

PALM BEACH COUNTY

3FF-1

BOARD of COUNTY COMMISSIONERS

AGENDA ITEM SUMMARY

Meeting Date: October 8, 2024 [X] Consent [] Regular [] Public Hearing

Department: Submitted By: County Internal Auditor's Office

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to receive and file:

- A. Audit reports reviewed by the Audit Committee at its September 18, 2024 meeting as follows: 1. Report #2024-02 Housing and Economic Development / Mortgage and Housing Investments Division - Grants Management (Audit Work Plan #2023-03) 2. Report #2024-04 Office of Equal Business Opportunity / New Ordinance Implementation (Audit Work Plan #2024-03); and B. Audit Risk Assessment and Work Plan for FY 2025.

Summary: The County Code requires the County Internal Auditor to submit copies of final audit reports to the Board of County Commissioners (BCC) and the Internal Audit Committee. The County Code also requires the County Internal Auditor to submit an annual risk-based audit plan to the Internal Audit Committee for review and approval and submit to the BCC. At the September 18, 2024 meeting, the Internal Audit Committee reviewed the attached audit reports and approved the work plan for FY 2025. We are submitting these reports to the BCC as required by the County Code. Countywide (DB)

Background and Justification: County Code Section 2-463(e)(3) requires the County Internal Auditor to submit copies of final audit reports to the BCC and the Internal Audit Committee. County Code Section 2-463(f) requires the County Internal Auditor to submit copies of these reports as well as the approved audit work plan to the BCC. At its meeting on September 18, 2024 the Internal Audit Committee reviewed the attached reports and approved the FY 2025 work plan. We are submitting these reports to the BCC as required by the County Code.

Attachments:

- 1. Housing and Economic Development / Mortgage and Housing Investments Division - Grants Management (Audit Work Plan #2023-03) 2. Office of Equal Business Opportunity / New Ordinance Implementation (Audit Work Plan #2024-03) 3. Audit Risk Assessment and Work Plan for FY 2025

Recommended by: [Signature] September 4, 2024 County Internal Auditor Date

Recommended by: N/A County Administrator Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2025	2026	2027	2028	2029
Capital Expenditures					
Operating Costs					
External Revenues					
Program Income (County)					
In-Kind Match (County)					
NET FISCAL IMPACT	None				
# ADDITIONAL FTE					
POSITIONS (Cumulative)					

Is Item Included In Current Budget? Yes _____ No _____
 Does this item include the use of state funds? Yes _____ No X
 Does this item include the use of federal funds? Yes _____ No X
 Budget Account No.: Fund _____ Agency _____ Org. _____ Object _____
 Program Number _____ Revenue Source _____

B. Recommended Sources of Funds/Summary of Fiscal Impact:

No fiscal impact

A. Department Fiscal Review:

III. REVIEW COMMENTS:

A. OFMB Fiscal and/or Contract Administration Comments:

Lisa Mante 9/10/2024
 Budget/OFMB MD 9/10

Brandon Mack 9/13/24
 Contract Administration

B. Legal Sufficiency:

[Signature] 9/16/27
 Assistant County Attorney

C. Other Department Review:

 Department Director



Office of the County Internal Auditor
Final Audit Report
Report #2024-02
Issued July 12, 2024

**Housing and Economic Development
Mortgage and Housing Investments Division**

**Pre-Award and Post-Award
Grant Monitoring**

Stewardship – Accountability – Transparency

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MORTGAGE AND HOUSING INVESTMENTS DIVISION (MHI)
GRANTS MANAGEMENT
PRE AWARD AND POST-AWARD GRANT MONITORING**

REPORT #2024-02

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AUDIT OBJECTIVES AND CONCLUSIONS

We performed the audit to answer the following objective:

Did the Housing & Economic Development (HED) Department Director ensure grant-monitoring oversight was in place throughout the entire grant management process (Pre-Award, Award, Post-Award) for the period October 1, 2022 through March 31, 2023?

Except for Finding #1, the HED Department Director ensured grant-monitoring oversight was in place throughout the pre-award grant-management process.

Finding #2 indicates the HED Department Director did not ensure grant-monitoring oversight was in place for the post-award grant-management process.

Findings #3 and #4 are administrative and are department-wide issues. Finding #3 relates to the untimely removal of user-access to information technology (I/T) systems. Finding #4 relates to HED being unaware of the countywide requirement to provide copies of external audits to the Internal Audit Department.

In addition to the four findings discussed in the audit report, we noted three minor issues that we communicated to the Department Director in a management comment letter. These issues included misalignment with policies & guidelines, ensuring personal identifiable information (PII) remains properly secured, and post-grant monitoring for proof of insurance.

FINDINGS AND RECOMMENDATIONS

Finding #1: Estimated Annual Income Errors Not Detected

The Department's Mortgage and Housing Investments (MHI) Division performs monitoring under the pre-award and post-award grants. The Home Investment Partnership (HOME) and State Housing Initiatives Partnership (SHIP) programs provide subordinate mortgage financing to extremely low to moderate-income households in accordance with current annual limits for a Metropolitan Statistical Area (MSA). This funding is provided through HED to eligible applicants.

To be eligible to receive SHIP and HOME funds through HED, applicants are required to apply on the MHI Division's online portal under a Notice of Funding

Availability (NOFA). A NOFA, advertised for a housing and community program, outlines funding requirements according to the number of persons in a household and Area Median Income (AMI) categories. An applicant's eligibility for funding is based on estimated annual income.

Interpretation of how income is to be calculated is complex with many variables. MHI has designed excel spreadsheets with formulas that can be utilized by MHI staff.

The applicant review process is as follows: the MHI Division staff review an applicant's eligibility, which includes calculating annualized income for the 12 months following the determination effective date. This determination is reviewed and recalculated by a supervisor (senior planner), followed by the MHI Division Director's approval of the income certification for an applicant.

Condition

Of the 25 randomly selected approved applications for program funding, eight annual income calculations (32%) performed by MHI staff resulted in a higher/lower estimated annual income due to errors in the computation that were not detected in the review process.

Our recalculation of estimated annual income along with the staff resulted in the following:

- Three of eight applicants had wages originally calculated by MHI staff based on partial year wages rather than a full year. Income calculations based on Florida Housing Finance requirements computed to \$84,137.29 higher than MHI's computations for the three applicants with partial year wages allocated over a full year.
- One of eight applicants was paid twice a month (24 paychecks). MHI staff calculated the estimated annual income based on 26 paychecks. Annualized income based on Florida Housing Finance requirements computed to \$17,600 lower than MHI's calculation.
- Four of eight applicants had estimated annual income calculated based on the incorrect number of weeks remaining in the year. In addition, for one of the four, the income calculation used net payroll instead of the required gross payroll amount. Income calculations based on Florida Housing Finance requirements, utilizing the actual number of weeks remaining in the year, computed to \$38,306 lower than the MHI Division calculations.

Cause

In addition to cumbersome income calculations, the MHI Division Director indicated there is an urgency that requires the large volume of accepted applications to be divided up among staff to perform income-certification

within 4-6 weeks after submission. The income calculation process includes a supervisory review process that did not detect these income calculation errors.

Effect or Risk

Participation in the housing assistance program requires income certification which requires that if performed incorrectly, could change applicant's eligibility. Performing incorrect calculations could lead to overages, non-compliance and possibly ineligible expenses or corrective actions.

Criteria

A publication sponsored by both The Florida Housing Coalition and The Florida Housing Finance Corporation entitled "*Guidebook for SHIP Administrators*". Under Chapter 4, subsection entitled, "Income Qualification", refers to the income calculation process. Per the HUD Handbook 4350.3 Ch.3 & 5, it addresses how to calculate household income estimated to be earned in the next 12 months.

HED PPM EC-O-102, entitled "*State Housing Initiative Partnership (SHIP) Program Purchase Assistance Program Criteria*," provides guidance on requirements for minimum and maximum housing expense ratios and income eligibility.

Recommendations:

1. Department Director should ensure that management work with staff to identify common errors and create procedures to ensure applicant income calculations are accurately computed.
2. Department Director should work with supervisory staff to prevent and detect errors in the income calculation review process.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. MHI has made revisions to the income calculation process and will work to ensure training is completed when offered. We accept management's response for corrective actions. The accuracy of the income calculations and effectiveness of the newly implemented procedures will be confirmed during our follow up review.

Finding #2: Continuation of Property Ownership Not Being Confirmed

The Annual Residence Certification (ARC) also known as "Certification of Residency" is an annual request sent by MHI to homeowners who have second mortgages under SHIP and HOME. It requires the homeowner to sign and certify that they are residing at the property and the property is maintained in good condition.

According to HED policy, repayment is due in full if the property ceases to remain the principal residence of the buyer, or the property is sold, transferred or conveyed within the affordability period.

Condition

MHI did not send out the ARCs, on the mortgage anniversary date, requesting proof of occupancy. Of the 60 property owners reviewed, 57 (95%) did not have ARCs sent out. MHI made no "first" or "second" attempts to obtain ARCs, as required in the policy.

Of the 60 mortgages randomly selected, MHI Division was unaware of ten (17%) name changes/ownership interests on the Palm Beach County Property Appraiser's website. Changes for ten mortgages shown as active per MHI included three foreclosures from 2012 and 2013, and seven mortgage satisfactions.

Effect or Risk

The County mortgage includes a lien on the property title. If the property title were to change, the County should receive notification from the title company, but cash sales do not require a title search and HED may not be notified. However, HED management believes that with the current cost of property, that foregoing a title search, even with a cash sale, would be rare.

Not obtaining ARCs and not receiving critical documents that satisfy the mortgage make it difficult to properly track and report recaptured funds as required under SHIP.

Cause

MHI Division Director indicated there are 48 pages with 1,583 SHIP /HOME mortgages that require continuous monitoring. The division staff size and available resources do not permit time to send out ARCs and follow through on the receipt and monitoring of documentation.

Other HED divisions have no procedures to timely notify the MHI Division of mortgage events that would nullify the ARC requirement (death, foreclosures, divorce, mortgage satisfactions, etc.). Seven of the ten properties with

changes were satisfied and signed off by the Department Director as having received mortgage payoff. It is uncertain if MHI was notified or if MHI received notification but never updated the computer system.

Criteria – Annual Residence Certification

HED-MHI-O-001 entitled “*Annual Residence Certification (ARC) Process*” states, “Annual Residence Certificate shall be mailed to homeowners annually in their anniversary month.”

The SHIP Manual entitled “*State Housing and Initiative Partnership (SHIP) Program Overview and Procedures Manual*,” under Tracking and Reporting, states “program income and recaptured funds from loan repayments, reimbursements, foreclosures and other repayments and interest earned on funds deposited in the trust account must be systematically tracked.” HED is required to collect demographic information on each applicant to be included in the SHIP annual report, which is to include the number of foreclosed SHIP loans, Administrative expenses, Program income and recaptured funds.

PPM HED-MHI-001 entitled “*Annual Residence Certification (ARC) Process*” requires MHI to mail out ARC to homeowners annually in their anniversary month.

Recommendations:

3. Department Director should ensure that ARCs are requested and obtained from all active mortgage recipients. In addition, this should include:
 - Request timely notification by other HED divisions of mortgage events that would nullify an ARC requirement,
 - Educating staff on the significance of obtaining an ARC,
 - Enacting random spot-checks for changes of ownership in Palm Beach County PAPA website, and
 - Review of recipients’ files to ensure receipt of ARCs.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. We recognize the constraints the Department is working under, and appreciate their commitment to timely implementation of the recommendations and development of enhanced oversight policies.

MHI has developed a new ARC mailing process and will monitor its effectiveness. We accept management’s response for corrective actions

taken. We will confirm ARCs are requested and obtained for all active mortgage recipients during our follow up review.

Finding #3: IDIS Access Not Removed

The Department of Housing and Urban Development (HUD) software program is known as the Integrated Disbursement and Information System (IDIS). IDIS requires use of one or more multi-factor authentication methods which ties to an authorized user. This is the system used to report mortgage information to HUD on applicants awarded HOME funding.

To become an authorized user and obtain access, an "IDIS OnLine Access Request" form is executed by HED management to designate IDIS access. The HED Department Director approves the request, which is notarized and sent to HUD for approval. HUD provides approved user credentials for user access to the system. A similar process is required to remove access.

Condition

IDIS access was not removed for terminated HED staff. Of the 25 users on the IDIS list provided by the HED Finance and Administration Division Director, five (20%) were terminated employees still showing "active" as of December 21, 2023.

There are two categories of activity: Profile Status and Account Status Last Update. Of the five terminated employees:

- Two users showed active for "Profile Status" however, since they had not accessed IDIS for a period of time, the system automatically disabled them under "Account Status Last Update".
- One active user (previous Finance and Administration Division Director who retired on December 9, 2022), was still showing active in both "Profile Status" and "Account Status Last Update".
- One user was terminated from HED Finance Division on April 24, 2023.
- One user transferred from HED to another department on December 11, 2020, and was still showing active in both "Profile Status" and "Account Status Last Update".

In addition, IDIS is accessed via the internet (outward facing), which makes user access more difficult to control. Both the Palm Beach County Chief Information Security Officer (CISO) and Chief Information Officer (CIO) of the County's Information System Services (ISS) Department view an outward facing system as being "high risk".

No instances of unauthorized access to the system related to HED have been identified.

Cause

The department is decentralized so each division head is tasked with prompt removal of terminated staff. Finance and Administration Division had management turnover during COVID. The process in place did not ensure prompt removal of user access when staff terminated. Per HED Finance and Administrative Division Director, IDIS has had issues with the local HUD administrator's authority to remove staff when requested. In addition, there was no follow up by HED to confirm with HUD, that user access was removed.

Effect or Risk

Allowing terminated/transferred employees to maintain access to IDIS could lead to unauthorized use of HUD computing resources and/or inappropriate access.

Criteria

HED PPM HED-O-108 entitled "*Integrated Disbursement Information System*" states, "HED will maintain the security of IDIS, and the program and financial data contained in it." It also states, "If an individual is no longer authorized to have access, the relevant section manager will advise the Financial Administration and Loan Services manager to revoke access to IDIS."

Recommendations:

4. Department Director should ensure terminated employee user access is removed from IDIS system.
5. Department Director should develop and implement a process to ensure continuous monitoring, activation, and immediate deactivation of user access to IDIS. Process should include follow-up with HUD to confirm user access was terminated.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. Management has acknowledged the issue of deactivating users and has consulted guidance to resolve. We compliment the department for promptly addressing these recommendations. We will confirm the effectiveness of access and removal of IDIS users in a follow up review.

Finding #4: HED Not Notifying the Internal Audit Office of External Audits

Countywide policy requires departments to provide notification of Outside Audits, Response, and Corrective Actions to Internal Audit Report Recommendations to the County Internal Auditor's Office. The purpose of this policy is to ensure that corrective action has been implemented. The Internal Auditor also uses external audits in its audit planning process to prevent duplication of effort and to provide for effective risk evaluation at both the enterprise and at the individual engagement level.

Condition

During our planning efforts, we learned HED department officials had not previously provided Internal Audit (IA) with copies of external audits. After our conversation, HED department officials provided copies of three external audits completed between September 2022 and September 2023.

Cause:

The HED Department Director indicated that he was unaware of countywide PPM CW-L-029.

Effect or Risk:

IA was unaware of potential findings and recommendations, two of which were similar to those discussed in our current audit objective. IA also cannot therefore ensure that corrective actions have been implemented adequately and timely.

Criteria:

Countywide PPM CW-L-029 entitled "*Notification to County Internal Auditor's Office of outside Audits and Response and Corrective Action to Internal Audit Report Recommendations*" states, "Administrative Code Section 309.00 requires copies of all grant audit and monitoring reports to be provided to the Internal Auditor's Office and to the Office of Financial Management and Budget (OFMB)." The PPM also provides guidance for external audits to be sent to the IA to ensure that corrective action has been implemented.

Recommendations:

6. Department Director should implement procedures to ensure the Internal Auditor's Office is notified of all external audits and monitoring reports, including:

- notice of pending audits,
- audit reports,
- administrative responses,

- communication of significant changes to projected implementation schedule.

Procedures should be communicated to all affected staff.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. Management agreed to implement procedures to comply with reporting requirements. We accept management's response and will follow up to ensure a continued awareness and compliance.

Operational Strengths

In our review of the grant management process, we did note sufficient physical access control, facilitation of grant assistance, and adequate document reviews.

In our initial evaluation of the internal controls, we observed MHI is in a secured area requiring badge-access entrance only.

During COVID-19, MHI staff was tasked with assisting applicants with the transition from manual applications to online portals. This online process allowed residents continued access to grant opportunities.

The MHI Division processes a multitude of applications within a limited timeframe to determine whether to approve or deny applications, based on specific program requirements. Our test results confirmed all 25 randomly selected denied applications were found to have valid reasons for denial. In our review of accepted and denied applications, MHI ensured that no application was accepted outside the grant deadline requirements.

BACKGROUND

The Housing and Economic Development Department (HED) has had several prior audits over the years under different variations of its name: Department of Economic Sustainability (DES), Housing and Economic Sustainability (HES) Department, Housing and Community Development Department (HCD) and now Housing and Economic Development (HED).

