



OFFICE OF INSPECTOR GENERAL PALM BEACH COUNTY

John A. Carey
Inspector General



Inspector General
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“Enhancing Public Trust in Government”

Audit Report

2021-A-0006

**Interlocal Agreement for Law
Enforcement Services between Palm
Beach County and the Village of North
Palm Beach**

September 7, 2021

Insight – Oversight – Foresight



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AUDIT REPORT 2021-A-0006

DATE ISSUED: September 7, 2021

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INTERLOCAL AGREEMENT FOR LAW ENFORCEMENT SERVICES BETWEEN PALM BEACH COUNTY AND THE VILLAGE OF NORTH PALM BEACH

SUMMARY

WHAT WE DID

We conducted an audit of the Interlocal Agreements for Law Enforcement Services between Palm Beach County (County) and the Village of North Palm Beach (Village) related to the County's Manatee Protection Plan. This audit was performed as part of the Office of Inspector General, Palm Beach County (OIG) 2020 Annual Audit Plan.

Our audit focused on the Village's reimbursement requests to the County under the Interlocal Agreements in effect from November 1, 2017 through March 31, 2020 (the Interlocal Agreements relevant to the audit period will be known collectively as "Agreement").

WHAT WE FOUND

We found control weaknesses for the Village's review and oversight relating to the reimbursement requests that it presented to the County for hours worked. The reimbursement requests lacked adequate documentation, lacked adequate review, and did not always comply with the Agreement or the Village's policies and procedures. Our audit identified **\$15,631.87** in questioned costs,¹ with the majority of the exceptions² relating to non-compliance with the Village's policies and procedures, and **\$3,010.00** in identified costs³ for the Village overbilling the County for hours worked by the officer⁴ performing services under the Agreement. The payroll records were not always supported by the Village officer's reported start and end times.

¹ Questioned costs are costs or financial obligations that are questioned by the OIG because of: an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement, policies and procedures, or document governing the expenditure of funds; a finding that, at the time of the OIG activity, such costs or financial obligation is not supported by adequate documentation; or, a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable. As such, not all questioned costs are indicative of potential fraud or waste.

² For purposes of this audit, an exception is a weakness identified or non-compliance with requirements.

³ Identified costs are costs that have been identified as dollars that have the potential of being returned to the entity to offset the taxpayers' burden.

⁴ The Village has one officer assigned to the Manatee detail.

Radio Call-Ins for Start and End Times

We found no evidence that the Village officer called in to dispatch at assignment start and end times for 17 of the 55 (31%) assignments, totaling 160.40 hours and **\$14,035.00**, invoiced to the County. This amount is considered a questioned cost for non-compliance with the Village's Communications Procedure 18.1.4.

Additionally, there were 16 instances when the start times for an assignment recorded in the CAD system⁵ was later than the time recorded in payroll records, and 15 instances when the end times for an assignment recorded in the CAD system were earlier than the time recorded in the payroll records. The variance between call-in times and payroll records led to the Village overbilling the County for a total of 34.40 hours, totaling **\$3,010.00**. This is considered an identified cost because the County may be able to recoup the cost from the Village.

The Village billed the County for hours worked that were not eligible for reimbursement under the Agreement. We found no indicators that the officer was paid for hours that he did not work.

Agreement Documentation

We tested the 14 monthly invoices submitted to the County for reimbursement from November 1, 2017 through March 31, 2020 and found that the Village did not always comply with the Agreement terms:

- One (1) of the 14 (7%) monthly invoices was missing official payroll records, as required.⁶
- Five (5) of the 11⁷ (45%) monthly invoices did not include supporting documentation of the warnings issued to boaters, as required.
- Seven (7) of the 14 (50%) monthly invoices contained mathematical errors.

The County approved payments for the reimbursement request that did not have the Agreement's required supporting documentation.⁸

Additionally, contrary to the Village's Payroll and Personnel Administration Policy and confirmed payroll process, two (2) personnel action forms⁹ used to support 23 hours totaling \$2,012.50 billed to the County were not properly approved. The total questioned costs are **\$1,596.87¹⁰** for non-compliance with the Payroll and Personnel Administration Policy.

⁵ CAD is the dispatch computer system for recording police activities including checking in and out of shifts.

⁶ The Village provided the official payroll records for the officer upon our request.

⁷ No warnings or citations were issued in January 2019, March 2019 and November 2019, according to the Standard Marine Enforcement Monthly and Daily Reports, respectively, that were included with the invoices submitted. Therefore, this requirement was not applicable for the review of three (3) of the 14 invoices.

