



OFFICE OF INSPECTOR GENERAL



SEMI ANNUAL REPORT

July 1, 2018 through December 31, 2018

K. LUNG CHIU, CPA, CIG
Inspector General



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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MESSAGE FROM INSPECTOR GENERAL

May 8, 2019

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 July 1, 2018 through December 31, 2018. 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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INVESTIGATIONS

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. Allegations, complaints or inquiries may come to the unit from a variety of sources: the OIG Hotline, emails, telephone calls, letters, in person statements, Florida Department of Education, or other entities.

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:



The Investigative 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.

Our investigative report consists of statistical data regarding investigative complaints and summaries of investigations closed during the relevant time period.



STATISTICAL SUMMARY FOR INVESTIGATIONS CONDUCTED DURING JULY 1 THROUGH DECEMBER 31, 2018

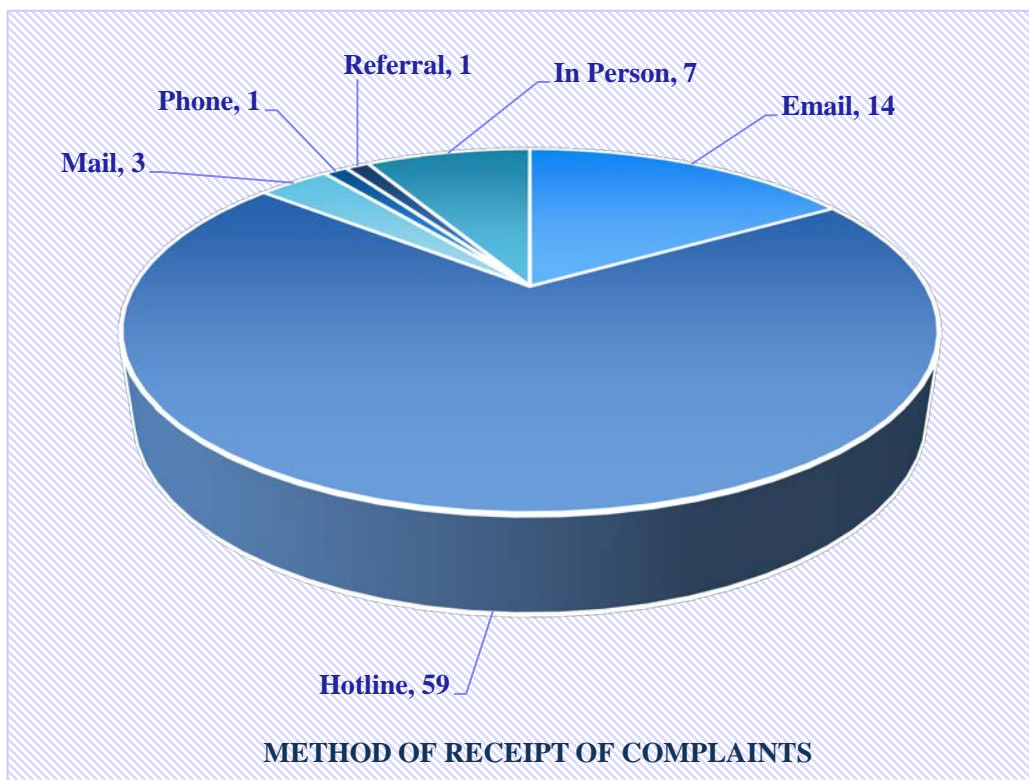
During the six-month period, July 1 through December 31, 2018, the OIG's Investigative Unit

- received and processed 85 complaint intakes
- completed 7 preliminary reviews, and
- released 11 investigative reports.

The OIG's ability to be effective is directly correlated to the office's accessibility. During this period, the most utilized method for submitting complaints to the OIG was the Hotline. The second most utilized method for submitting complaints was via email. In person complaints was the third most utilized method.

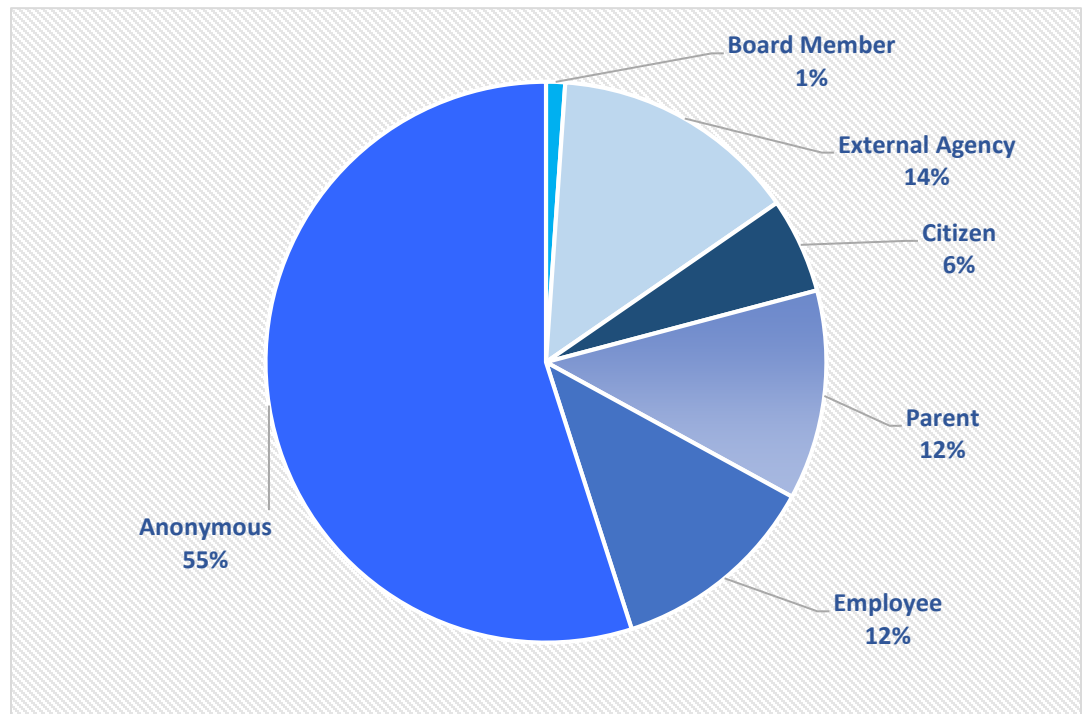
For this reporting period, the number of complaints increased to 85 compared to the same reporting period for 2017 which had 62 complaints.