We originally identified HED in the FY2022 Annual Risk Assessment as a “high-risk” department based on Internal Audit combined risk factors. These factors included the rankings of management input, grant revenue, operating budget, and number of years since the last audit. The Audit Committee approved HED for inclusion in the FY2023 audit plan.

As part of the internal control review process, we met with the HED Department Director and Senior Management to discuss grant management. From the information gathered in our meetings, we created a Business Process Narrative and assessment of related risk. We identified medium-high risks associated with the department’s grant management process. We discussed these risks with HED management to identify controls in place to mitigate the identified risks. Several of the higher rated risks were related to monitoring activities within the grant management process.

HED manages federal and state grants under the rules and regulations for each particular program. HED has a decentralized grant process that requires each HED Division to administer and monitor its own grant agreements under the program guidelines. Our audit objective incorporates the entire grant cycle (Pre-Award, Grant, Post-Award).

We conducted our fieldwork, which covered the pre-award and post-award grant process (MHI Division) both remotely and at the MHI office, during the period between June 16, 2023 and December 15, 2023. It consisted of a review of the grant-cycle monitoring processes that spans over four of the HED divisions that include the:

- Mortgage and Housing Investments Division (MHI)
- Capital Improvements, Real Estate and Inspection Services (CIREIS) Division
- Strategic Planning and Operations Division
- Financial Administration and Loan Servicing

In order to retain eligibility for a SHIP or HOME grant, the recipient has to maintain the property as their primary residence. MHI monitors this through yearly ARC documentation that is required to be returned by the recipient.

Due to the separation of divisional responsibilities, we concluded with the Department Director that we would provide two separate audit reports. This first report discusses issues on Pre-Award and Post-Award Grant Monitoring within the MHI Division. The second report will discuss Grant Monitoring of Community Development Block Grants (CDBG) Capital Projects within the CIREIS Division and CDBG Agreements under the Strategic Planning Division.

While HED is also responsible for the Workforce Housing application process, it was not included in our audit because the Office of Inspector General (IG) has it on its Annual Audit Plan.

AUDIT SCOPE AND METHODOLOGY - GENERAL

This report addresses the management and oversight of the grant monitoring process within the MHI Division.

To support our audit objective, our methodology included:

- Conducting an assessment of the HED Department to evaluate related risks, and identify associated controls.
- Reviewing PPMs, Guides, and Manuals relating to how “monitoring” is to be performed within the SHIP and HUD HOME programs.
- Interviewing key personnel at HED and ISS departments to evaluate the internal control process.

For the Pre-Award stage, we reviewed HED monitoring processes to identify a sample of grant applicants who applied for HOME, SHIP or Foreclosure Prevention funding between October 1, 2022 and March 31, 2023, by:

- Interviewing MHI staff to ensure HED monitored the application process.
- Verifying random samples of both accepted/approved and denied applications to ensure proper monitoring of the pre-award process took place as per government program guidelines.
- Evaluating processes and procedures in place.

For the Post-Award stage, we reviewed HED monitoring processes for a sample of SHIP/HOME mortgages that were in effect as of March 31, 2023, by:

- Confirming whether Annual Residence Certifications (ARCs) were sent out by HED in a timely manner on an annual basis.
- Confirming whether Annual Residence Certifications were returned back to HED with required documentation.

Our discussions focused on the audit objectives, the associated risks, and HED procedures in place to mitigate those risks. We considered areas of fraud as they related to our audit objectives and data reliance in our planning and in discussions with the Internal Auditor and HED management.

We also reviewed the grant-monitoring requirements for the applicable federal and state programs, along with county, departmental, and divisional policies and procedures.

AUDIT METHODOLOGY – DETAIL BY AUDIT FINDING

Finding #1:

We obtained a complete list of grant applicants (HOME and SHIP) who applied between October 1, 2022 and March 31, 2023 and randomly selected 25 approved applications. We observed MHI staff reperformance of income calculations for the 25 randomly selected approved applicants.

Finding #2:

We randomly selected 60 post-grant mortgage files and sat with MHI staff to review Calyx (system used to retain mortgage documentation for SHIP and HOME closings) to verify letters requesting Annual Residence Certificates were in each of the selected files.

Finding #3:

We requested both current employee list and terminated employee list from Human Resources (HR). We performed a comparative analysis between the HR lists and the IDIS administrator user-role list to determine if controls were in place to ensure terminated employee access was deactivated. We spoke with HED Finance & Administration Director as to whether or not terminated employee access was disabled from IDIS.

Finding #4:

We had discussions with HED management regarding notification to the Internal Audit Office of external audits per the Countywide PPM CW-L-029 requirement.

MANAGEMENT AND AUDIT RESPONSIBILITIES

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained.

Internal Audit is responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to perform, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.



David Zamora, CIA,CRMA,CFE,CGAP,CFI
County Internal Auditor
July 11, 2024

Internal Audit Report

Department of Housing & Economic Development Response

Finding #1: Estimated Annual Income Errors Not Detected

Internal Audit Office Recommendations:

1. Department Director should ensure that management work with staff to identify common errors and create procedures to ensure applicant income calculations are accurately computed.
2. Department Director should work with supervisory staff to prevent and detect errors in the income-calculation review process.

Staff concurs with Finding #1. Corrective actions have already been implemented and completed. MHI team revised its in-house income calculation sheet to only capture required information utilizing a standardized formula. MHI management team facilitated a training on the revised income calculation form with all division members. Additionally, all members of MHI attended either one or both, an Income Certification Training hosted by Florida Community Development Association (FCDA) in April 2024; and/or a Proficiency in Income Qualification Workshop hosted and facilitated by Florida Housing Coalition in May 2024. The MHI Division Director will continue to ensure that the team receive additional training when offered. Lastly, the errors made did not affect the eligibility of those served or the funding amounts awarded.

Finding #2: Continuation of Property Ownership Not Being Confirmed

Internal Audit Office Recommendations:

3. Department Director should ensure that ARCs are requested and obtained from all active mortgage recipients. In addition, this should include:
 - Request timely notification by other HED divisions of mortgage events that would nullify an ARC requirement,
 - Educating staff on the significance of obtaining an ARC,
 - Enacting random spot-checks for changes of ownership in Palm Beach County PAPA website, and
 - Review of recipients' files to ensure receipt of ARCs.

Staff concurs with Finding #2. Corrective actions have already been implemented and completed. Due to approximately 1,600 mortgages requiring an Annual Residence Certification (ARC) to be mailed, the MHI team has developed a new process by mailing the ARC on the anniversary month the applicants received assistance. With this new process, MHI team is mailing approximately 160 letters a month, which should allow time to conduct second mail-outs and follow-up when needed, at this time. Once three attempts has been made, a MHI team member will work with a FALS team member, to conduct an ownership and pay off search for those non-responsive applicants. If the applicant(s) are no longer owners nor have repaid the County, then the demand process will begin. The MHI Division Director has assigned a management team member to provide oversight on this task to ensure that the team adheres to follow through with the new process in a timely manner. As the County continues to assist more individuals and families, the number of ARC's required will increase. HED Director will continue to monitor the process to determine when additional staff may be needed to cover the workload, to ensure the process works as intended.

Finding #3: IDIS Access Not Removed

Internal Audit Office Recommendations:

4. Department Director should ensure terminated employee user access is removed from IDIS system.
5. Department Director should develop and implement a process to ensure continuous monitoring, activation, and immediate deactivation of user access to IDIS. Process should include follow-up with HUD to confirm user access was terminated.

Staff concurs with Finding #3. Corrective actions have already been implemented and completed. The Fiscal Director upon request obtained and offered the report listing users in IDIS. Due to staff turnover, remote working of Department of Housing & Urban Development (HUD) staff and the unique process for support for IDIS issues, this resulted in delays in updating the report. When HED's IDIS Administrator retired, we realized the issue and contacted HUD for support. Ultimately, we had to contract with a consultant for guidance on resolving the issue. Since then, HED is working with a consultant who provided guidance on the removal of terminated employees in the system and the reports are now kept up to date. The Fiscal Director is

aware of all staff commencing or departing from HED and will continue to ensure terminated employees user access is removed from IDIS in a timely manner. HED self-reported this as a concern, during the internal audit process.

Finding #4: HED Not Notifying the Internal Audit Office of External Audits

Internal Audit Office Recommendations:

6. Department Director should implement procedures to ensure the Internal Auditor's Office is notified of all external audits and monitoring reports, including:
 - notice of pending audits,
 - audit reports,
 - administrative responses,
 - communication of significant changes to projected implementation schedule.

Staff concurs with Finding #4. Corrective actions will be implemented upon our next audit or monitoring. The Director was unaware that the Internal Audit Office needed to be made aware of audits and monitorings being conducted by Florida Housing Finance Corporation (FHFC), HUD, the Office of Inspector General (OIG) and any other agency confirming compliance with the funding provided by their agency. HED Director will ensure the Department is following Countywide PPM CW-L-029.



Office of the County Internal Auditor
Final Audit Report
Report #2024-04
Issued July 16, 2024

Office of Equal Business Opportunity
New Ordinance Implementation

Stewardship – Accountability – Transparency

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NEW ORDINANCE IMPLEMENTATION AUDIT
REPORT #2024-04**

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AUDIT OBJECTIVES AND CONCLUSIONS

We performed the audit to answer the following objectives:

1. Did the OEBO Department Director ensure that data reported in the FY2019-2022 Annual Participation Report was accurate and complete, and that internal controls were in place to oversee the maintenance of an accurate contract and reporting system as required by the Equal Business Opportunity ordinance during the period from January 1, 2019, through September 30, 2022?
2. Did the OEBO Department Director implement procedures to ensure and monitor compliance with the Equal Business Opportunity Ordinance No. 2018-022 Part C Equal Business Opportunity Program during the period from January 1, 2019, through December 31, 2023?

As to the audit objectives above, we concluded:

The OEBO Department Director did not ensure that internal controls were in place to oversee the maintenance of an accurate contract and reporting system as required by the Equal Business Opportunity ordinance during the period from January 1, 2019, through September 30, 2022. As a result, we were unable to determine if the data reported in the FY2019-2022 Annual Participation Report was accurate and complete.

The OEBO Department Director did not implement procedures to ensure and monitor compliance with the Equal Business Opportunity Ordinance No. 2018-022 Part C Equal Business Opportunity Program during the period from January 1, 2019, through December 31, 2023.

In addition, we noted four issues of a minor nature that we determined did not rise to the level of audit findings but were reportable to management for their attention and possible action. We provided six suggestions for improvement for these issues including:

- Managing employee access to the County's electronic Contract Management System (eCMS)
- Uploading Schedule 2s into eCMS
- Implementation of procedures for complaints, and
- Improvements to the Request for Reconsideration process related to denied SBE applications.

We further address these issues in our Management Comment Letter.

FINDINGS AND RECOMMENDATIONS

Findings related to Objective 1 - Reporting

Finding #1 Supporting Details Do Not Match Totals in OEBO Annual Report

The Annual Participation Report for Fiscal Years 2019-2022 was presented by OEBO to the Palm Beach County Board of County Commissioners at a regular meeting on November 7, 2023.

Condition

The total payment amounts in the Annual Participation Report for Fiscal Years 2019-2022 are almost \$6.6 million more than the total payment amounts in the supporting details, and \$11,507 less than the subtotal payments in the report's Summary Attachments. In addition, the construction department payment totals in the Annual Report were \$74,444 more than the summary payment totals provided by OEBO.

The data presented in the Annual Participation Report reflects small, minority, and women-owned business enterprises (S/M/WBE) participation/utilization by fiscal year based on the total payments to both prime contractors and subcontractors.

For the FY 2019-2022 Annual Participation Report, the supporting payment details provided did not agree to the:

- overall totals,
- categorical subtotals, and
- one of the five construction departments' reported totals

Of 20 fiscal year tables (five tables for each fiscal year) in the Annual Participation Report, seven (35%) showed a variance as compared to the supporting payment detail.

Table 1 below outlines a comparison of the overall totals in the report against the supporting payment details for the seven fiscal year tables showing a variance over \$6.6M.

There were no variances identified in the overall totals for the other 13 of 20 fiscal year tables.

The overall totals for all four fiscal years were generated from the eCMS system on July 21, 2023.

Table 1
Overall Totals for Each Fiscal Year and By Program

Fiscal Year/ Program Table	*Annual Participation Report Tables (Overall Total) [run 7/21/23]	Support Payment Details (Overall Total) [run 8/29/23]	Variance Between Annual Report & Support Payment Details
FY2019 OSBA	\$ 225,268,521	\$ 223,043,661	\$ 2,224,860
FY2020 OSBA	179,100,014	176,409,714	2,690,300
FY2020 OEBO	110,440,426	110,433,514	6,912
FY2021 OSBA	135,488,154	134,747,136	741,018
FY2021 OEBO	171,656,574	171,068,282	588,292
FY2022 OSBA	94,158,510	94,156,138	2,372
FY2022 OEBO	222,944,177	222,521,978	422,199
TOTAL	\$1,139,056,376	\$1,132,380,423	\$ 6,675,953

*See attached **Appendix** for more detail.

Although OEBO was aware of the variances with the overall totals, these differences were not disclosed in the Annual Participation Report. OEBO noted that the support payment details were generated from the system on a different date (August 29, 2023), thereby causing the differences in the totals as eCMS is updated daily. These totals do not support all of the overall participation totals presented in the Annual Participation Report for Fiscal Years 2019 - 2022.

Annual Participation Report's Payment Subtotals (Summary Attachments):

Subtotals included in the annual report, also from July 21, 2023, are comprised of:

- exempt
- non-exempt
- prime or subcontractor
- small business (SBE)
- minority business (MBE)
- women-owned (WBE)
- non-small business

These subtotals are the basis of the overall totals presented in the annual report for each of the four fiscal years (2019-2022).

Eight payment amounts for five categorical subtotals presented in the 'Summary Attachments' to the Annual Participation Report for Fiscal Years 2019 and 2021 did not match the corresponding subtotal amounts shown in the report. The overall report total of \$11,507 was higher than the participation totals outlined in the Summary Attachments to the report. See *Table 2* below.

Table 2
FY Category Subtotals

Fiscal Year/ Program Table	Subtotal Category	*Annual Participation Report Table (Subtotal) [run 7/21/23]	*Summary Attachment To Annual Report (Subtotal) [run 7/21/23]	Variance Annual Report to Summary Attach. Report
FY2019 <i>Exempt/ Non- Exempt Combined</i>	SBE, SUB	\$16,733,759	\$16,745,265	(\$11,506)
	WBE, SUB	2,118,932	2,119,729	(797)
	Non-SBE, SUB	2,757,286	2,744,983	12,303
FY2019 <i>OSBA & OEBO Combined</i>	SBE, SUB	16,725,806	16,737,312	(11,506)
FY2021 <i>Exempt/ Non- Exempt Combined</i>	MBE, Prime	11,752,338	11,754,138	(1,800)
	Non-SBE, SUB	19,130,530	19,128,731	1,799
FY2021 <i>OSBA & OEBO Combined</i>	MBE, Prime	10,291,709	10,293,509	(1,800)
	Non-SBE, SUB	19,128,473	19,126,673	1,800
TOTAL		\$ 98,638,833	\$ 98,650,340	
Total Variance				(\$11,507)

There were no categorical subtotal variances identified for Fiscal Years 2020 and 2022.

*See attached **Appendix** for more detail.

Department (Construction) Payment Totals:

Included in the Annual Participation Report are the participation payments by department across all industries for each of the fiscal years. The payment total for one of the construction departments in the Annual Participation Report for Fiscal Year 2022 did not match the supporting summary payment total provided by OEBO; resulting in a variance of \$74,444. See *Table 3* below. The annual participation report and the supporting summary payment totals were both generated from the eCMS system on July 21, 2023.

Table 3
FY Department Participation Totals

Construction Department	Fiscal Year	*Annual Participation Report Total (run 7/21/23)	OEBO Summary Payment Total (run 7/21/23)	Variance
Facilities (FDO)	2022	23,539,728	23,465,284	(74,444)
Total Variance				\$ (74,444)

*See attached **Appendix** for more detail.

Effect or Risk

Inaccurate and/or incomplete data cannot be relied upon for making business decisions. Not disclosing differences or errors in the data obstructs transparency. Including all relevant information promotes credibility and prevents misinformation which may help stakeholders draw accurate conclusions.

Cause

Overall Totals (*Table 1*):

The Annual Participation Report was generated on July 21, 2023, and distributed on August 8, 2023. The support payment details report were generated 39 days later on August 29, 2023. The data appearing in both reports came from the eCMS system, which is updated daily. OEBO management confirmed hard cut-off dates are not used for capturing data in the report.

Due to the report's support payment details not being generated at the same time as the reported overall totals (August 29 and July 21, respectively), payment activity that occurred between the time that each was generated most likely contributed to the variances in the totals.

Category Subtotals (Table 2) and Department Totals (Table 3):

As of issuance of this report, OEBO management could not provide the specific payment transaction details that comprised each of the variances identified with regards to categorical subtotals (*Table 2*) and the construction department total (*Table 3*). OEBO management attributes these variances to be related to subsequent payment adjustments by the construction departments.

