

PALM BEACH COUNTY

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: **10/21/2014**

Consent Regular
 Public Hearing

Department:

Submitted By: Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to approve:

Amendment No. 9 to the contract (R2004-1796) with Joseph Bergeron, Internal Auditor; extending said contract for two additional years ending on September 30, 2017, and revising the compensation package as recommended by the Audit Committee.

Summary: At its September 17, 2014 meeting the Internal Audit Committee unanimously approved recommending a two year extension of the Internal Auditor's contract. The Committee recommended revising the Internal Auditor's compensation package to convert his automobile allowance into base salary. After the across the board increase on October 1, 2014 and the conversion of the auto allowance, the Internal Auditor's salary will be \$161,499.80. The new contract expiration date is September 30, 2017. Countywide (PFK)

Background and Policy Issues:

The Internal Audit Committee conducted an evaluation of the County Internal Auditor at its September 17, 2014 meeting covering calendar year 2013. All five members submitted evaluations that included rating of nine skills along with written comments. Two members rated the Internal Auditor as "Meets and Exceeds Expectations;" two members rated the Internal Auditor as "Meets Expectations;" and one member rated the Internal Auditor as "Meets Expectations with Needs Improvement in two categories." Copies of the evaluations are attached to this agenda item. Future performance evaluations will be conducted each March for the calendar year just ended. The Audit Committee unanimously approved recommending an extension of the contract until September 30, 2017 and revising the compensation package to convert the automobile allowance into base salary. The previous amendment to the Internal Auditor's contract provided for adjustment consistent with general county employees, and the provision of automatic pay increase in the event the BCC provides for an across-the-board increase for general employees in its annual budget process.

Attachments:

Amendment No. 9 to contract (R2004-1796)
Annual Performance Evaluations (5) with cover memo from Chair of Audit Committee

Recommended by: Joseph Bergeron Internal Auditor 25 Sept 2014 Date

Recommended by: [Signature] County Administrator 10/3/14 Date

**Amendment No. 9 to Contract Between
Palm Beach County
And
Joseph Bergeron, Internal Auditor**

This amendment No. 9 dated October 21, 2014 to the contract dated August 17, 2004 (R2004-1796 as amended by R2005-1030 (5/17/05), R2006-0801 (5/2/06), R2007-0818 (5/15/07), R2008-0809 (5/6/2008), R2009-0795 (5/5/09), R2010-0800 (5/18/10), R2011-0939 (6/21/11) and R2012-0932 (6/26/12) between Palm Beach County, a political subdivision of the State of Florida, hereinafter referred to as "County", and Joseph Bergeron, hereinafter referred to as "Internal Auditor", an individual residing at 13689 Exotica Lane, Wellington, Florida 33414.

Witnesseth:

Whereas, the parties hereto have previously entered into an employment contract dated August 17, 2004 (R2004-1796 as amended by R2005-1030 (5/17/05), R2006-0801 (5/2/06), R2007-0818 (5/15/07), R2008-0809 (5/6/2008), R2009-0795 (5/5/09), R2010-0800 (5/18/10), R2011-0939 (6/21/11) and R2012-0932 (6/26/12); and

Whereas, the contract will automatically renew under the same terms and conditions unless terminated by either party in accordance with Section 5 of the employment contract; and

Whereas, the parties hereto desire to amend the contract to reflect these changes.

Now therefore, in consideration of the mutual covenants hereinafter set forth and for other such good and valuable consideration, the receipt of which the parties hereto expressly acknowledge, the parties agree as follows:

1. Section 1 of the employment contract is amended to read:

The County shall employ Joseph Bergeron (hereinafter "Internal Auditor") as the Internal Auditor of Palm Beach County pursuant to the Charter of Palm Beach County for a period of three (3) years beginning October 1, 2014 and ending September 30, 2017. The County shall pay the Internal Auditor a salary of \$161,499.80 per year plus any increase in salary in the same percentage as provided other County employees as determined by the Board of County Commissioners during its budget process, payable biweekly and a continuing contribution on behalf of the Internal Auditor into the NACO Deferred Compensation Program in the amount of 50% of the maximum basic contribution allowed by law exclusive of any catch-up provisions allowed by law. ~~In addition, the County shall pay the Internal Auditor a car allowance of \$550.00 per month.~~ The Internal Auditor will be reimbursed for business use of his personal vehicle only for travel outside Palm Beach County. This Agreement shall continue on the

same terms and conditions as herein provided for additional one year periods,
unless terminated by either party in accordance with Section 5 of this Agreement.