The above 85 complaints were received by the OIG through the following channels:



SOURCES OF COMPLAINTS

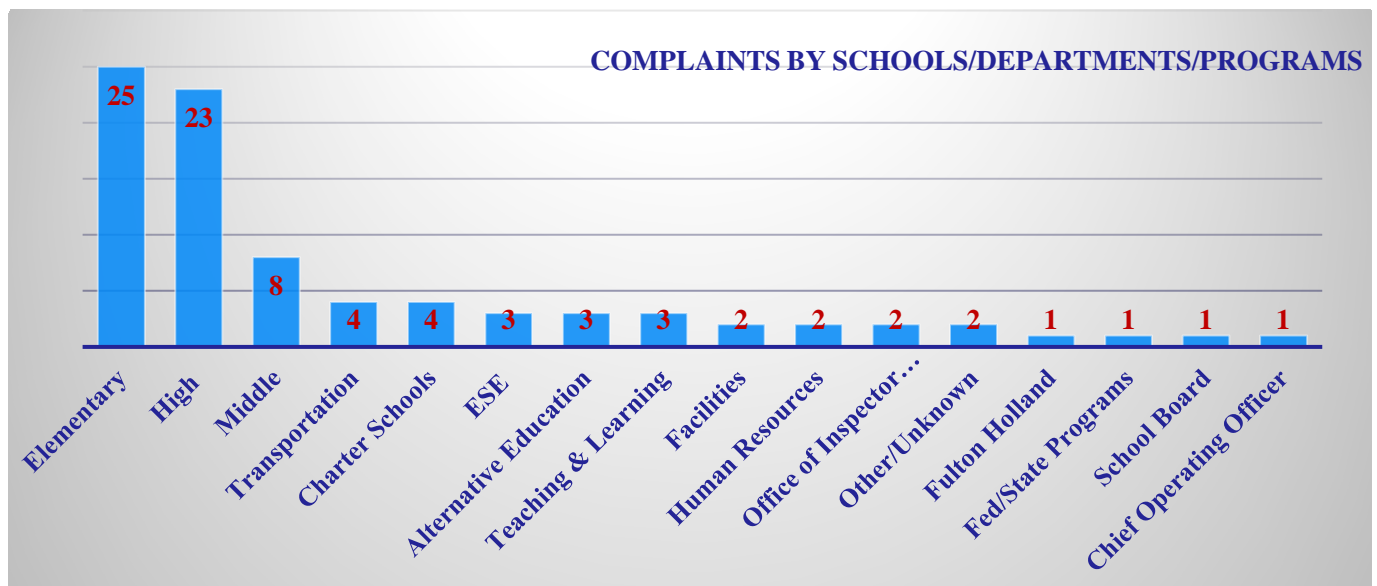
During this reporting cycle, the greatest number of complaints were filed anonymously (61% or 52). The anonymous complaints were followed by District parents (16% or 13) and employees (15% or 13). Below identifies all sources of complaints for this reporting cycle.



COMPLAINTS BY SCHOOLS/DEPARTMENTS/PROGRAMS

During this reporting cycle, schools had the greatest number of complaints. Of the schools, the greatest number of complaints were related to District elementary schools (25); the second highest number of complaints were related to high schools (23). For the prior year’s Semi Annual Report, District high schools had the highest number of complaints, 19, followed by elementary schools with 17 complaints.

As to District departments, Transportation continues to lead in the number of complaints received. However, the number of complaints related to Transportation decreased from 7 in the same time period for 2018 to 4 for this reporting cycle. A chart of the Complaints by Schools/Departments/Programs is provided below.





GENERAL NATURE OF COMPLAINTS

The 85 complaints consisted of a variety of allegations, ranging from violations of School Board policies to possible criminal acts. During this reporting cycle, the highest number of complaints were in the health, safety and welfare area, with misuse or abuse of authority receiving the second highest number of complaints. A breakout of the nature of the complaint allegations is provided below.



STATUS OF COMPLAINTS FOR REPORTING CYCLE

During the reporting cycle, the OIG received 85 complaints compared to the 62 received during the same time period last year. Actions by the OIG in response to these complaints are reflected on the following page.



| COMPLAINT STATUS: JULY 1, 2018 – DECEMBER 31, 2018 | |
|--------------------------------------------------------------------------------------------------------------------|------------|
| ACTION | No. |
| Referred to other Departments, Excluding School Police and Office of Professional Standards/Human Resources | 44 |
| Referred to School Police | 13 |
| Referred to Office of Professional Standards/Human Resources | 11 |
| Retained and Closed After Preliminary Review by OIG Due to: | |
| No Violation/Wrongdoing | 3 |
| Retained and Closed by OIG After Publication of Final Investigative Report | 2 |
| Retained, Open Investigation/Preliminary Review by OIG | 12 |
| TOTAL | 85 |

REFERRED DEPARTMENT/WORK UNIT

| | |
|---------------------------------------------------------|-----------|
| Regional Offices | 20 |
| School Police | 13 |
| Office of Professional Standards/Human Resources | 11 |
| School Board/Pinellas County | 3 |
| Exceptional Student Education | 3 |
| Transportation Services | 3 |
| Charter Schools | 2 |
| Chief Operations Office | 2 |
| OIG - Audit Unit | 2 |
| Teaching and Learning | 2 |
| Chief Financial Office | 1 |
| Chief Operations Office/School Police | 1 |
| Choice and Innovation | 1 |
| Facilities | 1 |
| Payroll | 1 |
| School Principals | 1 |
| Superintendent | 1 |

STATUS OF MATTERS REFERRED TO OTHER DISTRICT DEPARTMENTS OR EXTERNAL AGENCIES

In addition to requiring matters be referred to appropriate District offices, School Board Policy 1.092 requires the OIG to obtain status reports and final resolution reports from the various departments or work units receiving referred matters.

Below is a chart of the various referred matters which were resolved during this reporting cycle.