Prior to issuance of the Annual Participation Report, a reconciliation was not performed to identify any variances between the reported participation totals and the support payment details (*Table 1*) and between the reported categorical subtotals (*Table 2*), as well as variances between the departmental annual participation totals and related summary payment totals (*Table 3*).

Criteria

United States Government Accountability Office entitled "*Internal Control Standards*", under the Control Environment: Commitment to Competence, indicates:

- Management regularly relies on financial and programmatic data from its systems for decision-making purposes and performance evaluation,
- Management discloses all financial and programmatic information needed to fully understand the operations and financial condition of the agency, and
- Personnel do not submit inappropriate or inaccurate reports to meet targets.

Department PPM OEBO-R-002 entitled "*Quarterly, Semi-Annual and Annual Reports*," states under Procedures: "It is the responsibility of each section to ensure that all information is current and accurate prior to submission to the Director or Manager."

Recommendations:

1. The Department Director should ensure reported participation payment information is supported to confirm accuracy and completeness. More specifically:
 - Overall reported totals match corresponding total supporting payment details,
 - Reported categorical subtotal amounts match corresponding subtotals in the report's summary attachment, and

- Construction departments reported totals match corresponding department totals in the supporting payment details.
2. The Department Director should implement procedures to ensure reported totals are accurate and complete, which include:
- Reconciling overall totals with corresponding subtotals and supporting payment detail,
 - Use of hard cut-off dates to capture and report participation data, and
 - Disclosure of variances between reported amounts, subtotal amounts and supporting detail.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. The report discrepancies have been acknowledged and the department has begun to review and update their reporting process to include: reports generated the same day, hard cut off dates, a reconciliation report, and disclosures.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #2 Reconciliation between Accounting System and Contract Management System Not Performed

The County's accounting system is Advantage. Payment information related to contracts with specific document codes in Advantage are automatically imported daily into the County's electronic Contract Management System (eCMS). The Information Systems Support (ISS) Department receives an automated notification of successful completion of daily imports from Advantage to eCMS.

The Clerk and Comptroller's Finance Department (Clerk's Office) oversees the County's accounting records in Advantage.

Condition

Of the four fiscal years presented in the Annual Participation Report, Fiscal Year 2022 was selected for further review. The overall total participation payment amount shown in the report for FY 2022 was \$559,860,619.

Fiscal Year 2022 vendor payments in Advantage could not be vouched to the FY 2022 payment total shown in the Annual Participation Report or to ISS' payment report for FY 2022.

The Clerk's Office provided a FY 2022 disbursement report from Advantage that totaled \$2,201,695,543 (\$1,319,448,650 when excluding payments to constitutional offices which do not apply). OEBO has not been able to provide a report from the accounting system that agrees to the Annual Participation Report's FY 2022 total.

The ISS Department provided a report of Fiscal Year 2022 prime contractor payments, related to all accessible contracts in the eCMS system, which totaled \$598,919,944 and it does not match the Annual Participation Report's FY 2022 total.

Effect or Risk

There is no assurance that all applicable payment amounts were imported into the eCMS system, and thus all contract payment information included in the Annual Participation Report is complete.

Cause

Periodic reconciliations between the two systems (Advantage and eCMS) are not being performed to confirm all applicable payment information in Advantage is imported to eCMS as expected. OEBO staff was unaware that the County's reconciliation policy (PPM CW-F-017) applied.

According to the ISS Enterprise Applications Project Manager, eCMS may not include all payment records in the Clerk's disbursement report, as only payments linked to specific Advantage document codes, as denoted by OEBO, are imported into eCMS from Advantage.

Further, the parameters for identifying applicable payments in Advantage have not yet been communicated to the Clerk's Office by OEBO or ISS.

Criteria

Countywide PPM CW-F-017 entitled "*Reconciliation of Departmental Accounting Records to the County's Financial System Records*," states: It is the responsibility of the originating department to perform monthly reconciliations between their records and the records maintained in the County's financial system.

The United States Government Accountability Office's Internal Control Standards entitled "*Internal Control Management and Evaluation Tool*," August 2001, under Control Activities, indicates that control activities should

occur at all levels and functions of the agency; and include a wide range of activities, such as reconciliations. In addition, common categories of control activities are reconciliations of summary information to supporting detail and checking accuracy of summarization of operation. It further indicates under Completeness Control that reconciliations are performed to verify data completeness.

Recommendations:

3. The Department Director should coordinate with ISS to ensure the two systems are periodically (at least annually) reconciled to confirm all applicable payment information in Advantage has been imported into eCMS.
4. The Department Director should ensure all applicable payment parameters are communicated to, and documented with the Clerk's Office, to refine the Advantage Financial System report for comparison to the OEBO Annual Participation Report.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. OEBO stated they are engaging with the Clerk's and ISS offices to establish system reconciliation.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #3 Required Schedules Missing in eCMS

Schedule 2s (Letter of Intent) and Schedule 4s (Payment Certification Form) are to be obtained/uploaded by departments into the eCMS. These forms are used to verify payments from the prime contractor to the subcontractor. The amount the prime contractor agrees to pay a subcontractor are in the Schedule 2s, and the actual amount paid by the prime contractor to a subcontractor are in the Schedule 4s.

The County has five construction departments which are: Water Utilities (WUD), Airports, Engineering, Facilities, and Environmental Resource Management (ERM).

Condition

We reviewed a sample of 30 contractor payments, of which 20 (66%) were payments to subcontractors. Of the 20 subcontractor payments, Schedule 2s

for 12 (60%) and Schedule 4s for eight (40%) could not be provided by the departments or located in eCMS.

While WUD enters Schedule 2 and 4 data into their Capital Improvement Project (CIP) system, Schedule 2s and notarized Schedule 4s are not transferred or uploaded into eCMS. As a result, notarized documents verifying payments are not being uploaded into eCMS.

Effect or Risk

Without the required schedules, we are unable to confirm that subcontractors are paid as required by the EBO Ordinance and Florida prompt payment laws, and unable to confirm SBE participation goals are met.

Cause

Staff at the five construction departments indicated they either did not remember to or were not clear on the requirements to upload Schedule 2s and 4s into eCMS. Management and staff at the construction departments also indicated they are not clear on requirements for obtaining/uploading schedules into eCMS. For example,

- WUD (Deputy Director) indicated they were unaware of the requirement to upload these schedules into eCMS, although they maintain these documents.
- Engineering staff holds that certain contracts do not require obtaining Schedule 2s and 4s.

OEBO Department Director agreed that departments need to be retrained on requirements for providing Schedule 2s and 4s into eCMS. OEBO management indicated that although they have provided training to departments on uploading schedules into eCMS, some departmental staff tasked with this responsibility did not participate in training when it was offered.

In addition, the countywide PPM CW-O-043 is silent on the Capital Improvement Project (CIP) application used by WUD for tracking capital project information and its use to upload schedule 2 and 4 data into eCMS.

Criteria

Palm Beach County's Equal Business Opportunity (EBO) Ordinance No. 2018-021, Section 2-80.27, entitled "*Affirmative Procurement Initiatives*" states: "County contracts with Prime Contractors shall include clauses requiring Prime Contractors to pay Subcontractors in compliance with Florida prompt payment laws, and such clauses shall mandate that in the event of a Prime

Contractor's non-compliance regarding such payments, the Prime Contractor shall be subject to any penalties and sanctions available under the terms of the EBO Ordinance, its contract terms with the County, or by law."

Countywide PPM CW-O-043 entitled "*Small/Minority/Women Business Enterprise (S/M/WBE) Utilization for the procurement of Goods and Services, Including Construction Related Goods And Professional Services*" under Section 6.4 entitled 'Required Schedules' for:

- 'Schedule 2 -Letter of Intent' indicates a completed Schedule 2 is a binding document between the Prime Contractor/consultant and a Subcontractor/sub consultant, and all named subcontractors/ sub consultants on the form must also complete and submit a separate Schedule 2. Failure to submit a properly executed Schedule 2 may result in no S/M/WBE participation being counted.
- 'Schedule 4 -Payment Certification Form' indicates a fully executed Schedule 4 shall be submitted for each subcontractor/sub consultant after receipt of payment from the Prime Contractor/consultant. The Prime Contractor/consultant shall submit this form with each payment application or invoice submitted to the County when the County has paid the Prime Contractor/consultant on the previous payment application for services provided by Subcontractor/sub consultant.

Recommendations:

5. Construction Department Directors should ensure Schedule 2s and 4s are uploaded into the contract management system (eCMS) as required.
6. The OEBO Department Director should ensure departments are made aware of requirements to upload Schedule 2s and 4s into eCMS, which include:
 - Updating countywide PPM CW-O-043 to address departmental requirements for obtaining/uploading Schedule 2s and 4s into eCMS including the use of CIP by WUD.
 - Periodically (at least annually) re-train departments on requirements for obtaining/uploading Schedule 2s and 4s into eCMS.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. OEBO is updating policies and procedures regarding obtaining and uploading required documents. The department plans to continue with current and retraining efforts.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #4 Quarterly and Semi-Annual Reports Not Prepared

Data presented in the annual report is derived from the information captured in the quarterly and semi-annual reports.

Condition

Semi-annual performance reports for 2019 through 2022, showing the S/M/WBE participation achieved through completed contracts, were not prepared.

Quarterly reports could not be obtained from the Purchasing department or five construction departments that identified S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.

Effect or Risk

Without tracking the reporting performance of Prime Vendors, it could not be determined if Prime Contractors are meeting SBE goals for their subcontractors or if compliant with countywide PPM CW-O-043.

Cause

Systems (electronic or manual), necessary to capture and report participation data for semi-annual reports were not developed and fully functional until August 2023. Due to waiting on eCMS to be fully functioning for reporting purposes, the preparation of semi-annual reports was delayed. In addition, for quarterly reports, it was confirmed that OEBO management did not communicate the quarterly report requirement or request quarterly reports from the departments. OEBO has worked and continues to work with ISS to resolve eCMS reporting issues and enhance its capabilities.

Criteria

Countywide PPM CW-O-043 entitled "*Small/Minority/Women Business Enterprise (S/M/WBE Utilization for the procurement of Goods and Services, Including Construction Related Goods and Professional Services,*" under Section 6.4 entitled '*Program Monitoring, Tracking, and Measurement,*' indicates the Office of EBO shall prepare semiannual performance reports on S/M/WBE participation achieved on completed contracts as a means of reporting performance. In addition, the PPM indicates that the Purchasing Department and all construction departments shall submit a quarterly report

to the Office of EBO identifying the S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.

Recommendations:

7. The Department Director should ensure that required semi-annual performance reports are prepared, and quarterly reports are obtained that identify S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.
8. The Department Director should communicate to the Purchasing Department and all construction departments the requirement to submit to OEBO quarterly reports that identify the S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. While the department plans to purchase compliance software to streamline tracking and reporting of county contracts, we also emphasize regular communication with the purchasing department, construction departments, and with ISS.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Findings related to Objective 2 - Ordinance Compliance

Finding #5 Annual Reporting Not Completed As Required

Condition

During the first five calendar years (2019 through 2023) of implementation of the EBO Ordinance, a single report was issued that covered FY 2019 – 2022 period. The ordinance was effective January 1, 2019. The FY 2019 reported information therefore did not include data for the first quarter of FY 2019 (October 1 – December 31, 2018). The report was presented to the County’s Board (BCC) at their regular meeting on November 7, 2023. It was issued and distributed to County Administration (and department heads) on August 8, 2023. A second report for FY 2023 was subsequently distributed and presented to the County Board (BCC) at their meeting on January 30, 2024.

System reporting issues that delayed issuance of an annual report were not communicated to the BCC and the public.

Effect or Risk

Program effectiveness cannot be determined and monitored without timely reporting of SBE participation information.

Cause

Available information technology systems did not have the reporting capabilities needed to generate an annual report until Fiscal Year 2023.

OEBO worked with the County's Information Systems Services (ISS) Department to query SBE data from the eCMS system and build reporting capabilities that previously did not exist. Further, OEBO indicated that reporting delays were due to system limitations that required assistance from ISS to resolve. Work Order information provided by ISS showed a total of 62 eCMS enhancement requests from OEBO during calendar years 2021 (1), 2022 (26), and 2023 (35).

Criteria

Palm Beach County's Equal Business Opportunity (EBO) Ordinance No. 2018-021, Section 2-80.28 entitled *Program Administration* under Reporting Requirements-Office of EBO indicates that no less than on an *annual basis*, the Director of EBO or designee shall report to the County Board and County Administrator on the implementation of the program, and as data becomes available, progress on achieving goals and objectives of the EBO ordinance and effectiveness of the program.

Recommendations:

9. The Department Director should ensure reports are provided to the BCC no less than annually as required by the EBO Ordinance.
10. The Department Director should continue to work with ISS to ensure reporting systems support the issuance of sufficient and timely reports as required.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. While the purchase of compliance software is proposed, we emphasize monitoring and management of the reporting process to ensure compliance. OEBO will also work with ISS to ensure reports are run and capture the required data.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #6 PII Not Redacted on Stored Application Documents

To become a certified small, minority, or women-owned business enterprise (S/M/WBE) with the County, OEBO requires applicants provide tax returns and other documents, such as birth certificates that contain Personal Identifiable Information (PII).

Documents collected from SBE applicants are maintained by OEBO in two information systems, Cinema (outward facing) and in OEBO Admin Portal (county internal system).

Condition

PII is not redacted on all applicant documents prior to being stored/filed both in Cinema (public facing) and in OEBO Admin Portal (internal to county employees with access). OEBO management confirmed they do not need or use social security numbers for processing SBE applicants.

We observed stored documents with un-redacted PII as follows in both Cinema and OEBO Admin Portal:

- Cinema- Individual's name combined with social security number (SSN) [1 document], and individual's name combined with birth certificate and bank account information [1 document].
- OEBO Admin Portal- Individuals' names combined with SSN [2 documents].

The extent of documents currently maintained in Cinema and in the OEBO Admin Portal with un-redacted PII is unknown. There are thousands of documents being stored going back several years.

Once the County Administrator was advised (3-28-2024), direction was given to ISS and OEBO staff to immediately address the PII in the outward facing system (Cinema) and to protect the PII in the inward facing system (OEBO Admin Portal).

ISS confirmed on May 21, 2024, that public access to OEBO documents through Cinema was deactivated.

Effect or Risk

Unauthorized disclosure of PII creates a vulnerability that could be exploited and is a violation of Florida State Statute Section 119.071(5) (a) 5.

Cause

The department's internal procedures (OEBO-O-004) or OEBO Specialist Onboard Training documents did not provide structured guidance for staff to redact PII before scanning documents into Cinema and/or the OEBO Admin Portal.

OEBO management indicated un-redacted PII was an oversight by the specialist who prepared those files for scanning, and that there is a disclaimer in the SBE application notifying applicants that submitted applications will become public record. However, OEBO does not advise applicants to redact unneeded PII prior to submitting application documents.

The Palm Beach County Attorney's Office indicated that although the Small Business Enterprise (SBE) application notifies applicants that submissions become public record, applicants are not specifically being asked to consent to the sharing of their SSN. Further, given these conditions, SSNs should be redacted and not available for viewing.

Criteria

Florida State Statute, Chapter 501, entitled "*Consumer Protection*", under section 501.171 entitled "*Security of Confidential Personal Information*" indicates that names in combination with other confidential personal information should be reasonably protected and secured.

Countywide PPM CW-O-059, entitled "*Palm Beach County IT Security Policies*," under Chapter 11, entitled "*Data Security (Restricted Information)*," section 11.2 entitled "*Policy Overview*" cautions categories of data or information classified as "sensitive" or "confidential" are exempt from public records laws.

Recommendations:

11. The Department Director should ensure that PII, including social security numbers, is immediately redacted on all application paperwork stored by OEBO.
12. The Department Director should develop written procedures on PII redaction and communicate to staff. These procedures should include: advising applicants to redact unneeded PII from documents before submission to OEBO, and for OEBO management and staff to verify PII is redacted on submitted documents prior to storing.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. OEBO management is revising its internal policies and provide staff training on uploading precautions. While a notice to vendors will be placed regarding redaction of PII, specific instruction regarding needed information should be balanced with operational needs.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #7 All Documents Related to Required Ordinance Activities are Not Available

Condition

Documentation was not provided to verify compliance with the EBO Ordinance for the following required activities:

- Technical Assistance Referrals: none (not tracked)
- Approval/denial notification letters sent to SBE applicants (certification/recertification): For 16 of 60 sampled (27%).
- External training events conducted: For 4 of 15 events (27%).
- Internal training events conducted: For 2 of 10 events (20%).
- SBE application denial letters sent (original): For 3 of 11 (27%) requests for reconsideration.

Effect or Risk

Without documentation available that shows completion of the above activities, OEBO does not have a record that supports compliance of activities required by the EBO Ordinance.

Cause

There are no departmental procedures on how and where to retain relevant documentation. OEBO management indicated that some of the data may have been stored on hard drives of former employees. In addition, the OEBO manager indicated Technical Assistance Referrals are not tracked (documented).

OEBO management indicates that staff kept their own records of internal and external training events, which are not maintained in a centralized location (i.e., shared drive) that is easily assessable. Moreover, OEBO has contacted ISS in an attempt to retrieve documents possibly saved on former employee's individual hard drives.