⁸ We did not make a recommendation to the County for this issue because it is the same issue that was noted in OIG Audit Report 2019-A-0011 addressed by Recommendation #9. The County accepted and implemented that recommendation.

⁹ The Village used personnel action forms to document overtime hours worked under the Agreement and manually entered the overtime hours into the payroll system (MUNIS) for payment.

¹⁰ The amount of payroll not properly approved of \$2,012.50 was reduced by \$415.63 that was already counted in the identified costs in Finding 1 to avoid duplicating costs.

WHAT WE RECOMMEND

Our report contains two (2) findings and five (5) recommendations. Implementation of the recommendations will 1) assist the Village in strengthening internal controls, 2) assist the Village in preventing the overbilling of payroll hours to the County, 3) help the Village ensure

compliance with its policies and procedures, and 4) help the Village ensure compliance with Agreement requirements.

The Village concurred and accepted the recommendations.

We have included the Village's management response as Attachment 1.

BACKGROUND



Village of North Palm Beach

The Village was incorporated in 1956. The Charter of the Village was enacted by the Laws of Florida in the year of incorporation and was subsequently revised by Ordinance No. 1-76 on February 19, 1976.

The Village operates under the Council-Manager form of government. The Village Council consists of five (5) members serving two (2) year staggered terms. The Village Council selects from amongst its members annually a mayor, vice mayor, and president pro term at the first regular Village Council meeting after the Village election. The Village Manager is the chief administrative officer of the Village. Day to day affairs of the Village are under the leadership of the Village Manager, who is appointed by the Village Council.

The Village is located in the northeastern quadrant of Palm Beach County and has approximately 12,813 residents.



County's Environmental Resources Management

The County's Environmental Resources Management Department (ERM) administers a range of environmental programs designed to protect, preserve, and enhance the County's natural resources, both on land and water.

ERM is charged with monitoring the agreements with local law enforcement partners to assist with manatee protection, boater education and safety, and speed zone enforcement during manatee season.

Agreement Background

On August 21, 2007, the Board of County Commissioners (Commission) approved a Manatee Protection Plan (Plan) that provides for increased law enforcement presence in the County's waterways as one means to provide greater manatee protection.

On December 18, 2007, the Commission approved Resolution 2007-2277 with a standard form Interlocal Agreement with law enforcement agencies for an increased law enforcement presence in the estuarine waters of the County during manatee season, which begins annually on November 15 and ends the following March 31. The standard form Interlocal Agreement was later amended on August 19, 2014 through Resolution 2014-1193.

The County and the Village entered into successive versions of the Interlocal Agreement on August 16, 2017 and May 4, 2018. The Village agreed to provide marine law enforcement services within the geographical area over which it has jurisdiction to enforce the law.

The County agreed to reimburse the Village for law enforcement services at a specified rate per hour, per officer for on-water enforcement activity and approved court proceedings. Reimbursement included the cost of salaries, fringe benefits, and all other services and expenses incurred by the Village in the fulfillment of the Agreement. Hours worked by the officer under this Agreement were special duty assignments, separate from their regular work shifts.

The Agreement provided that the total amount paid by the County to the Village could not exceed the total amount set annually by the County by October 1st of each year, as defined in the award letter. The Village was awarded up to \$48,320.00 for on-water law enforcement services under the Agreement for the period audited, and the County reimbursed the Village \$48,282.50.

Award year	Amount Awarded	Amount Distributed
2017-2018	\$15,000.00	\$14,962.50
2018-2019	\$16,660.00	\$16,660.00
2019-2020	\$16,660.00	\$16,660.00
Total	\$48,320.00	\$48,282.50

The Agreement required the Village to provide documentation of warnings and citations issued to violators by the Village with its reimbursement requests to the County. The chart below lists the number of warnings and citations issued by the Village officer while performing law enforcement services under the Agreement for the period audited.

Award Year	Number of Citations Issued	Number of Warnings Issued	Total Warnings and Citations Issued
2017-2018	3	9	12
2018-2019	6	3	9
2019-2020	0	11	11
Total	9	23	32

The FY 2020 Annual Audit Plan had multiple entities selected for Contracts/Agreements. The OIG selected the Village for audit because it had not been audited by the OIG since 2014 and based on potential issues noted by the County with the Village's invoice documentation.

OBJECTIVES, SCOPE, AND METHODOLOGY

The overall objectives were to determine whether:

- The program was operating as intended;
- There were adequate controls for the program including over the receipt and distribution of funds;
- Expenditures were eligible for reimbursement under the Agreement; and
- The program was managed according to regulations and requirements.