FINAL RESOLUTIONS OF REFERRED MATTERS

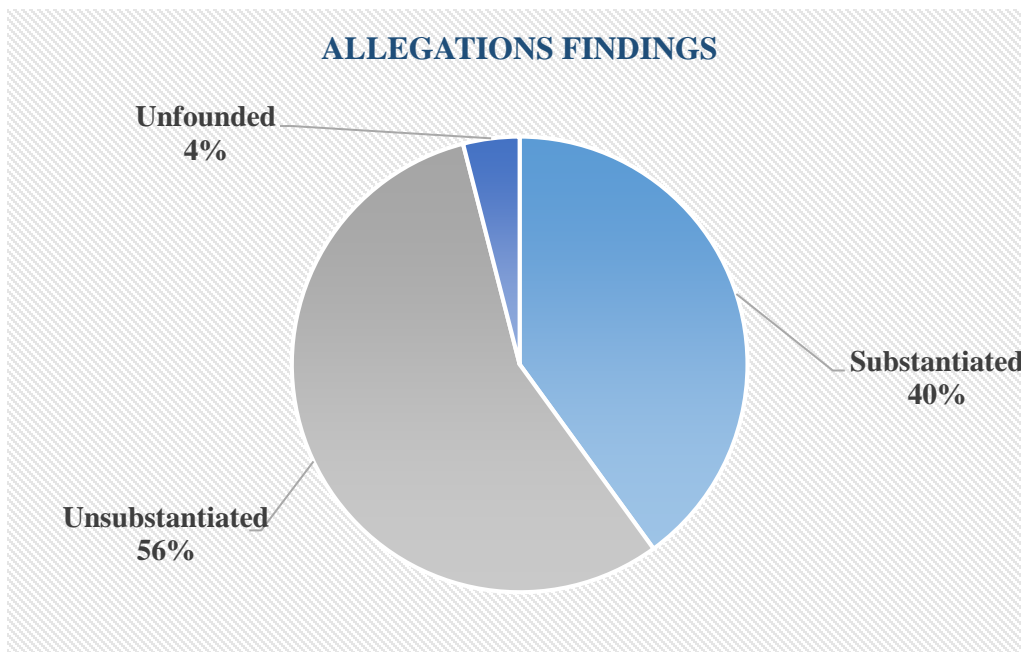
| REFERRED DEPARTMENT | NATURE OF COMPLAINT | RESOLUTION |
|---------------------------------------|-------------------------------------|------------------------------------------------------|
| Exceptional Student Education | ESE/IEP | Substantiated. |
| Student Services, Equity & Access | Employee Misconduct | Unsubstantiated. |
| Principal | Misuse of Authority | For action deemed appropriate, no response required. |
| Interim Chief of Support Operations | Air Conditioning | Matter resolved. |
| Chief Operating Officer | Health, Safety & Welfare | Unfounded. |
| Chief Operating Officer | Health, Safety & Welfare | Matter resolved. |
| Chief Operating Officer | Health, Safety & Welfare | Necessary repairs completed. |
| Chief Operating Officer | Misuse of District Assets/Resources | Matter resolved. |
| Chief Operating Officer | Health, Safety & Welfare | Conference notes. |
| Chief Operating Officer | Health, Safety & Welfare | Matter resolved. |
| Chief Operating Officer | Removal of trees | Unsubstantiated. |
| Chief Operating Officer | Health, Safety & Welfare | Unsubstantiated. |
| Chief Operating Officer/School Police | Health, Safety & Welfare | Matter reviewed; right measures were put in place. |
| Facilities Services | Reserved Parking Spots | Matter resolved. |
| Regional Office | Health, Safety & Welfare | Necessary actions taken. |
| Regional Office | Utilization of Substitutes/Teachers | Matter resolved. |
| Regional Office | Student Placement | Unfounded. |
| Regional Office | Employee Misconduct | For action deemed appropriate, no response required. |
| Regional Office | Policy Violation | Matter resolved. |
| Regional Office | Misappropriation | Matter resolved. |
| Regional Office | Health, Safety & Welfare | Matter resolved. |
| Regional Office | Policy Violation | Unsubstantiated. |
| Regional Office | Employee Misconduct | For action deemed appropriate, no response required. |
| Regional Office | Employee Misconduct | Matter resolved. |
| Regional Office | School Boundaries/Zones | Matter resolved. |
| Regional Office | Misuse of Authority | Matter resolved. |
| Regional Office | Misuse of Authority | Unfounded. |
| Regional Office | Health, Safety & Welfare | Matter resolved. |
| Charter Schools | Health, Safety & Welfare | Unfounded. |
| Charter Schools | Falsification of Records | Unfounded. |
| Charter Schools | Misuse of Authority | Matter resolved. |
| Office of Professional Standards | Personnel | Matter resolved. |



| REFERRED DEPARTMENT | NATURE OF COMPLAINT | RESOLUTION |
|----------------------------------|-------------------------------------|------------------------------------------------------|
| Office of Professional Standards | Conflict of Interest | Verbal coaching. |
| Office of Professional Standards | Discrimination | Matter resolved. |
| Human Resources | Personnel | Unsubstantiated. |
| Human Resources | Payroll | Matter resolved. |
| Payroll | Payroll | Matter resolved. |
| School Police | Health, Safety & Welfare | Unfounded. |
| School Police | Health, Safety & Welfare | For action deemed appropriate, no response required. |
| School Police | Health, Safety & Welfare | Matter resolved. |
| School Police | Harassment | Matter administratively closed. |
| School Police | Health, Safety & Welfare | Unfounded. |
| School Police | Health, Safety & Welfare | Handled by external agency. |
| OIG - Audit Unit | Misuse of District Assets/Resources | Unfounded. |
| OIG - Audit Unit | Misappropriation/Theft of Funds | Matter resolved. |

FINDINGS FOR CLOSED INVESTIGATIONS FOR JULY 1 –DECEMBER 31, 2018

During this reporting period, the OIG closed and published eleven (11) investigations. Of the eleven (11) investigations closed, which included twenty-five (25) allegations, the following chart designates the percentage of allegations that were found to be substantiated versus those allegations that were found to be unsubstantiated and unfounded. The number of investigations closed, also included cases that were opened in previous years.





WHISTLEBLOWER COMPLAINTS AND DETERMINATIONS

During this reporting period, the OIG conducted 5 whistleblower determinations. Only one (1) of the 5 whistleblower complaints resulted in a whistleblower determination.

PUBLISHED INVESTIGATIVE REPORTS

Please find below the investigations finalized and published during this reporting cycle. A copy of the final investigative reports can be found under the 2018 investigative reports located at:

https://www.palmbeachschools.org/about_us/reports_and_publications/inspector_general_reports/investigative_reports

Case No. 17-654 Seminole Ridge Community High School (Inappropriate grade changes, violation of purchasing procedures, improper payment of supplements, etc.)

An investigation was commenced upon the OIG receiving the following 12 allegations. The outcome of the investigation of each allegation is indicated.