Criteria

Palm Beach County's Equal Business Opportunity (EBO) Ordinance No. 2018-021, Section 2-80.20 entitled "*Policy, Purpose, and objectives*" indicates that the Office of EBO shall have primary oversight responsibility in the administration of the EBO Program.

United States Government Accountability Office's Internal Control Standards entitled "*Internal Control Management and Evaluation Tool*," dated August 2001, under Control Activities indicates all transactions and other significant events are clearly documented. In addition, it also indicates written documentation exists for all transactions and significant event, is readily available for examination, and is complete and accurate. Further, documentation is useful to managers in controlling their operations and to any others involved in evaluating or analyzing operations, and all documentation and records are properly managed, maintained, and periodically updated.

Recommendations:

13. The Department Director should ensure staff adequately document Performance/completion of required EBO ordinance activities.
14. The Department Director should implement the use of a centralized filing system and develop related procedures (and communicate them to staff), which include monitoring to ensure relevant documents are being maintained.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. Staff is being instructed on proper documentation procedures. While a centralized filing system will be implemented, procedures must include monitoring efforts to ensure proper file maintenance.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #8 API Monitoring on Active County Contracts Not Documented

Condition

While staff indicates they do monitor active contracts, documentation was not provided to demonstrate compliance with monitoring for Affirmative Procurement Initiative (API).

OEBO management indicated they believe that integrity reports generated by the eCMS system and periodically sent to contracting departments provide sufficient monitoring of contracts. These integrity reports do not however, have aging capabilities to monitor the timeframe of unresolved issues. Items appearing on an integrity report will continue to appear on each new report without indicating length of time the issue has been outstanding and unresolved.

Effect or Risk

As a result, monitoring of API compliance cannot be confirmed, and accurate information in eCMS cannot be verified. Without documented monitoring, OEBO may not be made aware of contracts not meeting established API goals. Without an aging component on the report, contracting departments and OEBO may be unable to timely detect issues on the integrity report that have been outstanding and unresolved.

Cause

OEBO management indicated primary responsibility for monitoring is on the lead contracting department. Further, they indicated monitoring by OEBO staff does not need to be documented as this would create an unnecessary burden.

According to ISS, the eCMS integrity report was never designed to include an aging capability, and thus, does not currently have this feature.

Criteria

Palm Beach County's Equal Business Opportunity (EBO) Ordinance No. 2018-021, Section 2-80.28 entitled "*Program Administration*," under Compliance Responsibilities state "The Office of EBO, along with contracting staff of each County department, shall monitor compliance with these EBO Program requirements during the term of the contract." In addition, under Office of EBO Duties and Responsibilities, it states "At a minimum, the Office of EBO shall...oversee the maintenance of an accurate contract performance and compliance reporting system."

Recommendations:

15. The Department Director should ensure monitoring activities of API compliance on active county contracts is documented.

16. The Department Director should implement procedures to ensure active County contracts are monitored for compliance as required. Procedures should include capturing the age of issues for resolution such as those items that appear on eCMS integrity reports.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. Department management agreed to create a monitoring log which is part of the new compliance software. While the proposed software may help to improve the reporting process, adequate monitoring by staff will be needed to ensure effectiveness.

We agree with the proposed actions and will follow up to confirm adequate resolution.

Finding #9 Materials on How to Submit Complaints of Alleged Policy Violations Not Distributed

Condition

OEBO does not distribute educational materials to inform Palm Beach County (PBC) contractors and vendors of procedures to submit a complaint alleging violation of the EBO ordinance policy. OEBO management indicated that this educational information is not published in writing, but that they do tell people how to report EBO Ordinance Violations as part of the external training provided by OEBO.

Effect or Risk

Vendors, citizens, or other PBC staff may not be aware of procedures to report an alleged EBO Ordinance policy violation. OEBO and/or relevant authorities may not be aware of possible ordinance violations.

Cause

OEBO management indicated they believe that verbally informing people of how to report alleged EBO ordinance policy violations is sufficient to meet the ordinance requirement.

Per the PBC County Attorney's office, "The words 'distribution' and 'materials' suggest tangible documents or multimedia".

Criteria

Palm Beach County's Equal Business Opportunity (EBO) Ordinance No. 2018-021, Section 2-80.24 entitled "*Commercial nondiscrimination policy*," under Policy Implementation indicates that OEBO should implement this policy by periodically conducting outreach, and distributing educational material to the County's contracting and vendor community and related trade associations to advise of procedures to be followed in submitting complaints alleging violations of the nondiscrimination policy in the EBO Ordinance.

Recommendations:

17. The Department Director should ensure educational materials advising of procedures to submit complaints of alleged violations of the Ordinance's policy are distributed to the County's contractor and vendor community.
18. The Department Director should discuss with the PBC County Attorney's Office appropriate methods for complying with the ordinance requirements for distribution of educational materials regarding how to submit complaints of alleged policy violations.

Management Comments and Our Evaluation

In replying to the draft of this audit report, the Department Director agreed with the finding. OEBO management proposes to create a customer feedback complaint card and complaint form for distribution on website. Awareness of what constitutes a violation and required procedures must also be included in OEBO's proposed actions to help sufficiently educate the public on the EBO ordinance and its contents.

We agree with the proposed actions and will follow up to confirm adequate resolution.

BACKGROUND

As of January 1, 2019, the Office of Small Business Assistance (OSBA) became the Office of Equal Business Opportunity (OEBO).

The Palm Beach County Board of County Commissioners (BCC) adopted the Equal Business Opportunity (EBO) Ordinance on October 16, 2018, Ordinance No. 2018-021, establishing the County's Equal Business Opportunity Program. The new program was based on a 2018 Disparity Study (Study) completed by Mason Tillman Associates, Ltd. The EBO Ordinance became effective January 1, 2019, for a period of five years, and

absent an amendment or reauthorization by the Board, the ordinance would sunset on December 31, 2023.

The Office of Equal Business Opportunity (OEBO) strives to ensure that local small businesses have an equitable opportunity to participate in the County's procurement process. Their purpose is to work with other County Departments to provide support and technical assistance while promoting the economic growth, expansion, and increased productivity of small, minority, and women-owned business enterprises (S/M/WBE) in accordance with the established ordinance, policies, and guidelines.

OEBO is responsible for monitoring conditions affecting local small businesses that can provide goods and services to the County, thus creating an environment that encourages their sustained growth and development.

The Department informs the community of the benefits of S/M/WBE certification through outreach events within the community, assists, reviews, and verifies vendor certification applications, and reports participation of S/M/WBE certified businesses in Palm Beach County (PBC) contracts.

OEBO operates with an annual budget of \$1.7 million and approximately 12 staff that include six Small Business Development Specialists tasked with monitoring API compliance for ongoing PBC Contracts and processing SBE certification applications received from vendors. For 2023, staff processed approximately 108 new vendor certifications and 155 re-certifications.

An audit of the EBO Ordinance Implementation and Reporting was originally approved in the Internal Audit FY 2021 Work Plan. The audit was engaged, but later suspended on January 6, 2022, by the Internal Auditor's Office when it was determined that OEBO had not yet reported SBE usage to the Board as required by the EBO Ordinance, as there were no reports available for review. As OEBO issued its first report, the EBO Ordinance Implementation and Reporting audit was added and approved in the Internal Audit Work Plan for FY 2024.

Internal Audit Office has not conducted any other audits of OEBO Department.

Fieldwork for this audit review was conducted: January through April 2024.

AUDIT SCOPE AND METHODOLOGY - GENERAL

For our initial planning, we obtained and evaluated related documents and OEBO Department policies and procedures, and interviewed management and staff regarding their business process objectives and identified controls. From this information, we evaluated their activities to identify areas of highest risk.

With the risks identified, combined with concerns discussed at the Palm Beach County (PBC) Board of County Commissioner's regular meeting on November 7, 2023, we determined objectives for this audit, which were related to the accuracy and completeness of the Annual Participation Report to the Board, and the Department's compliance with the EBO Ordinance.

Objective 1

This audit scope for this objective encompassed the timeframe for report data: January 1, 2019 – September 30, 2022.

Our methodology for this objective included interviewing key personnel in OEBO, ISS, and selected departments to discuss the process for SBE reporting to evaluate internal controls to ensure reporting accuracy and completeness.

We reviewed the Annual Participation Report for FY2019-2022 to identify the overall totals, subtotals, and summary totals to gain an understanding of the report. Further, we foot and cross-foot all Tables, figures, and attachments verifying that the sum of the totals in the detail items agree to grand totals in the Annual Participation Report.

The OEBO Annual Participation Report showed the participation on non-exempt contracts by department across all industries. We matched the total participation figures listed in the report to the County's five construction departments' sub-ledgers/spreadsheets for FY2019 through 2022.

We selected random samples from the detail reports of payments to prime and subcontractors. Using the samples, we vouched data from the systems to the source data. We evaluated discrepancy (integrity) reports produced by the eCMS computer system during the audit period to verify if errors were detected and corrected. We also reviewed code tables in eCMS and in the OEBO Admin Portal to ascertain the accuracy of captured data. In addition, we evaluated the automated tracking of data changes, and the linking of changes to specific users. We requested help desk ticket

information from years 2019 through 2023 to evaluate trends to detect any errors in the eCMS application.

We reviewed the de-provisioning of user access to eCMS for reassigned employees *Note: De-provisioning of user access to the eCMS system for a terminated/ transfer employee was covered in our FY 2022 IT User Access audit.*

Objective 2

This audit scope for this objective encompassed the period of January 1, 2019, through December 31, 2023.

Our methodology for this objective included reviewing the ordinance to identify all requirements; and for each identified, we evaluated the risk of non-compliance. Those requirements deemed as having a higher risk of non-compliance were further evaluated for compliance with the ordinance.

In pursuit of this objective, we also interviewed key personnel, met with management, reviewed meeting agendas, requested reports and PPMs, identified written and non-written procedures as of January 1, 2019, and obtained related documents and reports, as well as identified processes in support of the ordinance and requested related documentation.

We evaluated compliance as it relates to the Goal Setting Committee (GSC) and for ensuring the application of Affirmative Procurement Initiatives (APIs) for all applicable County contracts. In addition, we evaluated if OEBO periodically conducts internal and external training, outreach (training), as well as distributes educational materials to the County's contracting and vendor community as required.

We reviewed OEBO policies and procedures for providing directives related to ensuring compliance with the ordinance. In addition, we evaluated monitoring activities to confirm prime contractor compliance with API requirements, as well as S/M/WBE certification and recertification applications. Moreover, compliance for processing requests for reconsideration from vendors whose SBE applications were denied was tested.

In addition, we contacted third-party organizations to confirm SBE referrals by OEBO for technical assistance.

AUDIT METHODOLOGY – DETAIL BY AUDIT FINDING

Objective 1 Reporting

Finding #1

We obtained the OEBO annual participation report and compared it to supporting detail (provided by OEBO). We verified the overall totals, category subtotals, and department totals for accuracy (footed and cross-footed all Tables presented in the Annual Report. We compared the Annual Report overall totals to the subtotals outlined in the attached summaries, and to the supporting payment detail provided by OEBO to identify any variances.

Finding #2

We obtained the OEBO Annual participation report, as well as the Clerk and Comptroller's Finance Department's FY 2022 Disbursement Report from Advantage. We compared the totals in the two reports to confirm that applicable payment information in the County's accounting system, Advantage, was imported accurately and completely into eCMS, and was captured in the Annual Report. We also compared both reports to a report provided by ISS of payments for the same fiscal year. We discussed any variances identified with OEBO.

Finding #3

We utilized the OEBO Annual participation report for FY 2019-FY 2022 to identify a list of reported categorical totals for each of the four fiscal years, with 24 types for each, for a grand total of 96 categories. We sorted these categories by fiscal year (FY 2019-FY 2022), status (exempt and non-exempt), ordinance type (OSBA and OEBO), Prime and Subcontractor, and by demographic (SBE, MBE, WBE, and Non-SBE). Further, we randomly selected samples from each of the four fiscal years for a total of 30 subtotal samples (confirming all category types were represented at least once in the sample). For samples selected, we agreed to the total in the corresponding Annual Report Table to the summary attachment and to the total payment details provided by OEBO. From the sample selected, we then randomly selected one payment from the supporting detail and (using the Advantage document number for each payment in the sub-total) vouched each vendor payment from the OEBO Admin Portal to eCMS to Advantage and to VSS to confirm reported data was accurate. We located related schedule 2s and 4s in eCMS, and followed up with departments on schedules that could not be located.

Finding #4

We requested quarterly and semi-annual reports (per the countywide PPM CW-O-043) for our audit period of January 1, 2019, through September 30, 2022, for review. OEBO management indicated they did not have these reports.

Objective 2 Ordinance Compliance

Finding #5

We identified annual reports prepared and submitted during the audit review period and evaluated annual reporting compliance with the EBO Ordinance.

Finding #6

During our review of applicant information maintained in Cinema and in the OEBO Admin Portal, we observed application documents showing un-redacted personal identifiable information (PII). We had discussions with the County Attorney's Office.

Finding #7

For various documentation requested to evaluate compliance with the EBO ordinance, some and/or all of the documentation was not available from OEBO.

Finding #8

We requested and reviewed monitoring documentation for a randomly selected sample of projects that went to the Goal Setting Committee for compliance.

Finding #9

We identified outreach events for calendar years 2019-2023, randomly selected events from each of the calendar years, requested documentation related to each selected event, and evaluated for ordinance compliance.

MANAGEMENT AND AUDIT RESPONSIBILITIES

Management is responsible for establishing and maintaining effective internal controls to help ensure that appropriate goals and objectives are met; resources are used effectively, efficiently, and economically, and are safeguarded; laws and regulations are followed; and management and financial information is reliable and properly reported and retained.

Internal Audit is responsible for using professional judgment in establishing the scope and methodology of our work, determining the tests and procedures to perform, conducting the work, and reporting the results.

We conducted this performance audit in accordance with generally accepted government auditing standards. These 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.

A handwritten signature in blue ink that reads "D. J. Zamora". The signature is written in a cursive style with a long horizontal stroke at the end.

David Zamora, CIA, CRMA, CFE, CGAP, CFI
County Internal Auditor
June 27, 2024

APPENDIX

Following are select pages from the Annual Participation Report FY 2019 to FY 2022

Palm Beach County Office of Equal Business Opportunity

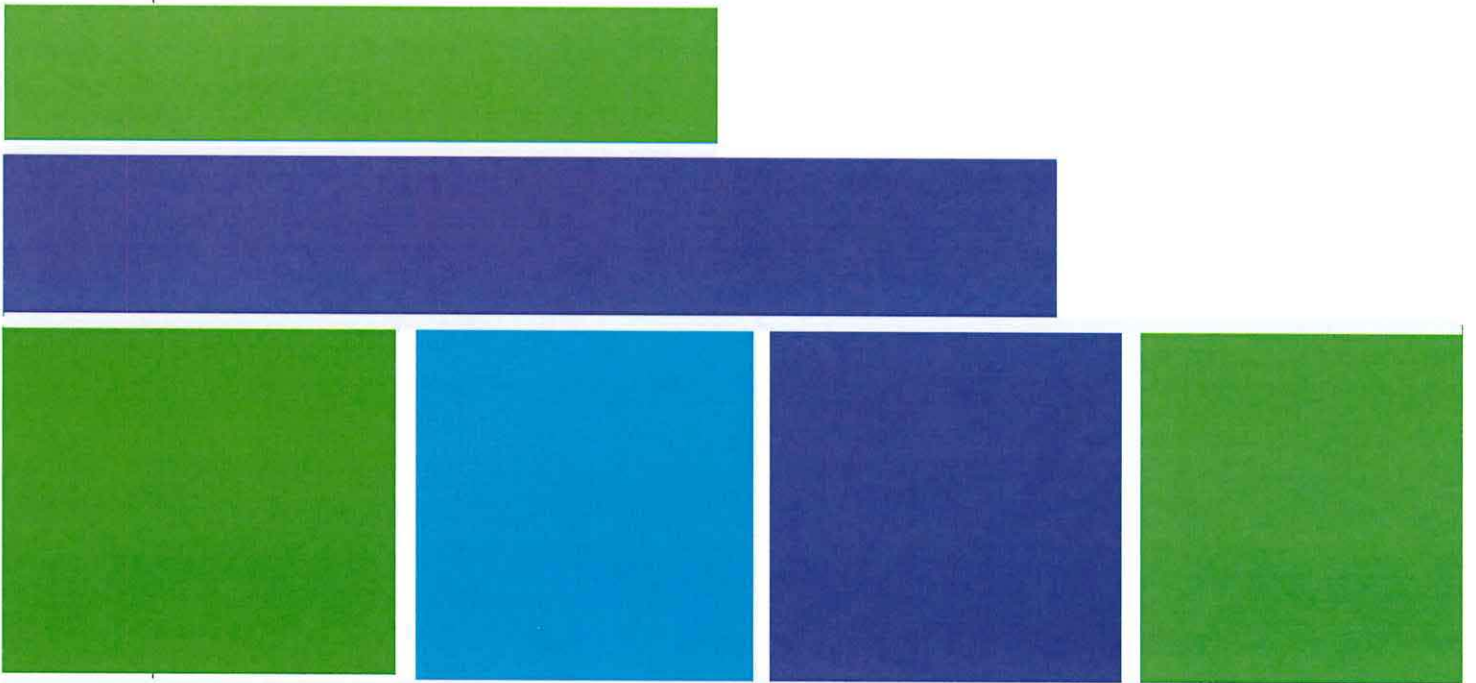
Annual Participation Report FY 2019 - 2022