The audit scope included reimbursement requests and supporting documentation from November 1, 2017 (FY 2018) through March 31, 2020 (FY 2020).

The audit methodology included but was not limited to:

- Completion of data reliability and integrity assessment of related computer systems;
- Review of policies, procedures, and related requirements;
- Performance of process walk-throughs and review of internal controls;
- Interview of appropriate personnel;
- Review of records, reports, contracts, and agreements; and
- Performance of detailed testing of selected transactions.

As part of the audit, we completed a data reliability and integrity assessment for the computer systems used by the Village for dispatch activities and payroll processing. We determined that the computer-processed data contained in the computer systems was sufficiently reliable for purposes of the audit.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FINDINGS AND RECOMMENDATIONS

Finding (1): The Village Police Officer did not comply with the Village's Procedure for checking in and out when working the Manatee detail.

The Village's Communications Procedure 18.1.4, states,

18.1.4 **Communications Procedure:** Radio communication is the primary communications link between communications operations and all police and administrative units. All activities, either dispatched by communications/dispatch section or self-initiated by the field units, will be transmitted via the radio communications system...

- A. Coming on duty: When a police unit goes in-service at the start of a watch, they will advise the communications center of being in-service, their call sign or identification number, and assignment...
- B. Going off duty: When police unit(s) goes off duty, they will advise communications their call sign, identification number and that they are out of service. All personnel using the radio system will answer calls from the communications center by using their call sign/zone assignment and the street address of their location...

Lack of Compliance with Procedure for Call-Ins

We tested 100% of the Village assignments invoiced to the County for November 1, 2017 through March 31, 2020 to determine if the Village officer called in to dispatch at their assignment start and end times, as required by the Communications Procedure 18.1.4. The Village invoiced the County for a total of 55 assignments.

There were no records in the CAD system or evidence that the Village officer completed the required call-ins to dispatch at the assignment start time for 17 of the 55 (31%) assignments invoiced to the County. Additionally, there were 16 instances when the start times for the assignment time recorded in the CAD system were later than the time recorded in payroll records.

There were no records in the CAD system or evidence that the Village officer completed the required call-ins to dispatch when going out of service for 17 of the 55 (31%) assignments invoiced to the County. Additionally, there were 15 instances when the end times for the assignment time recorded in the CAD system were earlier than the time recorded in the payroll records.

It does not appear that the Village Police Department enforced the required call-ins to dispatch at the start and end time for the assignment.

In the 34 instances there was no evidence that the Village officer called in to dispatch at the start or end time of the assignment, there were a total of 160.40 hours that were not

recorded in compliance with the Village's Communications Procedure 18.1.4. The total questioned cost is **\$14,035.00** for non-compliance with the Communications Procedure 18.1.4.

When the Village officers do not follow the Communications Procedure 18.1.4 to call-in to dispatch at the start and end times of the assignment, there is a lack of accountability. Additionally, it causes inconsistencies in the records that can lead to under or over payment of Village officers.

Variance between Call-ins in CAD and Payroll Records

The CAD records did not support the amount of hours worked that the Village billed the County. There were 31 exceptions that showed the Village officer's hours worked for the Manatee assignments were for less time than the hours recorded in the payroll reports. Those exceptions resulted in a total of 34.40 hours, totaling **\$3,010.00**, that were submitted for reimbursement in error. This is an identified cost because the County may be able to recoup the cost from the Village.

The records did not support the hours reported for reimbursement under the Agreement, as such, the Village is responsible for repayment of the funds received.

Recommendations:

-
- (1) **The Village reimburse the County \$3,010.00.**
 - (2) **The Village provide training to officers or require a signed acknowledgment to ensure they understand the requirements in the Communications Procedure 18.1.4 for call-ins to dispatch at the start and end of assignments.**
 - (3) **The Village implement checks and balances to ensure that the radio call-ins to dispatch, at the assignment start and end times, are recorded in the CAD system, and match the payroll records prior to approving the payroll for submission to the County for payment.**

Management Response:

The Village agrees with the findings contained within the draft audit report. Further, based upon the recommendations, the Village will:

1. Reimburse Palm Beach County the amount of \$3,010.00 for the 34.4 hours of time that the audit found was submitted for reimbursement in error,
2. Retrain or train officers on the Communications Procedure, and
3. Implement the other recommendation related to documentation required by the Interlocal Agreement should the Village enter into a subsequent agreement with Palm Beach County.

Finding (2): The Village's payroll records were not always properly approved and invoices did not always include the required documentation as required by the Agreement's Terms and Conditions.

The agreement dated August 16, 2017 states,

4) Responsibility of Contractor

...