1. An assistant principal at Seminole Ridge High School changed the grades for students assigned to the Edgenuity class (credit lab recovery). *Substantiated.*
2. The head football coach did not get approvals from the principal and budget keeper prior to purchasing items over \$200. *Substantiated.*
3. Another assistant football coach, the girls' basketball coach, and the junior varsity head basketball coach were paid supplements for the sponsoring clubs that did not exist. *Substantiated.*
4. The head football coach requested the athletic director to pay two assistant football coaches who did not complete background checks as required by the District. *Unsubstantiated.*
5. A physical education teacher received a football stipend which she provided to the head football coach so that he could pay two volunteer assistant coaches. *Unsubstantiated.*
6. The head football coach kept fundraising cash in a drawer located in the weight room or a locker in his office, and he was personally reimbursed for items purchased using money raised during fundraisers. *Unsubstantiated.*
7. The head football coach had a physical education teacher to change the grades for football players. *Unsubstantiated.*
8. The head football coach allowed an assistant football coach to recruit, enroll and play students who did not reside within the school's boundaries. *Unsubstantiated.*
9. The head football coach and an assistant football coach took football players to out-of-state football camps and charged them \$200 each without completing the required paperwork. *Unsubstantiated.*
10. The head football coach was seen inappropriately transporting two female students in his personal vehicle on two separate occasions. *Unsubstantiated.*
11. The head football coach has committed theft of football funds. *Unsubstantiated.*
12. The head football coach and his assistant football coaches chew tobacco while on campus. *Unsubstantiated.*



Case No. 17-665 Hagen Road Elementary (Missing PTA Funds)

The OIG commenced an investigation of the PTA finances upon the request of the school principal. The investigation was based on the below three allegations, with one allegation being unsubstantiated and two allegations being substantiated as provided below.

1. Hagen Road Elementary PTA President Maureen Forbes failed to deposit all monies raised during the 2016/2017 school year. *Unsubstantiated.*
2. Hagen Road Elementary PTA President Ms. Forbes did not maintain receipts to show proof of purchases. *Substantiated.*
3. Hagen Road Elementary PTA President Maureen Forbes prepared PTA checks payable for services without a second PTA member signature on the checks. *Substantiated.*

Case No. 17-674 Benoist Farms Elementary (Afterschool Program Charges)

The OIG commenced an investigation after receiving allegations that an afterschool counselor did not charge or collect summer camp fees from 36 parents, reduced charges to eliminate balances parents owed, and did not enter parental payments into the required system. The results of the investigation determined the allegations to be *Substantiated.*

Case No. 18-742 Transportation Department (Abuse of Authority)

An investigation was commenced upon OIG's receipt of a complaint from a school bus driver allegation that the General Manager of Transportation forces bus drivers to falsify the State of Florida Student Survey, and the time required to complete the state survey causes school bus drivers to drive faster at unsafe speeds. The results of the investigation determined the allegations to be *Unsubstantiated.*

Case No. 18-750 Forest Hill Community High School (Fundraising)

The OIG commenced an investigation upon the request of the school principal who alleged an athletic coach did not submit daily deposits for two fundraisers. The results of the investigation concluded the allegation was *Substantiated.*

Case No. 18-770 Pahokee Middle/Senior High School (Theft of time, Improper Use of P-Card, Improper Supplements)

This investigation was commenced after the OIG received an anonymous letter alleging seven complaints, four of the seven complaints were investigated by the District's School Police and were not addressed in this investigation. The allegations investigated by the OIG included misconduct by school staff in the purchase of items, supplement pay, theft of time, and misuse of the school's purchasing card (P-Card). The OIG concluded that all allegations were *Unsubstantiated.*



Case No. 18-799 Boca Raton High School (Athletic Fees)

The OIG investigated an anonymous complaint alleging that the Lacrosse Head Coach required the lacrosse players to register and play fall ball with a city lacrosse team from October through December, the students' parents had to pay \$475-\$500 for a student's league participation, and the head coach told the parents that the money paid to the city team would be transferred to Boca High School lacrosse team's internal account. The OIG concluded the allegations were *Unsubstantiated*.

Case No. 18-800 Jupiter High School (Falsification of Official Records)

The OIG received a complaint alleging that a teacher falsified the college transcripts of another teacher, after being instructed to do so by the school principal, to help the teacher obtain a Florida Teaching Certificate. The OIG concluded the allegation was *Unsubstantiated*.

Case No. 18-803 Jupiter High School

An investigation was commenced by the OIG upon receipt of an anonymous complaint regarding the Jupiter High School Summer Band Camp alleging the following:

1. Jupiter High School Band Director was using consultants and volunteers who taught band camp, but had not been cleared by the District and approved by the District's Visitor Management System. *Substantiated*.
2. Jupiter High School Band Director did not have the students complete the Medical and Emergency Contact Forms. *Unsubstantiated*.
3. Jupiter High School Band Director allowed volunteers at the Jupiter High School Band Camp to inappropriately administer medications to the students. *Unsubstantiated*.

Case No.19-806 Exceptional Student Education

The OIG commenced this investigation upon a Transportation employee's complaint that an I.T. Manager and ESE Specialist did not properly process Specialized Transportation form PBSB 1848 for the bus route of an ESE student. The results of the investigation determined the allegation to be *Unsubstantiated*.

Case No.19-808 Pahokee Middle/Senior High School

After the receipt of an anonymous complaint, the OIG commenced an investigation to address the following allegation(s):

1. Pahokee High School Athletic Director sold baseball caps with the expression Code-Blue and the Pahokee High School Blue Devil Mascot engraved on the caps for personal gain using his Facebook account. *Substantiated*.
2. Pahokee High School Athletic Director received a personal check from a Pahokee resident and did not deposit the personal check in the school's bank account. *Unfounded*.



INVESTIGATIVE RECOMMENDATIONS

As a result of the investigations finalized this reporting cycle, the *Investigations Unit* issued nineteen (19) recommendations related to the investigations.