LEGEND (Appendix)

From *Table 1* of the Audit Report

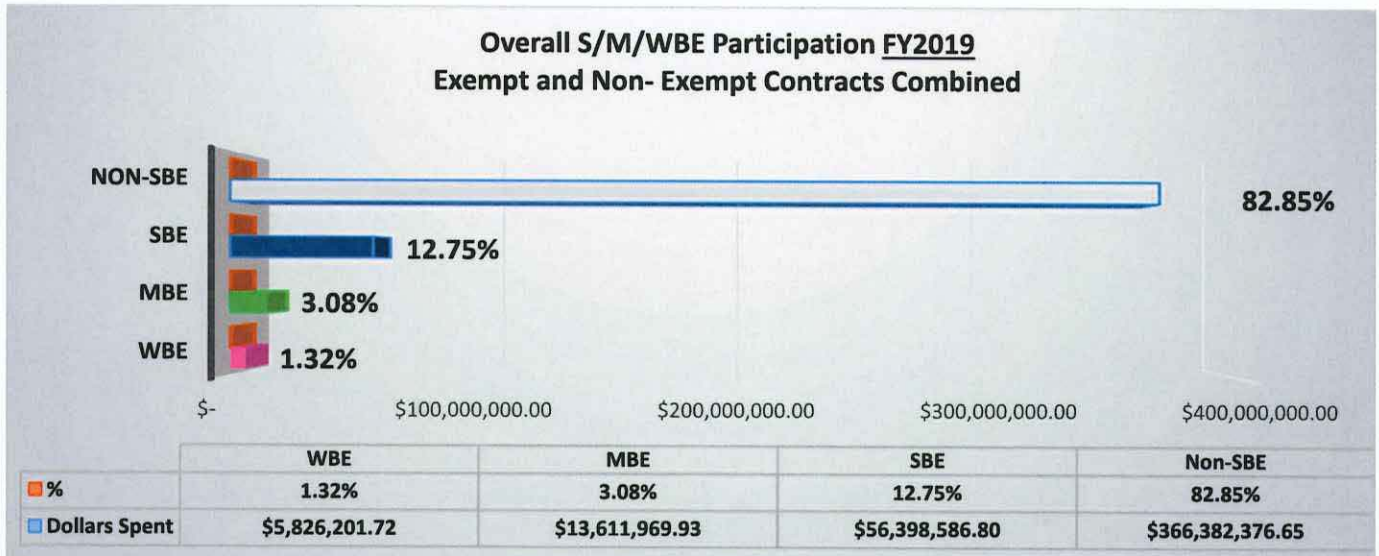
From *Table 2* of the Audit Report

From *Table 3* of the Audit Report



For FY2019 Charts 2 (A-E) displays a summary disbursement across all industries, including Construction, Goods & Other Services, Professional Services CCNA, and Professional Services Non-CCNA.

Chart 2.A



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male & Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

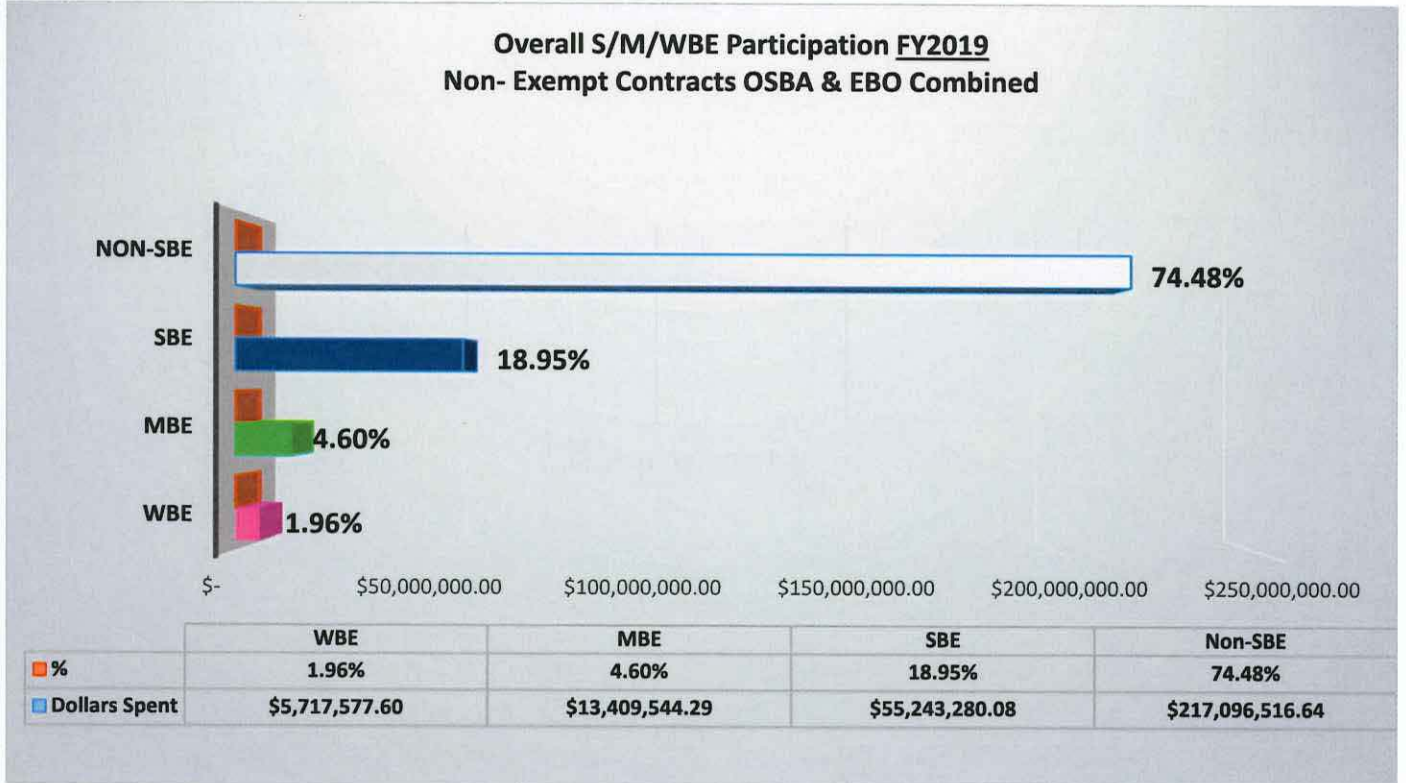
The comprehensive summary report details all purchasing activities in the organization. It comprises payments from all types of contracts, such as exempt, non-exempt, formal, and informal, and includes both the previous and new program in all business industries. The minority group (MBE) accounted for 3.08% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$4,400,369.49 or 1.0%); African Americans (\$3,157,167.42 or 0.71%); and Hispanic Americans (\$6,054,433.02 or 1.37%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels related to this graph, refer to Attachment 2A.1. Attachment 2A.2 contains the data representing payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2019 Prime & Sub Contractor Payment Participation Summary Report Exempt & Non-Exempt Contracts Combined						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 39,664,828.25	9.56%	\$ 16,733,758.55	61.39%	\$ 56,398,586.80	12.75%
MBE	\$ 7,961,993.70	1.92%	\$ 5,649,976.23	20.73%	\$ 13,611,969.93	3.08%
WBE	\$ 3,707,269.30	0.89%	\$ 2,118,932.42	7.77%	\$ 5,826,201.72	1.32%
S/M/WBE Subtotal	\$ 51,334,091.25	12.37%	\$ 24,502,667.20	89.89%	\$ 75,836,758.45	17.15%
Non-SBE	\$ 363,625,090.85	87.63%	\$ 2,757,285.80	10.11%	\$ 366,382,376.65	82.85%
All Payments	\$ 414,959,182.10	100%	\$ 27,259,953.00	100%	\$ 442,219,135.10	100.00%

See Table 2 of the Audit Report

Chart 2.C



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

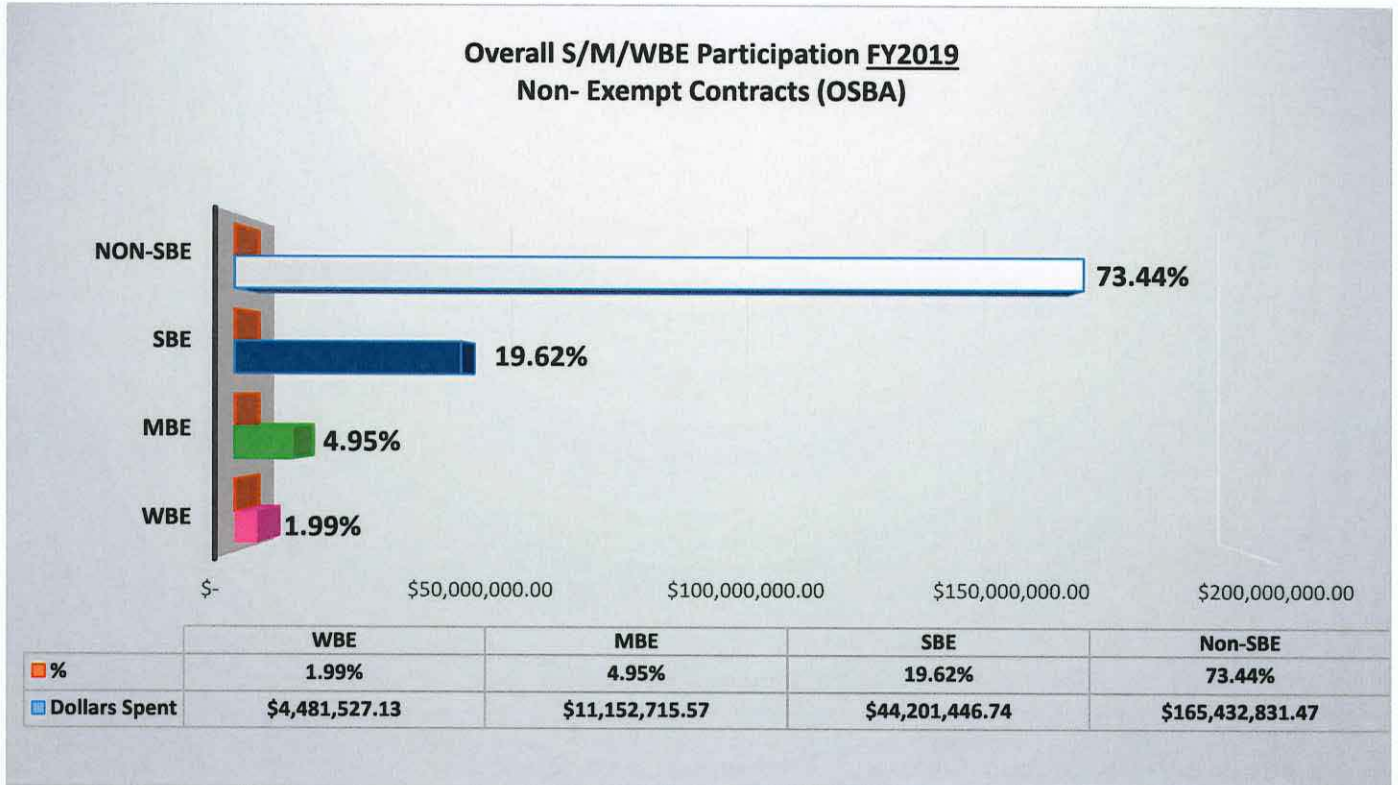
The summary represents non-exempt purchases and consists of two types of agreements - formal and informal under the new program (EBO) and ongoing agreements from the previous program (OSBA). The minority group (MBE) accounted for 4.60% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$4,396,499.79 or 1.51%); African Americans (\$2,962,861.48 or 1.02%); and Hispanic Americans (\$6,050,183.02 or 2.08%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 2C.1. Attachment 2C.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2019 Prime & Sub-Contractor Payment Participation Summary Report Non-Exempt (OSBA & OEBO) Combined						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 38,517,474.33	14.58%	\$ 16,725,805.75	61.37%	\$ 55,243,280.08	18.95%
MBE	\$ 7,759,568.06	2.94%	\$ 5,649,976.23	20.73%	\$ 13,409,544.29	4.60%
WBE	\$ 3,598,645.18	1.36%	\$ 2,118,932.42	7.78%	\$ 5,717,577.60	1.96%
S/M/WBE Subtotal	\$ 49,875,687.57	18.88%	\$ 24,494,714.40	89.88%	\$ 74,370,401.97	25.52%
Non-SBE	\$ 214,339,230.84	81.12%	\$ 2,757,285.80	10.12%	\$ 217,096,516.64	74.48%
All Payments	\$ 264,214,918.41	100%	\$ 27,252,000.20	100%	\$ 291,466,918.61	100.00%

See Table 2 of the Audit Report

Chart 2.D



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female. *OSBA contracts may contain incomplete or irregular subcontractor payment data.

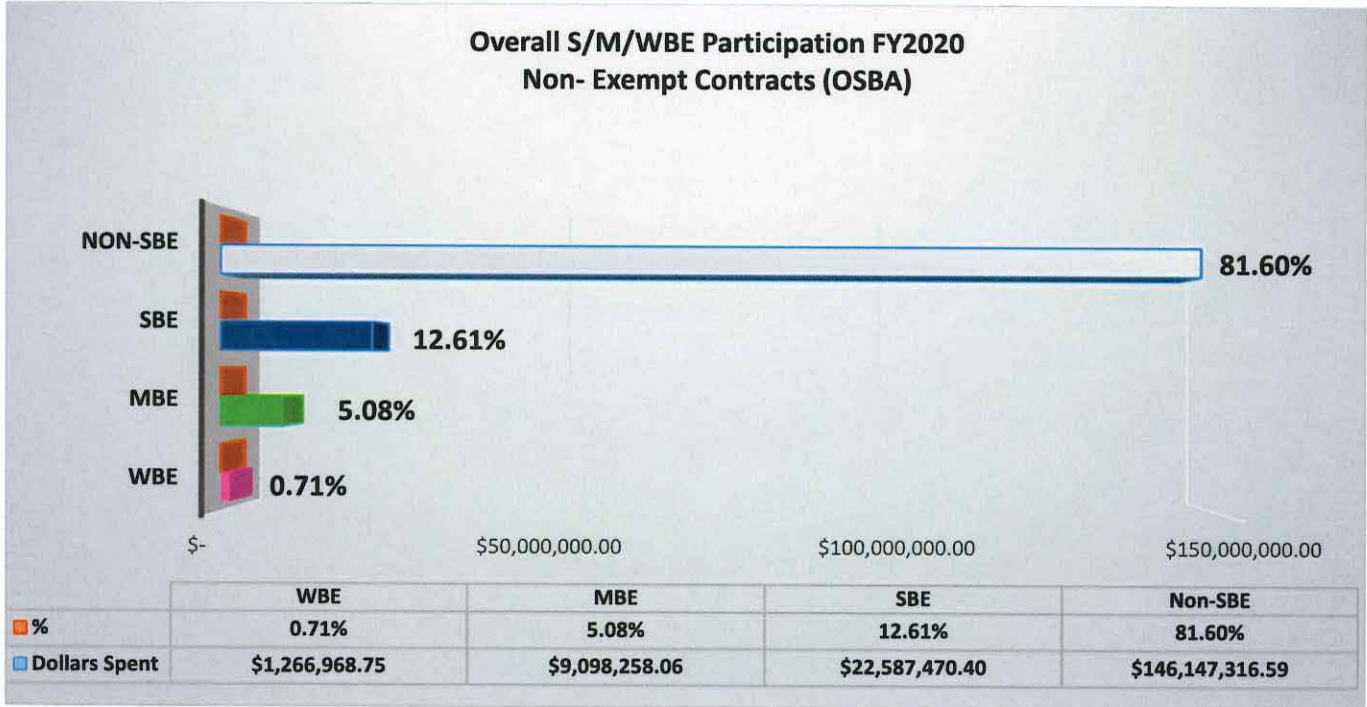
The summary report for OSBA encompasses payments made from non-exempt agreements of the preceding program. The minority group (MBE) accounted for 4.95% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$4,290,851.31 or 1.90%); African Americans (\$2,355,963.79 or 1.05%); and Hispanic Americans (\$4,505,900.47 or 2.00%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 2D.1. Attachment 2D.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2019 Prime & Sub Contractor Payment Participation Summary Report OSBA Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 29,091,310.25	14.53%	\$ 15,110,136.49	60.43%	\$ 44,201,446.74	19.62%
MBE	\$ 5,889,080.48	2.94%	\$ 5,263,635.09	21.05%	\$ 11,152,715.57	4.95%
WBE	\$ 2,411,869.63	1.20%	\$ 2,069,657.50	8.28%	\$ 4,481,527.13	1.99%
S/M/WBE Subtotal	\$ 37,392,260.36	18.67%	\$ 22,443,429.08	89.76%	\$ 59,835,689.44	26.56%
Non-SBE	\$ 162,873,678.91	81.33%	\$ 2,559,152.56	10.24%	\$ 165,432,831.47	73.44%
All Payments	\$ 200,265,939.27	100%	\$ 25,002,581.64	100%	\$ 225,268,520.91	100.00%

See Table 1 of the Audit Report

Chart 3.D



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female. *OSBA contracts may contain incomplete or irregular subcontractor payment data.

