards for Offices of Inspector General*, promulgated by the Association of Inspectors General. Those professional standards require the OIG to establish procedures to ensure adequate quality control over its work and to maintain a quality assurance program. A quality assurance program is a formal and distinct evaluative process to ensure that the OIG's work adheres to established professional standards, OIG policies and procedures, and is carried out economically, efficiently, and effectively. The Compliance and Quality Assurance function of the OIG oversees the processes for quality assurance, and helps ensure quality audit and investigative reports, and compliance with all professional standards.

The Compliance and Quality Assurance function performs periodic assessments of procedures, and coordinates the review of work papers, to ensure processes and audit work are performed in compliance with *Generally Accepted Government Auditing Standards*, and that investigation work is performed in compliance with *Principles and Standards for Offices of Inspector General*. Specific quality assurance activities for this six-month period consisted of reviews of (1) OIG policies and procedures, (2) all OIG draft and final reports prior to issuance, and (3) audit workpapers and investigative case files.

The Compliance and Quality Assurance function also (1) recommended updates and revisions to OIG policies and procedures to further ensure a consistently high level of quality work, (2) coordinated follow-up of audit recommendations issued by the OIG, external auditors, and agencies, (3) monitored and helped acquire necessary professional development, certifications, and training for OIG staff, and (4) conducted contract oversight reviews, as detailed below.

## Revisions to OIG Policy and Procedures Manuals

Revisions to the OIG's policies and procedures which were proposed to, and approved by, the Audit Committee during the prior fiscal year were published in an updated *Audit Procedures Manual*, as well as the *OIG's Administrative Policy and Procedures Manual*.

## Audit Recommendations Follow-Up

School Board Policies 2.62 and 1.092 and Government Auditing Standards require monitoring and periodic follow-up on the status of the implementation of recommendations made by the OIG and other audit, investigative and law enforcement agencies. To accomplish these requirements, the OIG maintains a system to monitor corrective actions taken by District staff, and proper resolution and to address audit and investigation findings. Approximately six months after the issue date of each internal and external audit, or investigative report, responsible administrators are required to provide the OIG with the status of corrective actions taken to correct reported deficiencies. During the first six months of the fiscal year, the OIG followed up on 10 reports containing 66 recommendations.

## Professional Development/Certifications/Training

The Compliance and Quality Assurance function monitors and helps to acquire training and education for staff to ensure compliance with the Continued Professional Education (CPE) requirements outlined by *Government Auditing Standards* and *Principles and Standards for Offices of Inspector General*. The OIG and its staff are members of the Association of Inspectors General (AIG), a national organization of state, local and federal Inspectors General and their staffs. The OIG encourages all staff members to obtain professional certifications and continuing education in order to enhance their professional skills. In December 2017, three (3) OIG staff began studying to become Certified Fraud Examiners, and four (4) investigation staff members attended Accreditation Manager Training provided by The Commission for Florida Law Enforcement Accreditation, Inc.

Also, from July through December 2017, OIG staff attended numerous CPE classes in the areas of government auditing, construction auditing, fraud, advanced interviewing for investigation/audit professionals, investigation techniques, communication, ethics, and other specialized knowledge/skills.

## Pre-Award Contract Oversight

The OIG continues to engage in contract oversight with the objective to promote honesty, integrity, and transparency during the District's procurement and contracting process by observing competitive selection committee and contract negotiations meetings. During the six-month period, OIG staff attended four (4) competitive solicitation evaluation meetings and two (2) contract negotiation meetings, as follows.



Pre-Award Contract Oversight Activities			
Meeting Date	Solicitation No.	Title of Solicitation	Phase of Solicitation
10/31/17	ITN-18C-010J	Underwriter Services	Evaluation
11/01/17	ITN-18C-010J	Underwriter Services	Evaluation
11/01/17	ITN-18C-010J	Underwriter Services	Negotiation
11/01/17	ITN-18C-010J	Underwriter Services	Negotiation
11/02/17	ITN-18C-010J	Underwriter Services	Evaluation
11/21/17	ITN-18C-010J	Underwriter Services	Evaluation
12/12/17	ITN-18C-013R	Underwriter Services	Evaluation

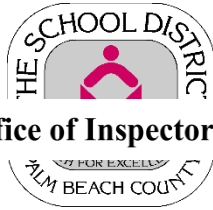
Our observations were communicated to staff in an effort to improve operations, including issuing an OIG Management Advisory to the Chief Financial Officer on December 12, 2017.