| CASE NO. | OIG RECOMMENDATIONS |
|------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 17-665 Hagen Road ES (Fundraising) | <ol style="list-style-type: none"> 1. PTA provide the \$475 raised during Camo Day to the Wounded Warrior Project as intended. 2. PTA Treasurer ensure that checks payable for services have two PTA member's signatures on all checks. 3. PTA Treasurer ensure verification of receipts of PTA members who purchase items using their personal money before issuing a reimbursement. 4. PTA Treasurer ensure funds raised from an event are counted accurately and bank deposits are made within a reasonable timeframe. 5. PTA Treasurer ensure that the money raised from fundraisers not be combined and deposited in a lump sum. |
| 17-674 Benoist Farms ES (Summer Camp Funds) | <ol style="list-style-type: none"> 1. Maintain an accurate record of summer camp attendees, camp applications should be updated and on file with parent signatures. 2. Invoicing Palm Beach County Youth Services Department for payments should be made on a timely basis to ensure accounts accurately reflect monies collected or owed and scholarship funds are credited to parent accounts. 3. Early Learning Coalition (ELC) subsidies are appropriately applied to parents' accounts, parents are made aware that the ELC credits they received do not cover the full summer camp balance, and that the parents pay any remaining balances not covered by the ELC subsidy so accounts accurately reflect monies collected or owed. 4. Parent sign-in/sign-out logs are completed in their entirety to show parent signatures. Signature logs are cross-referenced with class rosters to confirm and show evidence of summer camp attendance so accurate records are available documenting attendance. 5. Creation of an internal procedure for management to approve or disapprove all account adjustments so management is aware of any monies eliminated and the reasons why the money was not collected. 6. All money owed by parents is collected, receipts are provided, and accurate information is entered into the EZ-Care system so accurate financial accounting can be completed. |
| 18-750 Forest Hill Community HS (Fundraising & Sponsor Required Training) | <ol style="list-style-type: none"> 1. Applicable employees attend the appropriate activity sponsor training. 2. The Principal ensure any volunteers/chaperones complete the required documentation. 3. School Treasurer ensure proper documentation is submitted with check requisitions prior to submission and approval of reimbursement. 4. All employees at the school are trained on the proper procedures regarding vehicle rentals. |
| 18-770 Pahokee Middle/Senior HS | <ol style="list-style-type: none"> 1. The School designate a secure location to receive deliveries after hours. 2. The School create an internal account procedure between the middle and high school to ensure notification of deliveries received. 3. Club sponsors maintain consistent student signature logs and activity schedules to demonstrate student club participation. |
| 18-803 Jupiter High School (School Consultants) | <p>Principal ensure that all consultants and volunteers who have contact with students are cleared by the District prior to having contact with students.</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.

PERFORMANCE AUDITS

1. Report No. 2018-05, Special Review of the 2017 Hoodies Fundraiser Money Collection Records at Western Pines Middle School

In response to the principal's request, this special review was to determine if money collected for the school's Hoodies fundraiser was properly accounted for. This special review produced the following conclusions:

- A. \$280 Removed from the School. The review concluded that \$280 in cash collection and fundraiser documents were improperly removed from the school by the school office assistant. The money was later returned back to the school.
- B. Noncompliance With Money Collection Procedures. Money collection procedures were not followed:
 - Individuals collecting money did not complete the Monies Collected Reports (MCRs).
 - MCRs were prepared by non-District employee; i.e. the school's PTO.

The report was referred to the Office of Professional Standards for future actions, if needed.



2. Report No. 2018-10, Audit of the Competitive Solicitations Process (For Projects Funded by the One-Penny Sales Tax [of which half goes to District])

Pursuant to the OIG 2017-18 Work Plan, the OIG has audited the competitive solicitation and award process for six selected projects funded by the one-percent local sales tax. The audit objective was to assess the extent of compliance with State Statutes, State Board of Education Rules, and School Board Policies, procedures, and guidelines. These collective guidelines are to promote competition, transparency, and accountability in solicitation, selection, and award of contracts. The audit produced the following major conclusions:

A. Solicitation and Award Process Compliant with 12 Key Attributes Required by Chapter 287.055 F.S. Section 119.0701 F.S., Florida Administrative Code 6A-1.012, SREF (Sect 4), School Board Policy 6.14, and the Purchasing Manual. The OIG reviewed six selected contract awards funded with local sales tax proceeds, and evaluated the competitive solicitation and award processes. The OIG concluded that the solicitation and award processes for the six selected contracts were substantially in compliance with the 12 key attributes required. These 12 attributes included:

- Adequate public notice/advertisement of solicitation;
- Proposals requested from three or more sources;
- Bid tabulations supported the contract award; and
- Participation of Minority Women Business Enterprises (M/WBE) or Small Business Enterprises (SBE), etc.

B. Unbalanced-Bid Noted in One Invitation to Bid (ITB). Review of the awarded contract for chain link fencing (Bid# 17C-50W) revealed unusually low prices for many bid items. The vendor's proposal includes 152 different types of fencing/hardware. OIG noted 43 (or 28%) of the 152 items were significantly under-quoted at \$1.00 per unit. When the unusually under-quoted items are not ordered by the School District, the overall total price of the vendor's proposal may not be as low as presented. This practice undermines the competitive solicitation process and will not result in the lowest overall cost to the District. This practice would also most likely discourage other legitimate vendors from submitting competing bids. This was confirmed by three vendors in the area who did not submit their bids because of the under-quoted prices by the one vendor.

Also, the OIG noted the ITB stated the need for a primary and a secondary vendor; but Purchasing awarded the contract to the one vendor rather than re-advertising the bid to ensure a secondary vendor was available to meet the fencing needs of the District.

Unusually low prices (i.e. \$1.00 per unit quoted for fencing) is an unbalanced bid and should be re-evaluated further in depth by staff before contract is awarded.

C. Evaluation Committee Meeting Not Properly Noticed. On November 1 and 2, 2017, the Evaluation Committee Meetings for ITN 18C-010J-Underwriting Services were held without providing reasonable public notice as required by Florida Statue 286.011, the Sunshine Law. The November 1, 2017 Evaluation Committee meeting was not noticed; and approximately a one-hour notice was provided in advance of the November 2 meeting. The Sunshine Law requires the public to receive "reasonable notice of all such meetings."



3. Report No. 2018-11, Audit of Adult Education Program

Pursuant to the *OIG 2017-18 Work Plan*, we have audited the Adult Education Program for July 1, 2015, through December 31, 2017. The primary objectives of the audit were to (1) ascertain the accuracy of student enrollment and attendance reporting for adult general education classes, and (2) determine whether employee work hours paid by Workforce Development Funds were spent on services supporting the Adult Education Programs. This audit produced the following major conclusions.

- A. Improvement in Attendance Reporting Accuracy. OIG review of 315 sample student attendance records for Fiscal Years 2016 through 2018, and the information reported to the Florida Department of Education (FDOE), noted that the reporting of attendance had improved significantly. Specifically, the reporting errors of sample students that had errors decreased from 49% in FY16 to 13% in FY17, and 9% in FY18. The over-reported hours had decreased from 14% in FY16 to 2% in FY17, and 3% in FY18.
- B. Causes for Over-Reporting Errors in Instructional Contact Hours. Our testing of 315 sample students for Fiscal Years 2016 through 2018 found errors for 95 students (30% of sample), which resulted in a total of 2,064 overstated instructional contact hours. The causes for the over-reporting errors included: (1) incorrect enrollment dates, (2) students did not attend the enrolled courses, (3) incorrect course withdrawal dates, and (4) schools failed to administratively withdraw students after six consecutive absences.
- C. Payroll Expenditures Appeared Reasonable. During Fiscal Years 2015 through 2017, the Adult Education Program incurred a total of \$38,530,523 in payroll expenses. We reviewed the payroll records for 150 sample employees, totaling \$1,327,831 in payroll expenses, during this three-year period.