The summary report OSBA encompasses payments made from non-exempt agreements of the preceding program. The minority group (MBE) accounted for 5.08% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$3,461,185.08 or 1.93%); African Americans (\$2,408,884.35 or 1.34%); and Hispanic Americans (\$3,228,188.63 or 1.80%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 3D.1. Attachment 3D.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2020 Prime & Sub Contractor Payment Participation Summary Report OSBA Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 12,350,371.90	8.01%	\$ 10,237,098.50	40.97%	\$ 22,587,470.40	12.61%
MBE	\$ 4,610,875.11	2.99%	\$ 4,487,382.95	17.96%	\$ 9,098,258.06	5.08%
WBE	\$ 401,017.58	0.26%	\$ 865,951.17	3.47%	\$ 1,266,968.75	0.71%
S/M/WBE Subtotal	\$ 17,362,264.59	11.27%	\$ 15,590,432.62	62.39%	\$ 32,952,697.21	18.40%
Non-SBE	\$ 136,749,410.24	88.73%	\$ 9,397,906.35	37.61%	\$ 146,147,316.59	81.60%
All Payments	\$ 154,111,674.83	100%	\$ 24,988,338.97	100%	\$ 179,100,013.80	100.00%

See Table 1 of the Audit Report

Chart 3.E



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

The EBO summary report includes payments from both formal and informal agreements that are not exempt, and they included an Affirmative Procurement Initiative (API) in accordance with the new ordinance. The minority group (MBE) accounted for 6.14% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$549,539.28 or 0.50%); African Americans (\$2,487,536.19 or 2.25%); and Hispanic Americans (\$3,740,825.09 or 3.39%). Additionally, Non- Exempt contracts without an API recorded a total spent of \$14,745,979.37; Nevertheless, S/M/WBE received \$359,811.23, which accounts for 2.44% of this category's total spent.

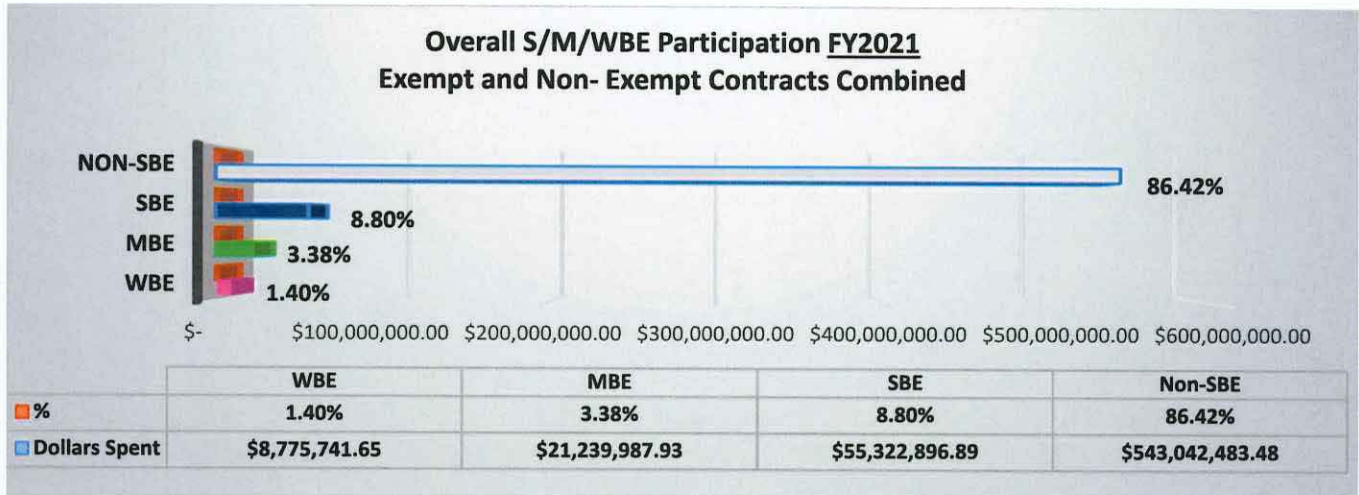
The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 3E.1. Attachment 3E.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2020 Prime & Sub Contractor Payment Participation Summary Report OEBO Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 19,616,379.38	21.81%	\$ 11,327,441.33	55.23%	\$ 30,943,820.71	28.02%
MBE	\$ 4,540,135.32	5.05%	\$ 2,237,765.24	10.91%	\$ 6,777,900.56	6.14%
WBE	\$ 3,253,696.31	3.62%	\$ 206,978.92	1.01%	\$ 3,460,675.23	3.13%
S/M/WBE Subtotal	\$ 27,410,211.01	30.48%	\$ 13,772,185.49	67.15%	\$ 41,182,396.50	37.29%
Non-SBE	\$ 62,522,086.16	69.52%	\$ 6,735,943.40	32.85%	\$ 69,258,029.56	62.71%
All Payments	\$ 89,932,297.17	100%	\$ 20,508,128.89	100%	\$ 110,440,426.06	100.00%

See Table 1 of the Audit Report

For the third year of the program FY2021, Chart 4 (A-E) FY2021 displays a summary and detailed disbursement from non-exempt contracts across all industries, including Construction, Goods & Other Services, Professional Services CCNA, and Professional Services Non-CCNA.

Chart 4.A



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

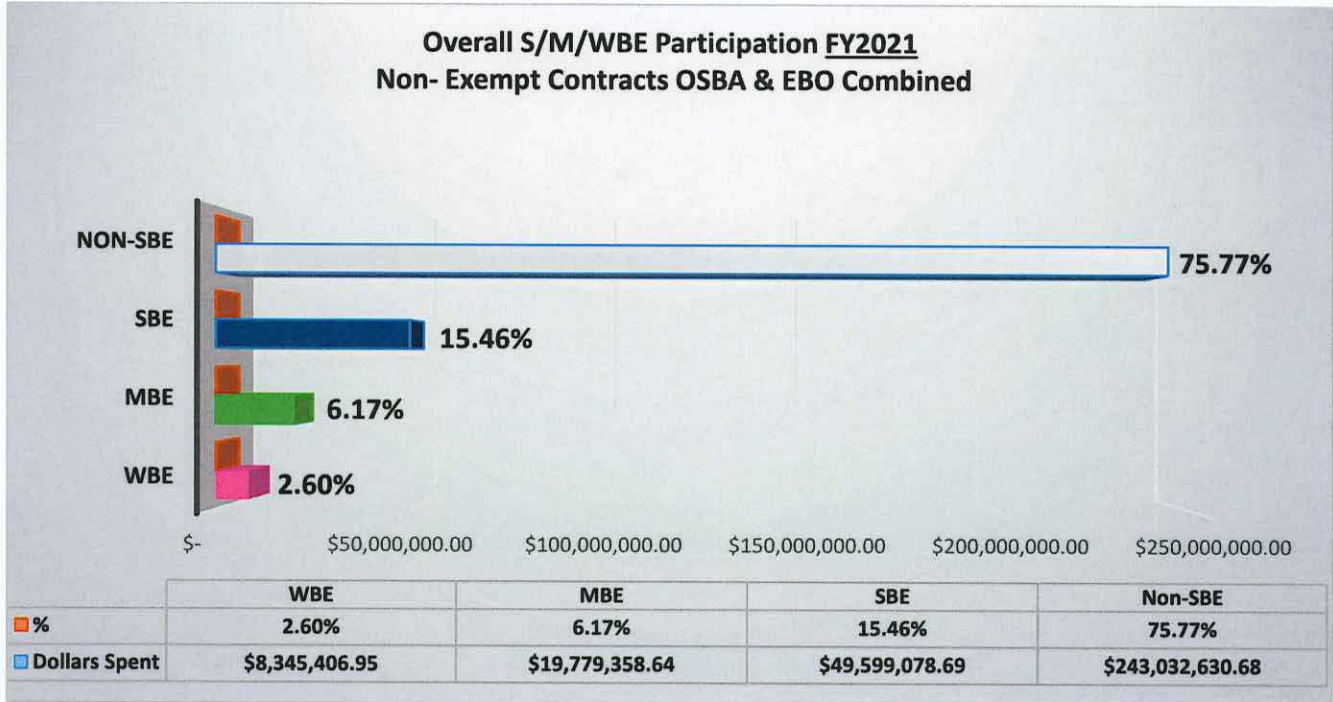
The comprehensive summary report outlines all purchasing activities in the organization. It comprises payments from all types of contracts, such as exempt, non-exempt, formal, and informal, and includes both the previous and new program in all business industries. The minority group (MBE) accounted for 3.38% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$4,503,903.66 or 0.72%); African Americans (\$6,440,708.25 or 1.02%); Hispanic Americans (\$10,265,349.52 or 1.63%); and Native American (\$30,026.50 or 0.005%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 4A.1. Attachment 4A.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2021 Prime & Sub Contractor Payment Participation Summary Report Exempt & Non-Exempt Contracts Combined						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 34,430,160.45	5.99%	\$ 20,892,736.44	38.95%	\$ 55,322,896.89	8.80%
MBE	\$ 11,752,338.00	2.04%	\$ 9,487,649.93	17.69%	\$ 21,239,987.93	3.38%
WBE	\$ 4,653,099.05	0.81%	\$ 4,122,642.60	7.69%	\$ 8,775,741.65	1.40%
S/M/WBE Subtotal	\$ 50,835,597.50	8.84%	\$ 34,503,028.97	64.33%	\$ 85,338,626.47	13.58%
Non-SBE	\$ 523,911,953.31	91.16%	\$ 19,130,530.17	35.67%	\$ 543,042,483.48	86.42%
All Payments	\$ 574,747,550.81	100%	\$ 53,633,559.14	100%	\$ 628,381,109.95	100.00%

See Table 2 of the Audit Report

Chart 4.C



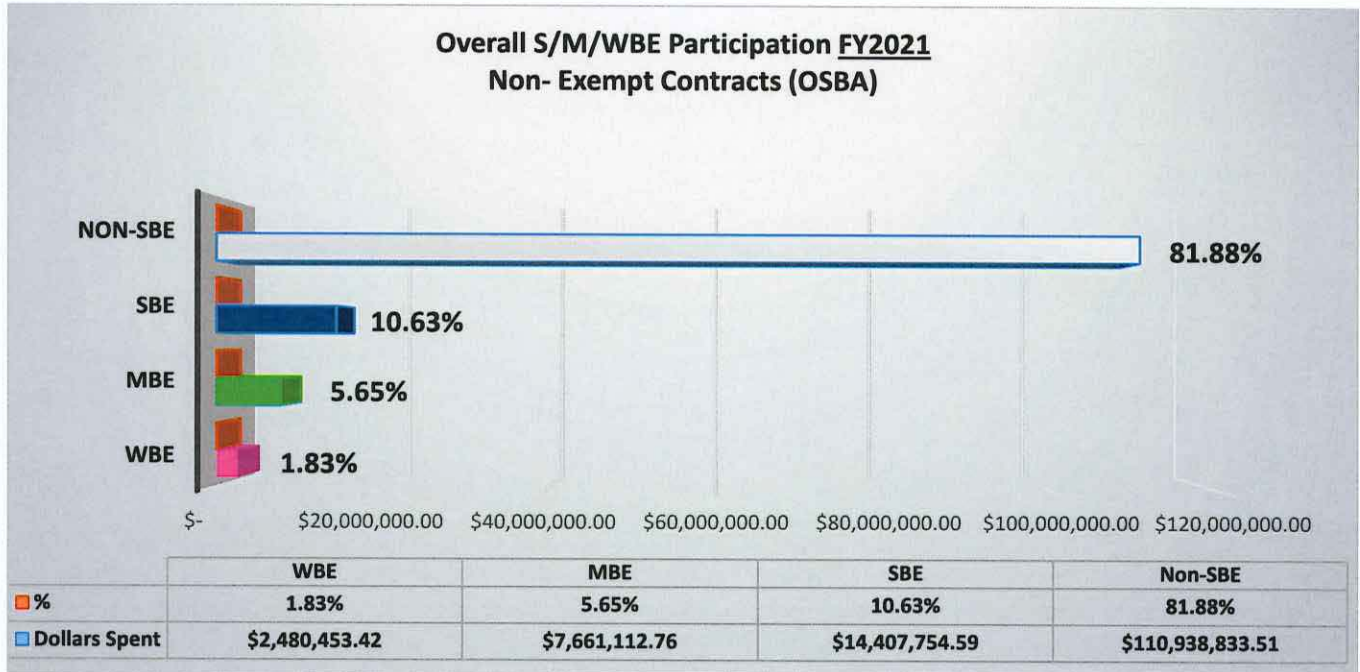
*SBE-Small Business Enterprise-Predominately White Male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White Female

The summary reports for non-exempt purchases consist of two types of agreements - formal and informal agreements under the new program (EBO) and ongoing agreements from the previous program (OSBA). The minority group (MBE) accounted for 6.17% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$4,503,351.16 or % 1.40); African Americans (\$5,188,441.66 or 1.62%); Hispanic Americans (\$10,057,539.32 or 3.14%) and Native American (\$30,026.50 or 0.01%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, about this graph, refer to Attachment 4C.1. Attachment 4C.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2021 Prime & Sub Contractor Payment Participation Summary Report Non-Exempt (OSBA & OEBO) Combined						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 28,751,797.05	10.76%	\$ 20,847,281.64	38.91%	\$ 49,599,078.69	15.46%
MBE	\$ 10,291,708.71	3.85%	\$ 9,487,649.93	17.71%	\$ 19,779,358.64	6.17%
WBE	\$ 4,225,257.35	1.58%	\$ 4,120,149.60	7.69%	\$ 8,345,406.95	2.60%
S/M/WBE Subtotal	\$ 43,268,763.11	16.20%	\$ 34,455,081.17	64.30%	\$ 77,723,844.28	24.23%
Non-SBE	\$ 223,904,157.91	83.80%	\$ 19,128,472.77	35.70%	\$ 243,032,630.68	75.77%
All Payments	\$ 267,172,921.02	100%	\$ 53,583,553.94	100%	\$ 320,756,474.96	100.00%

Chart 4.D



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female.*OSBA contracts may contain incomplete or irregular subcontractor payment data.

The summary report for OSBA encompasses payments made from non-exempt agreements of the preceding program. The minority group (MBE) accounted for 5.65% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$3,226,860.34 or 2.38%); African Americans (\$1,166,529.37 or 0.86%) and Hispanic Americans (\$3,237,696.55 or 2.39%) Native American (\$30,026.50 or 0.02%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 4D.1. Attachment 4D.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA)

FY2021 Prime & Sub Contractor Payment Participation Summary Report OSBA Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 6,696,056.54	5.76%	\$ 7,711,698.05	40.06%	\$ 14,407,754.59	10.63%
MBE	\$ 3,304,071.17	2.84%	\$ 4,357,041.59	22.63%	\$ 7,661,112.76	5.65%
WBE	\$ 536,545.47	0.46%	\$ 1,943,907.95	10.10%	\$ 2,480,453.42	1.83%
S/M/WBE Subtotal	\$ 10,536,673.18	9.06%	\$ 14,012,647.59	72.78%	\$ 24,549,320.77	18.12%
Non-SBE	\$ 105,698,718.41	90.94%	\$ 5,240,115.10	27.22%	\$ 110,938,833.51	81.88%
All Payments	\$ 116,235,391.59	100%	\$ 19,252,762.69	100%	\$ 135,488,154.28	100.00%

Chart 4. E



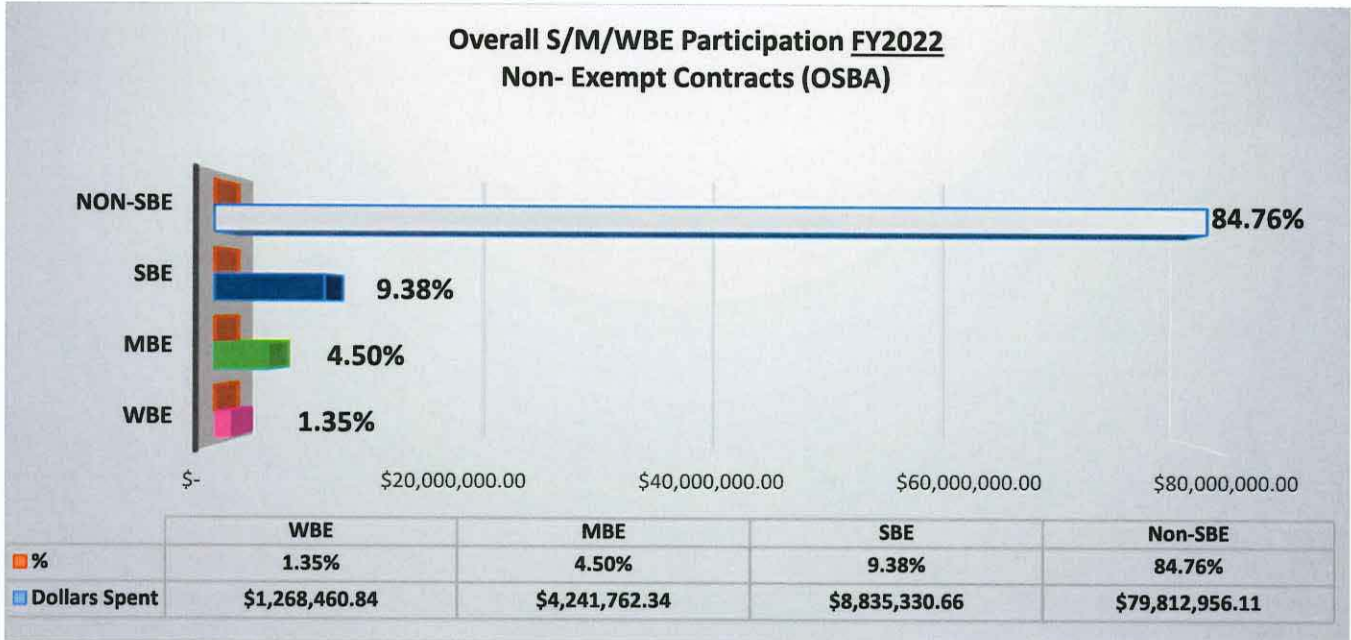
*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

The EBO summary report includes payments from both formal and informal agreements that are not exempt, and they included an Affirmative Procurement Initiative (API) in accordance with the new ordinance. The minority group (MBE) accounted for 6.58% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$1,193,215.68 or 0.70%); African Americans (\$3,276,198.54 or 1.91%); Hispanic Americans (\$6,821,642.77 or 3.97%) and Native American (\$0 or 0%). Additionally, Non-Exempt contracts without an API recorded a total spent of \$13,611,746.32; Nevertheless, S/M/WBE received \$935,006.39, which accounts for 6.87% of this category's total spent.