- E. The Contractor shall submit invoices for payment to the County on a monthly basis. **Invoices shall include** a reference to this Agreement, identify the amount due and payable to the Contractor, and include **records sufficient to substantiate the costs incurred**. Invoices shall be in sufficient detail for pre-audit and post-audit review. **The Contractor shall provide the following information with the invoice:** Standard Marine Enforcement Monthly Report Form (form to be provided by the County); **documentation of warnings and citations issued to violators by the Contractor; and monthly payroll documentation for hours worked by any officer who performs services** under the terms of this Agreement. Unless explicitly requested by the County, the County will not reimburse the Contractor for the presence of more than one officer per boat. [Emphasis added]

The agreement dated May 4, 2018 reflected much of the language in the 2017 agreement, with some renumbering and modifications, to include Exhibit B Payment Request and Exhibit C Marine Services Contract Standard Marine Enforcement Daily Report Form. The 2018 agreement states as follows:

4) Responsibility of Contractor

...

- E. The Contractor shall submit invoices for payment to the County on a monthly basis. **Invoices shall include** a reference to this Agreement, identify the amount due and payable to the Contractor, and include **records sufficient to substantiate the costs incurred**. Invoices shall be in sufficient detail for pre-audit and post-audit review (Exhibit B). **The Contractor shall provide the following information with the invoice:** Standard Marine Enforcement Daily Report Form (Exhibit C); **documentation of warnings and citations issued to violators by the Contractor; and monthly payroll documentation for hours worked by any officer who performs services** under the terms of this Agreement. Unless explicitly requested by the County, the County will not reimburse the Contractor for the presence of more than one officer per boat. [Emphasis added]

The Village's Payroll and Personnel Administration Policy, last updated February 27, 2020, states,

Payroll

The Village pays wages on a bi-weekly basis. The Finance Department electronically submits an earnings worksheet to each Department which lists each employee and the categories or payment, i.e., regular pay, overtime pay, vacation, etc. The following procedure is used to process the payroll paperwork:

...

2. The Departments complete the worksheets on the first Monday of the new pay period. The Department Head allocates the number of hours worked among these categories. **Any category other than regular pay must be supported by an approved personnel action form.** [Emphasis added]

We tested all invoices submitted by the Village to the County for reimbursement from November 1, 2017 through March 31, 2020 to determine whether the invoices were accurate, adequately supported, and in compliance with the terms of the Agreement. We noted the following discrepancies:

- One (1) of 14 (7%) monthly invoices did not include official payroll records to support the hours worked by the Village officer, as required by the Agreement.¹¹
- Five (5) of 11¹² (45%) monthly invoices did not include documentation for the warnings the Village officer issued to boaters, as required by the Agreement.
 - The County identified that the warning documentation was missing in four (4) of the five (5) invoices and obtained the documentation.
 - The County was not aware the warning documentation was missing in one (1) invoice because the warning was not reported to the County on the Standard Marine Enforcement Daily Report, as required.
- Seven (7) of the 14 (50%) monthly invoices contained various mathematical errors.
 - Four (4) of the seven (7) contained errors in the number of warnings and/or citations.
 - Two (2) of the seven (7) contained errors in the number of hours reported.
 - One (1) of the seven (7) contained errors in the number of warnings and/or citations and the number of hours reported.

The County approved payments for the invoices that did not have the Agreement required supporting documentation.¹³

¹¹ The Village provided the official payroll records for the officer upon our request.

¹² No warnings or citations were issued in January 2019, March 2019 and November 2019, according to the Standard Marine Enforcement Monthly and Daily Reports, respectively, that were included with the invoices submitted. Therefore, this requirement was not applicable for the review of three (3) of the 14 invoices.

¹³ We did not make a recommendation to the County for this issue because it is the same issue that was noted in OIG Audit Report 2019-A-0011 addressed by Recommendation #9. The County accepted and implemented that recommendation.

Contrary to the Village's Payroll and Personnel Administration Policy and confirmed payroll process, we noted nine (9) of the 14 monthly invoices included personnel action forms¹⁴ that were not properly approved prior to invoicing the reimbursement request. Upon our request, the Village provided approved versions of seven (7) of the 9 personnel action forms; however, two (2) of the personnel action forms provided, which totaled 23 hours and \$2,012.50 reimbursed by the County, were not properly approved in violation of the Village's payroll policy.¹⁵ The total questioned cost is **\$1,596.87¹⁶** for non-compliance with the Payroll and Personnel Administration Policy.