Our review concluded that the reported work hours appeared reasonable, except that 80.47 work hours (amounted to \$1,075.50, or 0.08%) unrelated to the Adult Education Program were incorrectly charged to the Adult Education Programs at two schools. These errors may have occurred if the employee inadvertently selected the incorrect job number on the time collection device when clocking in and out at work.

- D. Updated Adult Education Procedures Manual Needed. Prior to the implementation of the new Student Information System (SIS) in Fiscal Year 2018, the Adult and Community Education Department had an *Attendance Procedures Manual* on the Department's SharePoint site. However, this manual became obsolete and was not updated after the implementation of the new SIS system. The lack of complete and consistent written procedures increases the chance of reporting errors.



SPECIAL REVIEWS

4. Report No. 2018-05, Special Review of the 2017 Hoodies Fundraiser Money Collection Records at Western Pines Middle School

In response to the principal's request, this special review was to determine if money collected for the school's Hoodies fundraiser was properly accounted for. This special review produced the following conclusions:

- A. \$280 Removed from the School. The review concluded that \$280 in cash collection and fundraiser documents were improperly removed from the school by the school office assistant. The money was later returned back to the school.
- B. Noncompliance with Money Collection Procedures. Money collection procedures were not followed:
 - Individuals collecting money did not complete the MCRs.
 - MCRs were prepared by Non-District Employee; i.e. the school's PTO.

The report was referred to the Office of Professional Standards for future actions if needed.

5. Report No. 2018-06, Special Review of Community School Fee Collections At Palm Beach Lakes High School

The primary objective of this special review was to determine if the school's Community School Program fees for Fiscal Year 2017 were properly accounted for. The review produced the following major conclusions:

- A. \$2,486 in Collections Unaccounted For. Money missing included \$1,326 in cash and \$1,160 in 16 checks.
- B. \$4,197 ActiveNet Payments Missing, But Recouped by the School. As confirmed by ActiveNet, the District's outside vendor, that collects Adult Ed program fees, six checks totaling \$5,324.55 were mailed to the school during Fiscal Year 2017. However, only two checks totaling \$1,127.49 were deposited into the school's Internal Funds; and \$4,197.06 (\$5,324.55 - \$1,127.49) in four checks were not cashed by the school.

In response to OIG's request, ActiveNet sent the school a \$4,197.06 replacement check. After OIG's coordination with the Accounting Department, all future payments by ActiveNet will be deposited directly into the School District's account effective January 2018.

- C. Attendance Rosters Not Maintained. The Community School did not maintain student attendance rosters. Without complete records, there is no assurance that all program fees were properly collected and accounted for.



6. Report No. 2018-08, Special Review of Galaxy E3 Elementary School Afterschool Program Revenue Collections

The primary objectives of this special review were to determine (1) if students who attended the enrichment activities were registered in the School Afterschool Program (ASP), and (2) if all ASP revenues were collected and accounted for. This special review produced the following major conclusions:

A. Students Not Registered in Afterschool Program (ASP), But Allowed to Participate in the Program. The school's ASP provides several enrichment activities and is funded in part by grants, fundraising, donations, and fees collected from participants.

- 22 Non-ASP students participated in the program. Two of the 22 non-ASP participants were students from a nearby middle school; the other 20 non-ASP participants were students from Galaxy E3 Elementary.
- \$38,203 in estimated revenues uncollected. Program fee should have been collected from the non-ASP students for August 2016 through March 2017.

B. Uncollected Fees. Each ASP student is required to pay a \$25 registration fee. Review of records for the period November 1, 2016, through March 15, 2017 revealed that inaccurate registration fees and subsidy credits information was maintained in the EZ Care database. Specifically,

- \$3,026 in subsidy credits was mistakenly issued to a student
- \$250 in ASP Registration Fees was unaccounted for

C. Missing Records for Student Attendance and Parent Sign-Out. According to the ASP Site Director and the November 12, 2016, *Boca Raton Police Report*, someone stole the ASP records from the site director's car on November 12, 2016, while the car was parked in a movie theater parking lot. The site director said she took the documents home from the school in order to do some work. Because of the missing records, the OIG was unable to (1) determine the number of students who participated in the ASP, and (2) estimate the program revenues for the period of August 15 through October 31, 2016. Therefore, the OIG was not able to ascertain if all program revenues were collected and accounted for.

7. Report No. 2018-09, Special Review of Community School Fee Collections at Palm Beach Gardens High School

During the Fiscal Year 2017 Internal Funds Audit of the school, significant discrepancy was noted between the Community School Program fee collection records and the Internal Funds deposit records. The primary objective of this special review was to follow-up on the issues identified during the 2017 Audit, mainly to determine if Community School Program fees were properly accounted for. This special review produced the following major conclusion.



\$3,063 in Cash Collections Unaccounted For. Because of the noted discrepancy, the OIG examined all the fee collection records for Fiscal Year 2017. According to the ActiveNet's *Cash Distribution By Account (Summary) Report*, the school's Community School Program should have collected a total of \$10,332 in fees at the school during Fiscal Year 2017. However, only \$7,269 was recorded as deposits into the school's Internal Funds. Consequently, \$3,063 (\$10,332-\$7,269) in program fees were unaccounted for.

8. Report No. 2018-12, Special Review of 2017 Summer Camp Fee Collections at Banyan Creek Elementary School

During the *Fiscal Year 2017 Internal Funds Audit* of Banyan Creek Elementary School, significant discrepancies were noted between the 2017 Summer Camp fee collection records and the Internal Funds deposit records. As a result, the OIG initiated a special review to determine if the 2017 Summer Camp fees were properly accounted for. This special review produced the following major conclusions.

- A. \$5,570 Missing. Based on the review of the school's Internal Funds and Credit Card Payment records, and the available student registrations and attendance records, the OIG concluded that an estimated \$5,569.93 in program fees were missing. During interviews by School Police, the school's former Afterschool Site Director admitted that she had taken some of the Summer Camp monies from the school.
- B. \$2,423 in Lost Revenue through Misapplied Subsidy Credits. The examination of the Early Learning Coalition subsidy credits in the EZ-Care2 database for the 2017 Summer Camp Program noted that some subsidy credits were incorrectly recorded in the database, resulting in a loss of \$2,423.24 in program revenue.

The report was referred to the School Police Department for future investigation. Subsequently, School Police forwarded its investigation report to the State Attorney's Office for further actions.