2. All other terms and conditions of the employment contract shall remain in full
force and effect.

This amendment shall be effective following execution hereof by the parties hereto.

In witness whereof, the parties hereto have set their hands and seal on the day set forth
above.

Attest:

Sharon R. Bock, Clerk & Comptroller

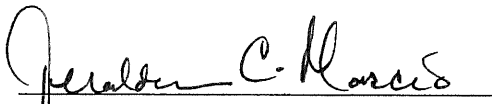
Palm Beach County, Florida
By Its Board of County
Commissioners

By: _____

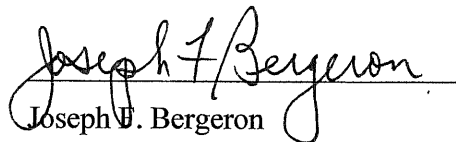
Priscilla Taylor, Mayor

Witness for Internal Auditor

Internal Auditor



Witness signature



Joseph F. Bergeron



Witness printed name

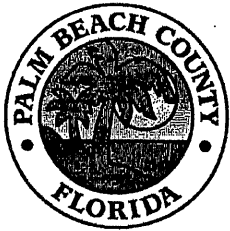
Approved as to form and legal sufficiency

Approved as to terms and conditions



Assistant County Attorney


County Administrator



Interoffice Memo

Date: September 24, 2014

To: Priscilla Taylor, Mayor and Members of the Board of County Commissioners

From: Mark Burger, Chair 
Palm Beach County Internal Audit Committee

Re: **Annual Performance Evaluation of County Internal Auditor and Recommendations on Contract Adjustments**

At its September 17, 2014 meeting the Internal Audit Committee conducted an evaluation of the performance of Mr. Joseph Bergeron the County Internal Auditor for calendar year 2013. The evaluation consisted of a rating form including written comments. The completed forms and comments are attached for your reference.

The evaluation form summarizes performance in six categories called Core Competencies and Other Considerations, and rates performance as either needs improvement, meets expectations or exceeds expectations. The majority of the evaluations were in the "meets expectations" rating. There were several ratings of "needs improvement" in the areas of implementing the annual audit plan, communication skills and goal accomplishment. There were also several ratings of "exceeds expectations" in the areas of initiative, communication skills, leadership and technical/professional knowledge. On balance, the Committee rated Mr. Bergeron as "meets expectations."

The Committee also considered several proposals for changes to Mr. Bergeron's employment contract. These proposals include extending the contract through September 30, 2017, converting the monthly auto allowance to base salary, and converting the deferred compensation contributions to base salary. The Committee discussed each proposal on its merits and in relation to Mr. Bergeron's performance evaluation and the economic impact to the county and taxpayers. The Committee unanimously decided to recommend the extension of Mr. Bergeron's contract through September 30, 2017 and the conversion of the auto allowance to base salary. The Committee unanimously determined that conversion of the deferred compensation contribution to base salary was not appropriate and could not be recommended.

Attachments:

Internal Auditor's Office
2300 North Jog Road
West Palm Beach, FL 33411
(561) 681-4480
FAX: (561) 681-4490
www.pbcgov.com/internalauditor

**Palm Beach County
Board of County
Commissioners**

- Priscilla A. Taylor, Mayor
- Paulette Burdick, Vice Mayor
- Hal R. Valeche
- Shelley Vana
- Steven L. Abrams
- Mary Lou Berger
- Jess R. Santamaria

County Administrator

Robert Weisman

"An Equal Opportunity
Affirmative Action Employer"

Official Electronic Letterhead

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through December 31, 2013

Archie Close Ljungqvist
Evaluator (Signature)