### Construction Oversight and Review Committee (CORC)

OIG staff regularly attended and participated in the monthly CORC meetings. Six (6) CORC meetings have occurred from July thru December 2017, and OIG staff have attended each one. During this time period, OIG staff have also reviewed recent revisions to several construction related School Board policies prior to their adoption.



# APPENDIX



## Office of Inspector General

# OIG RESPONSIBILITIES

The School Board of Palm Beach County created the Office of Inspector General, in December 2011, upon adoption of *School Board Policy 1.092*. The policy became effective upon the School Board's hiring of the Inspector General in August 2012.

The School Board of Palm Beach County established the Office of Inspector General (OIG) to:

- Incorporate a full time program of investigation, audit, inspection, and program review.
- Provide increased accountability and promote fiscal responsibility.
- Assist management in the establishment and maintenance of effective systems of control, and provide increased oversight in improving District operations.
- Assist in improving operations, including deterring, and identifying fraud, waste, abuse, and illegal acts.
- To conduct whistleblower investigations.

In carrying out our responsibilities under *School Board Policies 1.092, 1.091, 2.62 and 3.28*, the OIG:

- Maintains an independent objective organization to conduct audits, reviews and investigations.
- Receives and investigates complaints related to our jurisdiction granted by policies.
- Reports all possible criminal violations to School Police or the appropriate law enforcement agency.
- Submits audit, review and investigative reports and recommendations, if appropriate, to the School Board, School Superintendent and Audit Committee members.

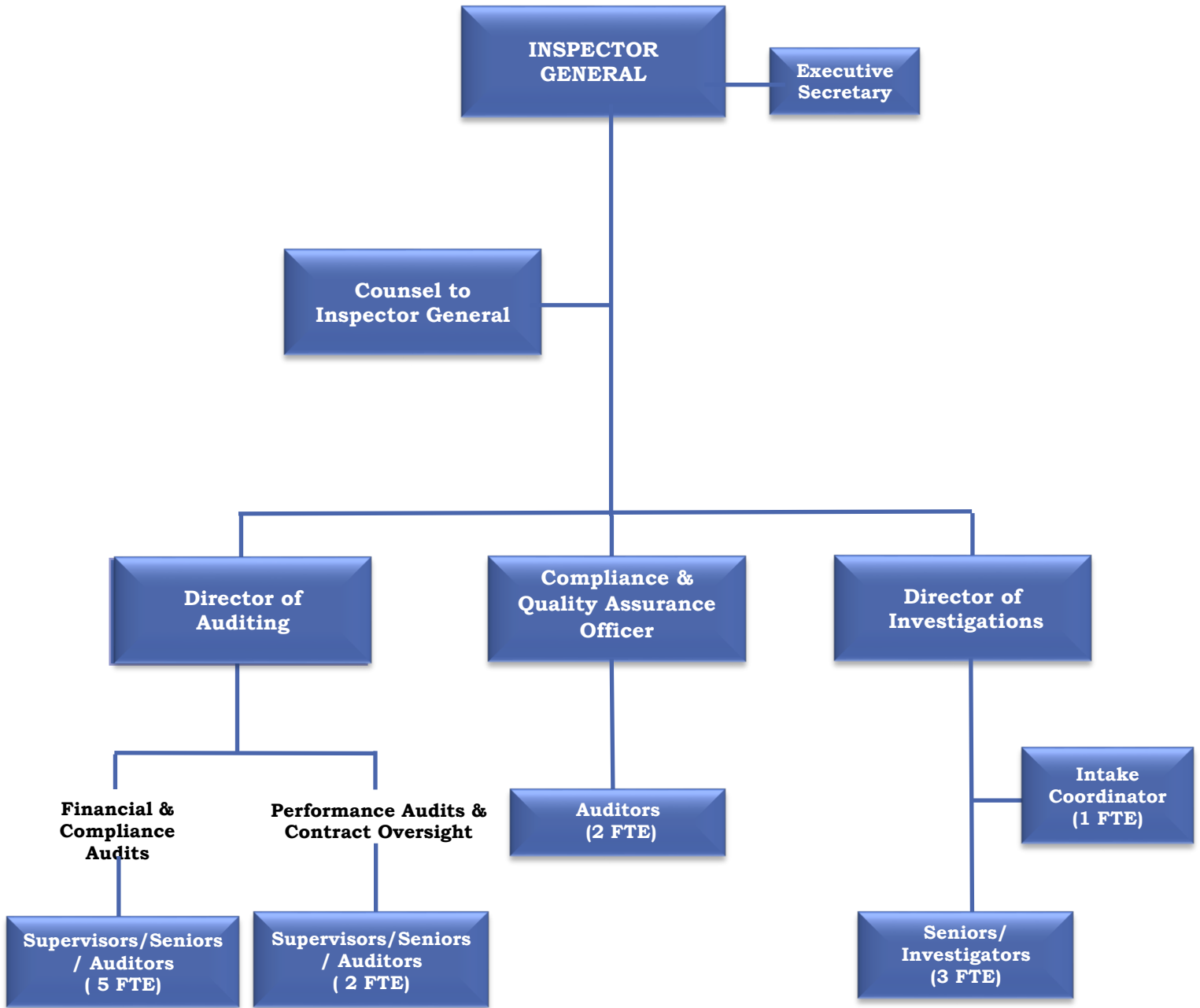
*School Board Policy 1.092* serves as the OIG Charter. Some of the key provisions of the policy authorize the Inspector General to:

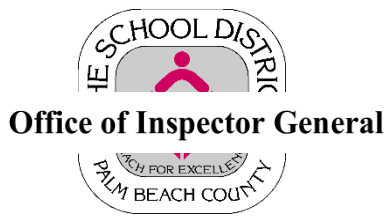
- Audit and investigate matters within the District, as well as vendors/contractors that do business with the District.
- Have immediate, complete and unrestricted access to all District papers, books, records, reports, information, personnel, processes, data, etc.

The OIG reports directly to the School Board to ensure the necessary independence. OIG staff consists of a skilled team of professionals, including an attorney, with expertise in internal auditing, reviews and investigations. The OIG is organized into three areas: audits, investigations, and compliance and quality assurance.

# OIG ORGANIZATIONAL STRUCTURE

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## OIG STAFF QUALIFICATIONS

The OIG's most valuable asset is its staff. The OIG has a highly educated team of professional staff where all of the professional staff have at least a four-year degree, and most have either advanced degrees or one or more professional certifications in their areas of expertise. Thus, OIG staff not only have the necessary level of skills, abilities and experiences for their respective roles, but the staff also reflects the diversity of the Palm Beach County and School District communities.

Staff members have background and academic degrees in:

- Accounting
- Business Administration
- Business Management
- Computer Science
- Information Systems
- Management Information Systems
- Human Resource Management
- Finance
- Criminal Justice
- Organizational Management
- Organizational Leadership
- Law
- Law Enforcement
- Public Policy Management
- Ethics & Compliance

The various certifications and licensures held by staff members include more than 25 professional certificates, including:

- Certified Inspector General (CIG)
- Certified Inspector General Auditor (CIGA)
- Certified Inspector General Investigator (CIGI)
- Certified Public Accountant (CPA)
- Certified Internal Auditor (CIA)
- Certified Fraud Examiner (CFE)
- Certified Information System Auditor (CISA)
- Chartered Global Management Accountant (CGMA)
- Certified Management Account (CMA)
- Member of Florida Bar and State Bar of Georgia



**1-855-561-1010**

***Via online: [pbcsd.ethicaladvocate.com](http://pbcsd.ethicaladvocate.com)***

***Visit the OIG: Suite C-306, FHESC***