9. Special Review of 2018 Internal Funds at Jupiter Middle School, Report No. 2018-13.

This special review was performed in response to the request of the Principal of Jupiter Middle School and the referral from the Department of Accounting Services. The primary objectives of this special review were to assess the compliance with District's procedures in handling money collection, fundraising, disbursements, leasing, and consultant engagements during Fiscal Year 2018. This special review produced the following major conclusions.

- A. Noncompliances With Money Collection Procedures
 - 23% of Yellow Copies of MCRs Missing or Not Retained by Staff. Only 1,077 (77%) of the 1,391 yellow copy MCRs, totaling \$246,733.44, were available for our review. The other 314 (23%), totaling 84,106.51 (25% of the total deposits), were missing or not retained by staff.
 - No Money Missing for Available Yellow Copies of MCRs. Based on the review of the 1,077 yellow copies of MCRs, the OIG concluded that all \$246,733.44 collected was reconciled to the deposit records and General Ledger. However, because 23% of yellow copy MCRs were not



available or missing, there was no assurance that the collections for the unavailable MCRs were properly accounted for.

- Lack of Accountability for Returning Monies Collected to Sponsors. Numerous collections were marked “no deposit” and not ready for deposit were returned to the sponsors for clarification. However, there were no records to document that the monies were returned to, and received by, the sponsors accordingly.
- B. 27% of Transfers/Adjustments Among Activity Accounts Lacked Justification. During the year, 139 *Transfers* occurred, with \$113,645.82 being transferred between various accounts. The review of these *Transfers* noted that:
- 38 (or 27%) *Transfers* (for \$12,082.61) did not have adequate supporting documentation.
 - Two *Transfers* inappropriately moved \$130 from student activity accounts to the Administrative Courtesy Account (#6-0200.00).
- C. Noncompliances with Fundraiser Procedures. The sponsors of three sample fundraisers did not complete the required Annual eLearning Fundraiser Training Course prior to conducting the fundraiser activities. Moreover, \$2,070 (21%) in estimated revenue was unaccounted for in the Uniform Sales Fundraiser.
- D. Noncompliances With Disbursement Procedures. During Fiscal Year 2018, a total of \$460,105.90 in 638 check disbursements were processed through the school’s Internal Funds, and \$59,077.73 in purchases were made through 340 P-Card transactions. The OIG reviewed 240 sample transactions totaling \$223,279.42 (\$199,675.40 in 119 checks and \$23,604.02 in 121 P-Card transactions) and noted:
- 38 school checks were voided during July 1, 2017, through April 7, 2018. Of the 38 voided checks, 11 were blank checks pre-signed by the treasurer; 10 were missing; and 18 were not defaced.
 - The treasurer did not record the check number and check date on the *Check Requisitions*. Additionally, the supporting documentation, such as invoices and receipts, were not defaced in order to prevent potential duplicate payments.
 - 15 P-card transactions (totaling \$2,428.02) by one staff did not have any supporting documentation for the purchases. Another six P-card purchases (totaling \$2,239.84) in food items did not have the explanation of business or educational purpose.
 - A \$1,196.89 P-Card purchase was split into two smaller transactions: \$897.70 and \$299.19. P-Card purchase exceeding \$1,000 per day should be pre-approved by the Purchasing Department.
 - Disbursement #14143 (for \$699.80) was for a deposit to reserve a pavilion at a local water park and a catered lunch. However, the accompanying *Catered Outing Agreement* was signed by the sponsor instead of the Principal.
- E. Engagement of Consultants



- Five consultants, for a total of \$3,905, were engaged by the school without the required *School District Consultant Agreements (PBSD 1420)*.
- One *Consultant Agreement*, for \$2,500, did not have the Principal's signature; and the consultants' signatures (totaling \$2,835) were not dated for another two *Agreements*.
- A June 2, 2017, *Consultant Agreement* with a contract price of \$8,000, exceeded the \$5,000 threshold, but did not have the signatures of the Regional/Instructional Superintendent, Deputy Superintendent, or Superintendent. In addition, none of the seven payments (totaling \$8,000) were supported by invoices documenting the dates and hours of services.

F. Leasing of School Facilities

- The school did not have hard copies of the executed *Lease Agreements* for eight of the 36 leasing arrangements as recorded in the Tririga System during the year.
- Four *Agreements* were neither signed by the lessees nor the witness; three were not approved by the Principal until two to 11 days after the leasehold periods began; one was not signed by the lessee until 22 days after the leasehold period began; and two did not have the witnesses' signatures.
- The *Certificates of Insurance* for Lease #1034 did not include the School Board as an additional insured.
- Leasing charges were not always collected prior to the use of facilities by lessees. Specifically, as of June 30, 2018, \$20,571.20 in leasing charges had not been collected for eight leases; and \$4,298.96 in leasing charges for three leases were not collected prior to the use of facilities with delays ranging from 12 to 22 days after the leasehold periods began.

G. Morning Care Programs

- 10 students attended the Morning Care Program free-of-charge (estimated \$14,078.12) without documentation of Principal's approval/justification.
- Based on the available *Record of Payment Forms (PBSD 1652)*, the school collected a total of \$19,042.45 in program fees during the year. However, a total of \$26,902.88 in program revenues were deposited into the school's Internal Funds. According to staff, the discrepancy was due to some program fees collected via online payments but were not recorded on the *Record of Payment Forms*.
- The school did not transmit the fees to the Central Office monthly as required. Instead, the fees were transmitted only three times during the year.



COMPLIANCE



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 all OIG draft and final reports prior to issuance, and reviews of audit workpapers and investigative case files.

The Compliance and Quality Assurance function also (1) coordinated follow-up of all audit recommendations issued by the OIG, external auditors, and agencies, (2) monitored and helped acquire necessary professional development, certifications, and training for OIG staff, and (3) conducted contract oversight reviews, as detailed below.