6-15-2014
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing		✓	
• Develop Comprehensive Annual Internal Audit Plan		✓	
• Develop Annual Risk Assessment		✓	
• Implement Annual Audit Plan			✓
• Perform Timely Special Projects as Requested			✓
Leadership/Judgment/Decisiveness			✓
Technical/Professional Knowledge			✓
Initiative			✓
Communication Skills		✓	
OTHER CONSIDERATIONS		N/A	
Goal Accomplishment			✓

Performance appraisal for County Internal Auditor

By *Sandra Chase Jusquet*

For Calendar Year 2013

Comments and/or Suggestions Regarding Performance:

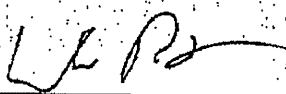
Mr. Berprow has responded to our request in a timely manner, in consideration of not being fully staffed. He is to be commended for completing the audits as planned.

Sandra Chase Jusquet
6/15/2014

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through December 31, 2013



Evaluator (Signature)
David Rosenstein

9/22/2014
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		X	
• Develop Annual Risk Assessment		X	
• Implement Annual Audit Plan	X		
• Perform Timely Special Projects as Requested			
Leadership/Judgment/Decisiveness		X	
Technical/Professional Knowledge			X
Initiative		X	
Communication Skills	X		
OTHER CONSIDERATIONS			
Goal Accomplishment	X		



PERFORMANCE APPRAISAL FOR THE COUNTY INTERNAL AUDITOR

BY: David Rosenstein June 27, 2014

Joe has the technical and professional knowledge needed to do his job effectively as well as a comprehensive understanding of his audit area – Palm Beach County. Given these attributes we should be seeing a world-class internal audit function for our management and citizens - but we are not. There are a number of reasons for this, some within control of the internal auditor and some outside his control. Below are observations of areas that need to be addressed:

Staffing

- Hire high quality staff to enable the department to complete the plan in a valuable and efficient manner
- Ensure succession planning is in place at all levels within the department
- Staff should be trained in the latest techniques to accomplish their jobs in compliance with rules and regulations

Technology

- Implement a plan to use technology as an enabler to increase the scope of internal audit work in an efficient and practical way
- Ensure that the staff is proficient in IT both from a perspective of auditing the business users of systems as well as how to audit the systems themselves.
- Since there is heavy reliance on automated and manual systems, the auditor should understand areas of controls and know how to audit within that environment. IT knowledge is a valuable necessity in this environment.

Provide Value

- Oftentimes it appears that audits are planned and conducted in a “bland” manner. The staff does not seem to be excited about the potential of strengthening controls and finding ways for the county to improve its efficiency and therefore save money. Where is the excitement? Being an internal auditor for Palm Beach County can provide a great way for a young professional to see and gain experience and knowledge of a large governmental organization. Sell that point and encourage staff to take advantage of their position.
- Because of this perceived attitude, some audit reports we review seem to represent a poor use of staff time. The work seems complete and the reports are well written. I assume the working papers are complete and properly reviewed.
- As a result of this perceived attitude, I doubt that many departments truly want to be audited, as they do not see the value in the final product – the audit report.

Going Forward


- From the planning phases (starting with identification of audit areas, risk assessment, planning etc.) generate an attitude amongst the staff that each audit selected will be one that has the potential of offering value to the county. Be a motivator and educator.

- The audit report should reflect value. If there are only minor findings that don't mean much in the long run. Briefly document, deliver and go on. Try to only prepare reports where at the end of the day both the auditor and customer can side opposite one another and believe that a good, valuable service has been done in the most unobtrusive way possible.
- Always consider the size of the county both in terms of dollar value as well as departments. Consider what is important to the citizens. If an audit turns out not to have critical findings, make the report brief and state there are no critical issues. If there are critical control issues or areas where money can be saved or generated, make it an important document that will be valued by the BCC, management and the Audit Committee.
- Optimize all that you can. Continuously think to yourself, how can we do this better than in the past?

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through December 31, 2013



Evaluator (Signature)

9-14-2014
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		✓	
• Develop Annual Risk Assessment		✓	
• Implement Annual Audit Plan		✓	
• Perform Timely Special Projects as Requested		✓	
Leadership/Judgment/Decisiveness			
Technical/Professional Knowledge		✓	
Initiative			
Communication Skills		✓	
OTHER CONSIDERATIONS			
Goal Accomplishment	✓		

Performance appraisal for County Internal Auditor
By NAM H. NGUYEN
For Calendar Year 2013

Comments and/or Suggestions Regarding Performance:

While I'm pleased with the changes taking place, especially with the paradigm shift and the challenges that the IA department faces, I'm a little impatient on the speed of the changes and the level of the productivity i.e. the audit projects that were not completed or cancelled within the annual audit period.