The Village did not always follow its Payroll and Personnel Administration Policy, and its invoices did not always comply with the Agreement with respect to providing required supporting documentation, requesting the proper reimbursement amount, nor reporting the hours accurately based on the payroll documentation provided.

Village personnel stated there was employee error in processing of the invoices. Additionally, the Village's invoicing process does not include a final review of the reimbursement packet prior to submission to the County ERM to ensure all of the required documentation is included, which increases the risk of errors.

A lack of adequate review and oversight increases the risk for errors and non-compliance with the Agreement and Village Policy.

Recommendations:

- (4) The Village follow its Payroll and Personnel Administration Policy for approval of payroll categories other than regular pay.**
- (5) The Village implement a review and oversight process to ensure:**
 - a. All supporting documentation, including but not limited to payroll records and warnings or citations issued, is included with the invoice submitted to the County for reimbursement, as required by the Agreement;**
 - b. The correct reimbursement amount is requested based on the Agreement rate and supporting payroll documentation; and**
 - c. The officer's personnel action forms are properly approved prior to submission to the County for reimbursement.**

¹⁴ The Village used personnel action forms to document overtime hours worked under the Agreement and manually entered the overtime hours into the payroll system (MUNIS) for payment. The Village submitted the personnel action forms as the payroll documentation to substantiate the hours worked under the Agreement.

¹⁵ We verified the Village paid the officer for all 23 manatee detail hours reimbursed by the County. However, we found the officer did not work 4.75 of the 23 Manatee detail hours reported on the two (2) personnel action forms and reimbursed by the County based on the Village's CAD records. The manatee detail hours not worked are included in the identified cost totaling \$415.63 noted in Finding 1.

¹⁶ The amount of payroll not properly approved and reimbursed by the County of \$2,012.50 was reduced by \$415.63, which was already counted in the identified costs in Finding 1 to avoid duplication of costs.

Management Response:

The Village agrees with the findings contained within the draft audit report. Further, based upon the recommendations, the Village will:

1. Provide that personnel action forms are used as required in the Village's Payroll and Personnel Administration Policy, and
2. Implement the other recommendation related to documentation required by the Interlocal Agreement should the Village enter into a subsequent agreement with Palm Beach County.

**SUMMARY OF POTENTIAL FINANCIAL AND OTHER BENEFITS
IDENTIFIED IN THE AUDIT****Questioned Costs**

Finding	Description	Questioned Costs
1	Lacked Radio Call-In for Start and End Times	\$14,035.00
2	Non-compliance with Village Payroll Policy	\$1,596.87
TOTAL QUESTIONED COSTS		\$15,631.87

Identified Costs

Finding	Description	Identified Costs
1	Overbilled Manatee Detail Payroll Hours	\$3,010.00
TOTAL IDENTIFIED COSTS		\$3,010.00

ACKNOWLEDGEMENT

The Inspector General's audit staff would like to extend our appreciation to the Palm Beach County Environment Resources Management's staff and the Village of North Palm Beach's staff for their assistance and support in the completion of this audit.

This report is available on the OIG website at: <http://www.pbcgov.com/OIG>. Please address inquiries regarding this report to the Director of Audit by email at inspector@pbcgov.org or by telephone at (561) 233-2350.

ATTACHMENT

Attachment 1 – Village of North Palm Beach's Management Response

ATTACHMENT 1 – VILLAGE OF NORTH PALM BEACH’S MANAGEMENT RESPONSE

Village of North Palm Beach
Village Manager's Office

TO: Hillary Bojan, Director of Audit
Office of Inspector General

FROM: Andrew D. Lukasik, Village Manager

DATE: September 3, 2021

SUBJECT: Response to Draft Audit Report Regarding the Manatee Program Interlocal Agreement for Law Enforcement Services

The Village has received and reviewed the draft audit report regarding the Village’s performance under the terms of the Interlocal Agreement between Palm Beach County and the Village of North Palm Beach for services associated with the “Manatee Program”.

The Village agrees with the findings contained within the draft audit report. Further, based upon the recommendations, the Village will:

1. Reimburse Palm Beach County the amount of \$3,010.00 for the 34.4 hours of time that the audit found was submitted for reimbursement in error,
2. Retrain or train officers on the Communications Procedure,
3. Provide that personnel action forms are used as required in the Village’s Payroll and Personnel Administration Policy, and
4. Implement the other recommendations related to documentation required by the Interlocal Agreement should the Village enter into a subsequent agreement with Palm Beach County.

Thank you for the opportunity to review and comment on the audit report findings and recommendations.

Sincerely,

A blue ink signature of Andrew D. Lukasik.

Andrew D. Lukasik
Village Manager