AUDIT RECOMMENDATION 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 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 8 audit reports containing 70 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. From July through December 2018, two (2) staff successfully passed the exam to become Certified Fraud Examiners (CFE). Also, OIG staff attended numerous CPE classes in the areas of government accounting and auditing, construction auditing, fraud, cybersecurity, data analytics, investigation techniques, ethics, and other specialized knowledge and 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 contract selection committee and negotiation meetings. During the six-month period, OIG staff attended ten (10) competitive solicitation evaluation meetings and two (2) contract negotiation meetings, as follows.

| Pre-Award Contract Oversight Activities | | | | |
|------------------------------------------------|-------------------------|---------------------|------------------------------|-----------------------------------|
| Meeting Date | Solicitation No. | Description | Phase of Solicitation | Contract Value (estimated) |
| 7/31/18 | 18C-032R | CONSTRUCTION | Evaluation | \$25,969,826 |
| 7/31/18 | 18C-033S | CONSTRUCTION | Evaluation | \$19,905,109 |
| 8/2/2018 | 18C-034R | CONSTRUCTION | Evaluation | \$16,328,136 |
| 8/30/2018 | 19C-005S | CONSTRUCTION | Evaluation | \$13,100,000 |
| 10/3/2018 | 19C-009R | DESIGN | Evaluation | \$9,420,000 |
| 10/12/2018 | 19C-011S | DESIGN | Evaluation | \$10,410,000 |
| 11/02/2018 | 19C-008W | FOOD DISTRIBUTION | Negotiation | \$25,000,000 |
| 12/3/2018 | 19C-019B | EDUCACTION SERVICES | Evaluation | \$3,775,000 |
| 12/5/2018 | 19C-015R | DESIGN | Evaluation | \$24,100,000 |
| 12/7/2018 | 19C-019B | EDUCATION SERVICES | Negotiation | \$3,775,000 |
| 12/12/2018 | 19C-023R | DESIGN | Evaluation | \$23,995,783 |
| 12/18/2018 | 19C-016R | CONSTRUCTION | Evaluation | \$25,100,000 |

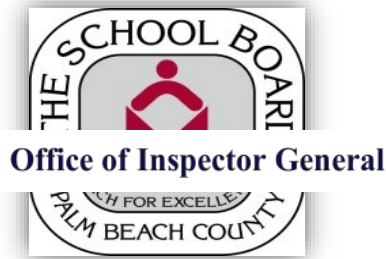
Our observations were communicated to staff, as appropriate, in an effort to improve operations.

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 2018, and OIG staff have attended each one.



APPENDIX



OIG RESPONSIBILITIES

The School Board of Palm Beach County created the OIG, 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 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.

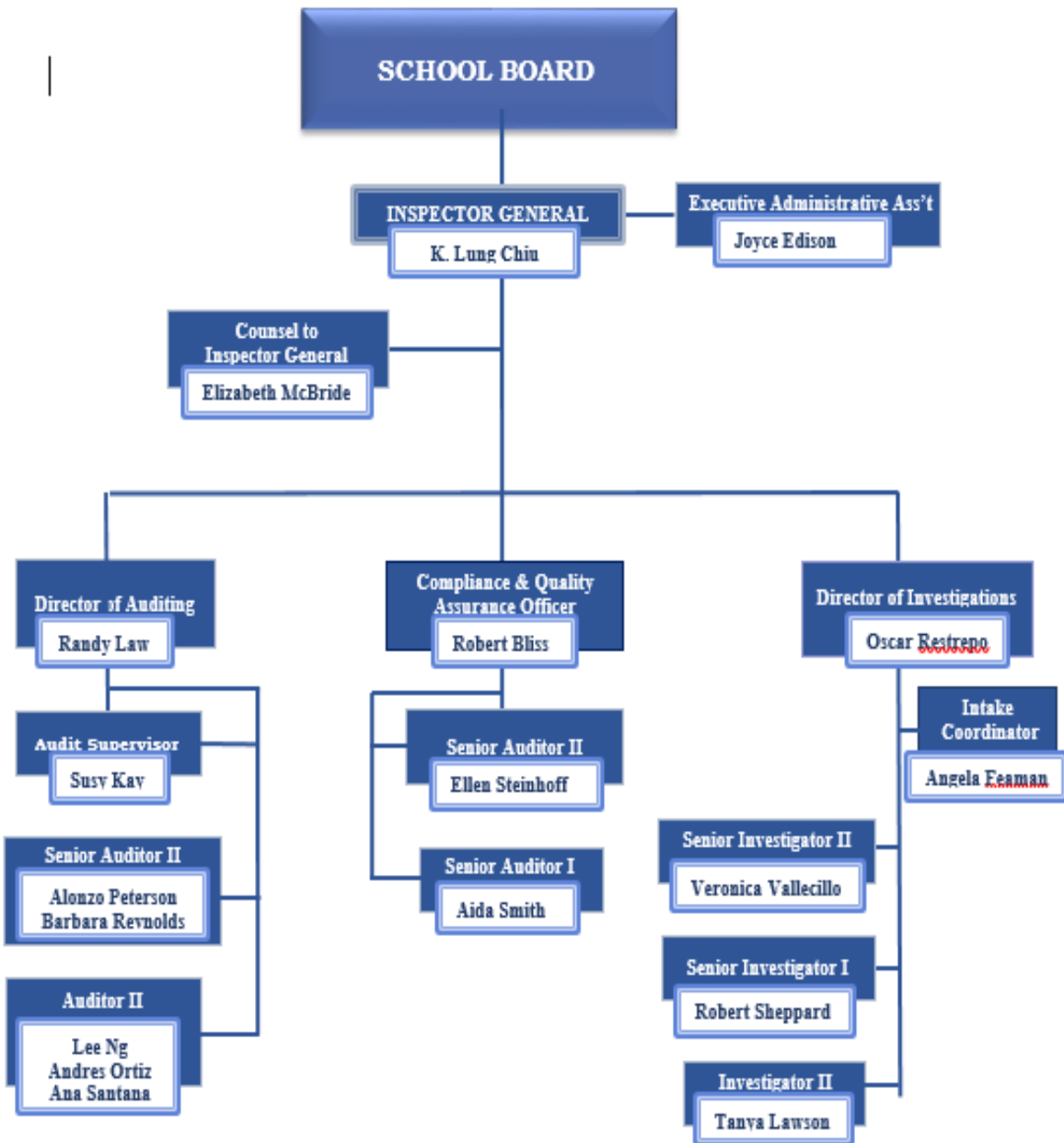
School Board Policy 1.092 serves as the OIG Charter. Some of the key provisions of the policy authorize the Inspector General to:

- 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.

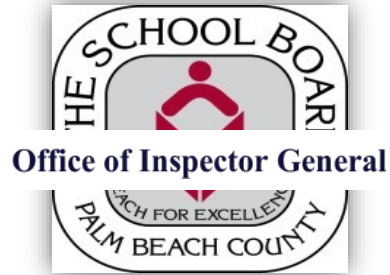
The OIG reports directly to the School Board to ensure the necessary independence. OIG staff consists of a skilled team of professionals, including an attorney, with expertise in internal auditing, reviews and investigations. The OIG is organized into three areas: audits, investigations, and compliance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



CURRENT OIG ORGANIZATIONAL STRUCTURE



Updated: March 1, 2019



Office of Inspector General

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), Certified Compliance and Ethics Professional and Member of Florida Bar and State Bar of Georgia



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