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through December 31, 2013

Alan H. Frimling
Evaluator (Signature)

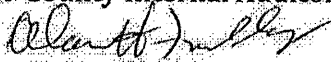
June 14, 2014
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		✓	
• Develop Annual Risk Assessment			
• Implement Annual Audit Plan	✓		
• Perform Timely Special Projects as Requested <i>underways</i>			
Leadership/Judgment/Decisiveness		✓	
Technical/Professional Knowledge		✓	
Initiative			✓
Communication Skills			✓
OTHER CONSIDERATIONS			
Goal Accomplishment		✓	

Performance appraisal for County Internal Auditor

By: Alan H. Friedberg

For calendar year 2013



Joe has made significant progress, despite funding and staffing issues:

1. Staff replacement/recruiting has resulted in an improved mix of qualified and currently trained auditors. However, I would still like to see a more focused continuing education plan devoted to the department's needs.
2. Increased focus on performance auditing with less devotion to compliance reviews. Each audit now includes a review of management's mission statement and performance measures. However, we need to start focusing on how well each auditee performs compared to benchmark measures not just internally developed assessments. Surveying auditee's clients is also an acceptable external performance measure.
3. Risk assessment has become an integral part of the annual plan and audit planning. However, I am sure Joe would agree that the risk assessment process continues to need improvement.

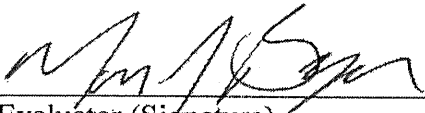
Changes recommended that continue to require attention:

1. Findings should attempt to estimate financial, operational, and risk consequences of non-compliance with recommendations.
2. Recommendations MUST address the underlying cause of the observation, even if it is politically embarrassing.

**PERFORMANCE APPRAISAL FOR
PALM BEACH COUNTY INTERNAL AUDITOR**

Internal Auditor: Joseph Bergeron

Rating Period: January 1, 2013 through December 31, 2013



Evaluator (Signature)

9/15/2014
Date

CORE COMPETENCIES	RATING (Check One)		
	Needs Improvement	Meets Expectations	Exceeds Expectations
Planning & Organizing			
• Develop Comprehensive Annual Internal Audit Plan		X	
• Develop Annual Risk Assessment		X	
• Implement Annual Audit Plan	X		
• Perform Timely Special Projects as Requested		X	
Leadership/Judgment/Decisiveness		X	
Technical/Professional Knowledge		X	
Initiative		X	
Communication Skills	X		
OTHER CONSIDERATIONS			
Goal Accomplishment		X	

Performance appraisal for County Internal Auditor
By Mark J Burger, CPA
For Calendar Year 2013

Comments and/or Suggestions Regarding Performance:

2013 proved to be a challenging year for the Internal Audit Department related to the development of the audit plan and the implementation of the plan as a result of events not under the control of the Internal Auditor and decisions made by the Internal Auditor. For example, when the audit manager decided to retire, Joe made the decision that he would be able to execute the audit plan without the additional level of management and oversight provided by the retiring audit manager. In fact, we learned that there was a need for an audit manager, as well as a need to have an additional set of eyes to review the audit work papers. The result was the need to request additional resources after the annual budget was approved from the BCC. I believe that the current staffing resulting from the decisions made has resulted in a stronger department which should be able to more effectively implement the current year's audit plan.

Joe has on a number of occasions makes comments during our meetings that seem to be made out of frustration and at times distracts from the discussion or issue being addressed. I believe that the comments distract from the work of audit department and of the Intern Auditor.

I believe that Joe's salary adjustment should be consistent with the provisions made in the contract related to the change in the County's salary for all county employees and the change in the index for the maximum contribution for deferred compensation under the Internal Revenue Code. I do not support any additional adjustments at this time.