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 4E.1. Attachment 4E.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2021 Prime & Sub Contractor Payment Participation Summary Report OEBO Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 21,973,000.88	15.98%	\$ 13,112,305.72	38.38%	\$ 35,085,306.60	20.44%
MBE	\$ 6,231,091.40	4.53%	\$ 5,059,965.59	14.81%	\$ 11,291,056.99	6.58%
WBE	\$ 3,688,711.88	2.68%	\$ 2,176,241.65	6.37%	\$ 5,864,953.53	3.42%
S/M/WBE Subtotal	\$ 31,892,804.16	23.20%	\$ 20,348,512.96	59.56%	\$ 52,241,317.12	30.43%
Non-SBE	\$ 105,598,920.55	76.80%	\$ 13,816,336.69	40.44%	\$ 119,415,257.24	69.57%
All Payments	\$ 137,491,724.71	100%	\$ 34,164,849.65	100.00%	\$ 171,656,574.36	100.00%

Chart 5.D



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female. *OSBA contracts may contain incomplete or irregular subcontractor payment data.

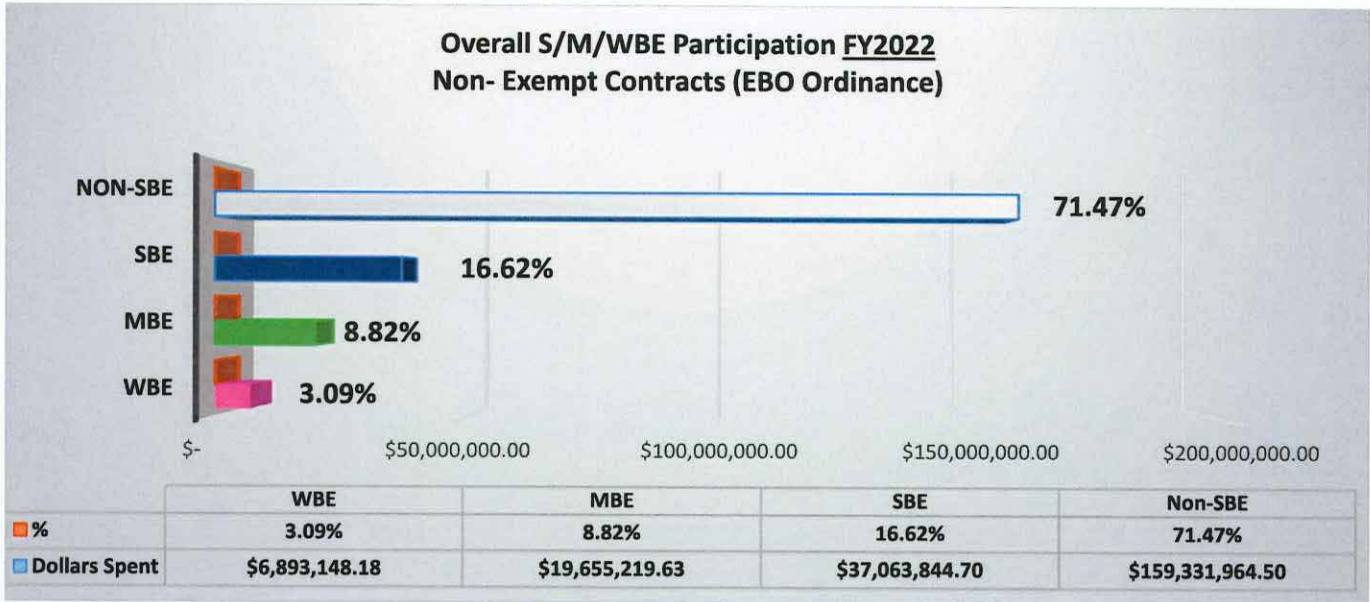
The summary report for OSBA encompasses payments made from non-exempt agreements of the preceding program. The minority group (MBE) accounted for 4.50% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$1,652,839.48 or 1.80%); African Americans (\$588,036.46 or 0.62%); Hispanic Americans (\$1,939,949.40 or 2.06%) and Native American (\$60,937.00 or 0.06%).

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, about this graph, refer to Attachment 5D.1. Attachment 5D.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2022 Prime & Sub Contractor Payment Participation Summary Report OSBA Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 5,043,597.72	6.26%	\$ 3,791,732.94	33.27%	\$ 8,835,330.66	9.38%
MBE	\$ 1,097,859.56	1.36%	\$ 3,143,902.78	27.59%	\$ 4,241,762.34	4.50%
WBE	\$ 418,220.54	0.52%	\$ 850,240.30	7.46%	\$ 1,268,460.84	1.35%
S/M/WBE Subtotal	\$ 6,559,677.82	8.14%	\$ 7,785,876.02	68.32%	\$ 14,345,553.84	15.24%
Non-SBE	\$ 76,202,861.82	94.60%	\$ 3,610,094.29	31.68%	\$ 79,812,956.11	84.76%
All Payments	\$ 80,555,074.25	100%	\$ 11,395,970.31	100%	\$ 94,158,509.95	100%

See Table 1 of the Audit Report

Chart 5.E



*SBE-Small Business Enterprise-Predominately White male *S/MBE- Small Minority Business Enterprise- All minority groups combined (Male&Female) *S/WBE- Small Woman Business Enterprise-Predominantly White female

The EBO summary report includes payments from both formal and informal agreements that are not exempt, and they included an Affirmative Procurement Initiative (API) in accordance with the new ordinance. The minority group (MBE) accounted for 8.82% of all dollars spent by the County. Within this category, the distribution was as follows: Asian Americans (\$2,000,108.44 or 0.90%); African Americans (\$6,075,806.55 or 2.73%); Hispanic Americans (\$11,579,304.64 or 5.19%) and Native American (\$0 or 0%). Additionally, Non-Exempt contracts without an API recorded a total spent of \$18,664,468.98; Nevertheless, S/M/WBE received \$1,410,629.12, which accounts for 7.56% of this category's total spent.

The chart below illustrates the overall payment distribution at the prime and subcontractor levels. For a comprehensive breakdown of payments based on race and gender for both Prime and Subcontractor levels, related to this graph, refer to Attachment 5E.1. Attachment 5E.2 contains data regarding payment distribution by industry (Construction, Goods and Other Services, Professional Services CCNA, and Professional Services Non-CCNA).

FY2022 Prime & Sub Contractor Payment Participation Summary Report OEBO Contracts						
Prime & Sub Payment Summary of All Industries Combined						
	Prime Payments	%	Subcontractor Payments	%	Overall Totals	Overall Participation %
SBE	\$ 21,296,595.77	12.41%	\$ 15,767,248.93	30.69%	\$ 37,063,844.70	16.62%
MBE	\$ 9,704,351.85	5.66%	\$ 9,950,867.78	19.37%	\$ 19,655,219.63	8.82%
WBE	\$ 4,259,072.03	2.48%	\$ 2,634,076.15	5.13%	\$ 6,893,148.18	3.09%
S/M/WBE Subtotal	\$ 35,260,019.65	20.55%	\$ 28,352,192.86	55.18%	\$ 63,612,212.51	28.53%
Non-SBE	\$ 136,306,515.88	79.45%	\$ 23,025,448.62	44.82%	\$ 159,331,964.50	71.47%
All Payments	\$ 171,566,535.53	100%	\$ 51,377,641.48	100%	\$ 222,944,177.01	100%

See Table 1 of the Audit Report

Chart 13

Department Name	FY2022 Overall S/M/WBE Participation Dollars *Non-Exempt Contracts	FY2022 S/M/WBE Participation Percentage based on the Individual Department's Overall Spending	
Airports	\$2,715,452.69	20.35%	
Board of County Commissioners	\$0.00	0.00%	
Commission On Ethics	\$0.00	0.00%	
Community Services	\$755,669.18	10.23%	
County Administration	\$52.00	2.40%	
County Attorney	\$0.00	0.00%	
County Cooperative Extension Services	\$18,881.96	20.27%	
Criminal Justice Commission		0.00%	
Department of Housing And Economic Developm	\$5,807.40	0.31%	
Engineering & Public Works	\$17,966,907.71	33.80%	
Environmental Resource Management	\$3,753,493.54	43.04%	
Equal Opportunity	\$0.00	0.00%	
Facilities Development & Operations	\$23,539,727.90	27.53%	
Financial Management & Budget	\$20,359.47	3.38%	
Fire Rescue	\$1,396,390.67	18.09%	
Human Resources	\$1,675.44	15.69%	
Information Systems Services	\$780,692.99	18.04%	
Internal Audit	\$0.00	0.00%	
Legislative Affairs	\$26,249.98	8.16%	
Library	\$583,328.79	13.11%	
Office Of Community Revitalization	\$0.00	0.00%	
Office of Equal Business Opportunity	\$22,477.36	61.69%	
Office of Inspector General	\$0.00	0.00%	
Office of Resilience	\$0.00	0.00%	
Office of the Medical Examiner	\$274,887.24	73.27%	
Palm Tran	\$161,920.64	0.45%	
Parks and Recreation	\$3,558,128.65	27.39%	
Planning Zoning & Building	\$33,292.72	1.61%	
Public Affairs	\$39,588.32	4.55%	
Public Safety	\$32,269.89	2.82%	
Purchasing	\$29,262.40	2.08%	
Risk Management	\$123.74	0.00%	
Water Utilities	\$23,647,364.86	27.51%	
Youth Services	\$4,389.93	2.53%	
Total Amount Disbursed to S/M/WBE Firms	\$79,368,395.47		

The S/M/WBE participation percentage for FY2022 is determined based on the department's total spending. These figures include formal and informal agreements under the new program (OEBO) and ongoing contracts from the previous program (OSBA). These values have the amount of money spent across all industries, such as construction, goods and other services, professional services, CCNA, and professional services non-CCNA.*Due to rounding, participation dollars representing a percentage less than two decimal places will be reflected as Zero.

See **Table 3** of the Audit Report



Palm Beach County - Office of Equal Business Opportunity



Overall S/M/WBE Participation FY2019 Exempt and Non-Exempt Contracts Combined (Attachment 2A.1)

Fiscal Yr: 2019
 Fiscal Qtr: 1 To 4

Payment Category	1st Quarter	Q1 %	2nd Quarter	Q2 %	3rd Quarter	Q3 %	4th Quarter	Q4 %	Year Total	Yr %
All Payments	92,764,981.68	100.00	102,121,731.29	100.00	124,050,855.64	100.00	123,281,566.49	100.00	442,219,135.10	100.00
Prime - Non-SMWBE Pays	71,237,570.18	76.79	85,304,011.73	83.53	102,475,111.62	82.61	104,608,397.32	84.85	363,625,090.85	82.23
Prime - SMWBE Payments	15,207,220.81	16.39	11,627,561.84	11.39	12,945,950.86	10.44	11,553,357.74	9.37	51,334,091.25	11.61
Prime - SBE Payments	12,534,428.22	13.51	8,526,942.35	8.35	9,885,977.63	7.97	8,717,480.05	7.07	39,664,828.25	8.97
Prime - MBE Payments	1,757,175.69	1.89	1,759,589.98	1.72	2,383,261.77	1.92	2,061,966.26	1.67	7,961,993.70	1.80
Prime - WBE Payments	915,616.90	0.99	1,341,029.51	1.31	676,711.46	0.55	773,911.43	0.63	3,707,269.30	0.84
Prime - Asian MBE	782,734.50	0.84	931,714.20	0.91	1,057,095.50	0.85	861,405.06	0.70	3,632,949.26	0.82
Prime - Asian Female	94,241.44	0.10	111,929.36	0.11	149,532.00	0.12	111,809.03	0.09	467,511.83	0.11
Prime - Asian Male	688,493.06	0.74	819,784.84	0.80	907,563.50	0.73	749,596.03	0.61	3,165,437.43	0.72
Prime - Black MBE	206,267.33	0.22	258,523.19	0.25	450,991.82	0.36	489,264.08	0.40	1,405,046.42	0.32
Prime - Black Female	11,820.87	0.01	4,136.49	0.00	6,228.32	0.01	17,171.74	0.01	39,357.42	0.01
Prime - Black Male	194,446.46	0.21	254,386.70	0.25	444,763.50	0.36	472,092.34	0.38	1,365,689.00	0.31
Prime - Hispanic MBE	768,173.86	0.83	569,352.59	0.56	875,174.45	0.71	711,297.12	0.58	2,923,998.02	0.66
Prime - Hispanic Female	430,385.41	0.46	273,833.81	0.27	349,433.78	0.28	269,301.24	0.22	1,322,954.24	0.30
Prime - Hispanic Male	337,788.45	0.36	295,518.78	0.29	525,740.67	0.42	441,995.88	0.36	1,601,043.78	0.36
Sub-Non-SMWBE Payments	350,586.31	0.38	391,705.20	0.38	1,137,662.13	0.92	865,029.08	0.70	2,744,982.72	0.62

See Table 2 of the Audit Report

<u>Payment Category</u>	<u>1st Quarter</u>	<u>Q1 %</u>	<u>2nd Quarter</u>	<u>Q2 %</u>	<u>3rd Quarter</u>	<u>Q3 %</u>	<u>4th Quarter</u>	<u>Q4 %</u>	<u>Year Total</u>	<u>Yr %</u>
Sub - SMWBE Payments	5,969,604.38	6.44	4,798,452.52	4.70	7,492,131.03	6.04	6,254,782.35	5.07	24,514,970.28	5.54
Sub - SBE Payments	3,870,665.61	4.17	3,058,117.74	2.99	5,220,432.17	4.21	4,596,049.38	3.73	16,745,264.90	3.79
Sub - MBE Payments	1,120,921.46	1.21	1,370,094.24	1.34	1,814,039.43	1.46	1,344,921.10	1.09	5,649,976.23	1.28
Sub - WBE Payments	978,017.31	1.05	370,240.54	0.36	457,659.43	0.37	313,811.87	0.25	2,119,729.15	0.48
Sub - Asian MBE	169,488.56	0.18	104,892.28	0.10	272,747.21	0.22	220,292.18	0.18	767,420.23	0.17
Sub - Asian Female	38,713.43	0.04		0.00		0.00		0.00	38,713.43	0.01
Sub - Asian Male	130,775.13	0.14	104,892.28	0.10	272,747.21	0.22	220,292.18	0.18	728,706.80	0.16
Sub - Black MBE	312,681.07	0.34	534,324.42	0.52	634,184.24	0.51	270,931.27	0.22	1,752,121.00	0.40
Sub - Black Female	228,102.80	0.25	206,067.80	0.20	274,721.00	0.22	92,292.16	0.07	801,183.76	0.18
Sub - Black Male	84,578.27	0.09	328,256.62	0.32	359,463.24	0.29	178,639.11	0.14	950,937.24	0.22
Sub - Hispanic MBE	638,751.83	0.69	730,877.54	0.72	907,107.98	0.73	853,697.65	0.69	3,130,435.00	0.71
Sub - Hispanic Female	112,974.80	0.12	119,883.12	0.12	202,149.46	0.16	155,677.25	0.13	590,684.63	0.13
Sub - Hispanic Male	525,777.03	0.57	610,994.42	0.60	704,958.52	0.57	698,020.40	0.57	2,539,750.37	0.57

See Table 2 of the Audit Report

<u>Payment Category</u>	<u>1st Quarter</u>	<u>Q1 %</u>	<u>2nd Quarter</u>	<u>Q2 %</u>	<u>3rd Quarter</u>	<u>Q3 %</u>	<u>4th Quarter</u>	<u>Q4 %</u>	<u>Year Total</u>	<u>Yr %</u>
Sub - SMWBE Payments	5,969,604.38	8.91	4,794,576.52	6.93	7,492,131.03	9.72	6,250,705.55	7.99	24,507,017.48	8.41
Sub - SBE Payments	3,870,665.61	5.78	3,054,241.74	4.41	5,220,432.17	6.78	4,591,972.58	5.87	16,737,312.10	5.74
Sub - MBE Payments	1,120,921.46	1.67	1,370,094.24	1.98	1,814,039.43	2.35	1,344,921.10	1.72	5,649,976.23	1.94
Sub - WBE Payments	978,017.31	1.46	370,240.54	0.53	457,659.43	0.59	313,811.87	0.40	2,119,729.15	0.73
Sub - Asian MBE	169,488.56	0.25	104,892.28	0.15	272,747.21	0.35	220,292.18	0.28	767,420.23	0.26
Sub - Asian Female	38,713.43	0.06		0.00		0.00		0.00	38,713.43	0.01
Sub - Asian Male	130,775.13	0.20	104,892.28	0.15	272,747.21	0.35	220,292.18	0.28	728,706.80	0.25
Sub - Black MBE	312,681.07	0.47	534,324.42	0.77	634,184.24	0.82	270,931.27	0.35	1,752,121.00	0.60
Sub - Black Female	228,102.80	0.34	206,067.80	0.30	274,721.00	0.36	92,292.16	0.12	801,183.76	0.27
Sub - Black Male	84,578.27	0.13	328,256.62	0.47	359,463.24	0.47	178,639.11	0.23	950,937.24	0.33
Sub - Hispanic MBE	638,751.83	0.95	730,877.54	1.06	907,107.98	1.18	853,697.65	1.09	3,130,435.00	1.07
Sub - Hispanic Female	112,974.80	0.17	119,883.12	0.17	202,149.46	0.26	155,677.25	0.20	590,684.63	0.20
Sub - Hispanic Male	525,777.03	0.78	610,994.42	0.88	704,958.52	0.91	698,020.40	0.89	2,539,750.37	0.87

See [Table 2 of the Audit Report](#)



Palm Beach County - Office of Equal Business Opportunity



Overall S/M/WBE Participation FY2021 Exempt and Non-Exempt Contracts Combined (Attachment 4A.1)

Fiscal Yr: 2021
Fiscal Qtr: 1 To 4

Table with 11 columns: Payment Category, 1st Quarter, Q1 %, 2nd Quarter, Q2 %, 3rd Quarter, Q3 %, 4th Quarter, Q4 %, Year Total, Yr %. Rows include All Payments, Prime - Non-SMWBE Pays, Prime - SMWBE Payments, Prime - SBE Payments, Prime - MBE Payments, Prime - WBE Payments, and various ethnic and gender sub-categories.

See Table 2 of the Audit Report

<u>Payment Category</u>	<u>1st Quarter</u>	<u>Q1 %</u>	<u>2nd Quarter</u>	<u>Q2 %</u>	<u>3rd Quarter</u>	<u>Q3 %</u>	<u>4th Quarter</u>	<u>Q4 %</u>	<u>Year Total</u>	<u>Yr %</u>
Prime - Nat. Am. Male	4,608.50	0.00	20,093.50	0.01	2,199.00	0.00	3,125.50	0.00	30,026.50	0.00
Sub - Non-SMWBE Payments	3,597,663.92	2.03	2,611,552.89	1.83	6,538,113.50	3.71	6,381,399.86	4.83	19,128,730.17	3.04
Sub - SMWBE Payments	5,456,427.31	3.08	7,289,015.81	5.10	9,773,998.52	5.55	11,983,587.33	9.08	34,503,028.97	5.49
Sub - SBE Payments	3,423,515.82	1.93	3,385,208.85	2.37	6,096,685.34	3.46	7,987,326.43	6.05	20,892,736.44	3.32
Sub - MBE Payments	1,530,091.01	0.86	2,820,969.24	1.97	2,507,613.18	1.42	2,628,976.50	1.99	9,487,649.93	1.51
Sub - WBE Payments	502,820.48	0.28	1,082,837.72	0.76	1,169,700.00	0.66	1,367,284.40	1.04	4,122,642.60	0.66
Sub - Asian MBE	164,768.76	0.09	663,340.04	0.46	329,926.73	0.19	342,614.19	0.26	1,500,649.72	0.24
Sub - Asian Female		0.00		0.00		0.00	1,800.00	0.00	1,800.00	0.00
Sub - Asian Male	164,768.76	0.09	663,340.04	0.46	329,926.73	0.19	340,814.19	0.26	1,498,849.72	0.24
Sub - Black MBE	629,347.70	0.35	531,886.78	0.37	806,756.50	0.46	880,422.26	0.67	2,848,413.24	0.45
Sub - Black Female	230,109.14	0.13	235,379.80	0.16	282,254.92	0.16	263,408.61	0.20	1,011,152.47	0.16
Sub - Black Male	399,238.56	0.23	296,506.98	0.21	524,501.58	0.30	617,013.65	0.47	1,837,260.77	0.29
Sub - Hispanic MBE	735,974.55	0.42	1,625,742.42	1.14	1,370,929.95	0.78	1,405,940.05	1.06	5,138,586.97	0.82
Sub - Hispanic Female	222,971.60	0.13	336,499.62	0.24	319,759.50	0.18	193,331.06	0.15	1,072,561.78	0.17
Sub - Hispanic Male	513,002.95	0.29	1,289,242.80	0.90	1,051,170.45	0.60	1,212,608.99	0.92	4,066,025.19	0.65

See [Table 2 of the Audit Report](#)



Palm Beach County - Office of Equal Business Opportunity
Overall S/M/WBE Participation FY2021 Non-Exempt Contracts Combined (Attachment 4C.1)



Fiscal Yr: 2021
Fiscal Qtr: 1 To 4

Payment Category	1st Quarter	Q1 %	2nd Quarter	Q2 %	3rd Quarter	Q3 %	4th Quarter	Q4 %	Year Total	Yr %
All Payments	72,898,348.36	100.00	73,361,746.76	100.00	90,122,068.90	100.00	84,374,310.94	100.00	320,756,474.96	100.00
Prime - Non-SMWBE Pays	52,230,025.18	71.65	53,144,132.85	72.44	61,015,122.35	67.70	57,514,877.53	68.17	223,904,157.91	69.81
Prime - SMWBE Payments	11,614,231.95	15.93	10,331,166.21	14.08	12,825,601.33	14.23	8,499,563.62	10.07	43,270,563.11	13.49
Prime - SBE Payments	7,697,353.41	10.56	7,444,360.20	10.15	8,607,143.86	9.55	5,002,939.58	5.93	28,751,797.05	8.96
Prime - MBE Payments	3,061,383.18	4.20	1,785,477.08	2.43	3,094,564.34	3.43	2,352,084.11	2.79	10,293,508.71	3.21
Prime - WBE Payments	855,495.36	1.17	1,101,328.93	1.50	1,123,893.13	1.25	1,144,539.93	1.36	4,225,257.35	1.32
Prime - Asian MBE	1,156,915.51	1.59	556,985.66	0.76	755,247.05	0.84	533,553.22	0.63	3,002,701.44	0.94
Prime - Asian Female	587,481.68	0.81	180,169.69	0.25	125,485.28	0.14	131,468.28	0.16	1,024,604.93	0.32
Prime - Asian Male	569,433.83	0.78	376,815.97	0.51	629,761.77	0.70	402,084.94	0.48	1,978,096.51	0.62
Prime - Black MBE	358,780.56	0.49	470,387.33	0.64	942,390.58	1.05	568,469.95	0.67	2,340,028.42	0.73
Prime - Black Female	167,121.46	0.23	292,294.24	0.40	425,328.76	0.47	118,207.36	0.14	1,002,951.82	0.31
Prime - Black Male	191,659.10	0.26	178,093.09	0.24	517,061.82	0.57	450,262.59	0.53	1,337,076.60	0.42
Prime - Hispanic MBE	1,541,078.61	2.11	738,010.59	1.01	1,394,727.71	1.55	1,246,935.44	1.48	4,920,752.35	1.53
Prime - Hispanic Female	614,909.09	0.84	328,422.17	0.45	590,200.49	0.65	364,554.01	0.43	1,898,085.76	0.59
Prime - Hispanic Male	926,169.52	1.27	409,588.42	0.56	804,527.22	0.89	882,381.43	1.05	3,022,666.59	0.94
Prime - Nat. Am. MBE	4,608.50	0.01	20,093.50	0.03	2,199.00	0.00	3,125.50	0.00	30,026.50	0.01

See Table 2 of the Audit Report

<u>Payment Category</u>	<u>1st Quarter</u>	<u>Q1 %</u>	<u>2nd Quarter</u>	<u>Q2 %</u>	<u>3rd Quarter</u>	<u>Q3 %</u>	<u>4th Quarter</u>	<u>Q4 %</u>	<u>Year Total</u>	<u>Yr %</u>
Prime - Nat. Am. Male	4,608.50	0.01	20,093.50	0.03	2,199.00	0.00	3,125.50	0.00	30,026.50	0.01
Sub - Non-SMWBE Payments	3,597,663.92	4.94	2,611,552.89	3.56	6,538,113.50	7.25	6,379,342.46	7.56	19,126,672.77	5.96
Sub - SMWBE Payments	5,456,427.31	7.48	7,274,894.81	9.92	9,743,231.72	10.81	11,980,527.33	14.20	34,455,081.17	10.74
Sub - SBE Payments	3,423,515.82	4.70	3,373,580.85	4.60	6,065,918.54	6.73	7,984,266.43	9.46	20,847,281.64	6.50
Sub - MBE Payments	1,530,091.01	2.10	2,820,969.24	3.85	2,507,613.18	2.78	2,628,976.50	3.12	9,487,649.93	2.96
Sub - WBE Payments	502,820.48	0.69	1,080,344.72	1.47	1,169,700.00	1.30	1,367,284.40	1.62	4,120,149.60	1.28
Sub - Asian MBE	164,768.76	0.23	663,340.04	0.90	329,926.73	0.37	342,614.19	0.41	1,500,649.72	0.47
Sub - Asian Female		0.00		0.00		0.00	1,800.00	0.00	1,800.00	0.00
Sub - Asian Male	164,768.76	0.23	663,340.04	0.90	329,926.73	0.37	340,814.19	0.40	1,498,849.72	0.47
Sub - Black MBE	629,347.70	0.86	531,886.78	0.73	806,756.50	0.90	880,422.26	1.04	2,848,413.24	0.89
Sub - Black Female	230,109.14	0.32	235,379.80	0.32	282,254.92	0.31	263,408.61	0.31	1,011,152.47	0.32
Sub - Black Male	399,238.56	0.55	296,506.98	0.40	524,501.58	0.58	617,013.65	0.73	1,837,260.77	0.57
Sub - Hispanic MBE	735,974.55	1.01	1,625,742.42	2.22	1,370,929.95	1.52	1,405,940.05	1.67	5,138,586.97	1.60
Sub - Hispanic Female	222,971.60	0.31	336,499.62	0.46	319,759.50	0.35	193,331.06	0.23	1,072,561.78	0.33
Sub - Hispanic Male	513,002.95	0.70	1,289,242.80	1.76	1,051,170.45	1.17	1,212,608.99	1.44	4,066,025.19	1.27

See Table 2 of the Audit Report



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Equal Business Opportunity
 50 South Military Trail, Suite 202
 West Palm Beach, FL 33415
 (561) 616-6840
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**Palm Beach County
 Board of County
 Commissioners**



Maria Sachs, Mayor
 Maria G. Marino, Vice Mayor
 Gregg K. Weiss
 Michael A. Barnett
 Marci Woodward
 Sara Baxter
 Mack Bernard

County Administrator

Verdenia C. Baker

*"An Equal Opportunity
 Affirmative Action Employer"*

Official Electronic Letterhead

DATE: July 12, 2024
 TO: David J. Zamora, County Internal Audit
 THRU: Reginald K. Duren, Assistant County Administrator 
 FROM: Tonya Davis Johnson, Director 
 Office of Equal Business Opportunity (OEBO)
 RE: Internal Audit Report Response

Thank you for providing the findings and recommendations for the Office of Equal Business Opportunity Ordinance Implementation Audit. The following serves as our response to the recommendations.

Finding #1. Supporting Details Do Not Match Totals in OEBO Annual Report

Recommendations:

1. The Department Director should ensure reported participation payment information is supported to confirm accuracy and completeness. More specifically:

- Overall reported totals match corresponding total supporting payment details,
- Reported categorical subtotal amounts match corresponding subtotals in the report's summary attachment, and
- Construction departments reported totals match corresponding department totals in the supporting payment details.

2. The Department Director should implement procedures to ensure reported totals are accurate and complete, which include:

- Reconciling overall totals with corresponding subtotals and supporting payment detail,
- Use of hard cut-off dates to capture and report participation data, and
- Disclosure of variances between reported amount, subtotal amounts and supporting detail.

Response:

Several factors contributed to the variances identified in this finding during the preparation of the 2019-2022 participation report:

1. Inadvertent omission of supporting reports due to timing out of the reporting system.
2. Daily recording of payments in the ECMS System post report.
3. Changes in Contract Affirmative Procurement Initiatives (API) post report.

Finding # 1 Response (Cont'd.)

OEBO management acknowledges discrepancies in the overall totals reported on the Annual Reports for FY2019-2022. We have responded to the issues highlighted in Finding #1 by furnishing reconciliation reports for the specified years (see Table 1 and attached reconciliation reports). To prevent future discrepancies, we have thoroughly reviewed and updated our reporting process. All reports are now generated on the same day and undergo rigorous verification for accuracy and consistency prior to submission to Administration. Hard cut-off dates have been implemented for ECMS data entry to capture complete participation data. A reconciliation report has been developed to identify any variances between two reporting dates. Additionally, disclosure statements have been included in reports to address any post-report variances. These additional measures will bolster the accuracy and reliability of future OEBO Annual Reports. (See Finding 1 Attachments 1-11)

Finding #2. Reconciliation between Accounting System and Contract Management System Not Performed

Recommendations:

3. The Department Director should coordinate with ISS to ensure the two systems are periodically (at least annually) reconciled to confirm all applicable payment information in Advantage has been imported into eCMS.

4. The Department Director should ensure all applicable payment parameters are communicated to, and documented with the Clerk's Office, to refine the Advantage Financial System report for comparison to the OEBO Annual Participation Report.

Response:

OEBO management maintains confidence in the accuracy of the information submitted in the 2019-2022 Annual Report. However, we identified incomplete payment data parameters requested by the Internal Audit Department from the Clerk's office and ISS. Specifically, the payment information provided by the Clerk's office included payments that were excluded from ECMS, detailed in Attachment #1 (voided payments, payments less than zero, Clerk generated General Accounting Expenditure (GAX) and Manual Disbursement document (MD), payments by the Clerk, Tourist Development Council, or Health Department). The figure of \$598,902,610.64 referenced by the Internal Auditor was provided by ISS in March 2024. The Annual Participation Report for FY 2022, which was compared, was produced in July 2023. It is crucial to note that payment information in ECMS fluctuates daily due to various influencing factors. As noted in Finding #1, different report generation dates can lead to varying payment amounts, necessitating reconciliation.

OEBO management has engaged with the Clerk's Office and ISS to ensure comprehensive parameters for reconciling the two systems were established. Recently, ISS successfully reconciled Advantage payments for FY 2022 with payments recorded in ECMS for the same period (See Finding 2 Attachment).

Finding #3. Required Schedules Missing in eCMS

Recommendations:

5. Construction Department Directors should ensure Schedule 2s and 4s are uploaded into the contract management system (eCMS) as required.

6. The OEBO Department Director should ensure departments are made aware of requirements to upload Schedule 2s and 4s into eCMS, which include:

- Updating countywide PPM CW-O-043 to address departmental requirements for obtaining/uploading Schedule 2s and 4s into eCMS including the use of CIP by WUD.
- Periodically (at least annually) re-train departments on requirements for obtaining/uploading Schedule 2s and 4s into eCMS.

Response:

We concur with the recommendation however, it should be noted that departments have received and continue to receive training on the steps necessary and required to upload Schedule 2's and 4's into eCMS. It is imperative that reporting departments follow the instructions and place data in the appropriate areas both for consistency and accuracy. Staff will retrain all departments on the requirements of obtaining/uploading Schedule 2's and 4's into eCMS. All training will be completed by December 31, 2024. Countywide PPM CW-O-043 is currently being updated to add the procedures for departments to make adjustments in eCMS. Trainings are current and ongoing.

Finding #4. Quarterly and Semi-Annual Reports Not Prepared

Recommendations:

7. The Department Director should ensure that required semi-annual performance reports are prepared, and quarterly reports are obtained that identify S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.

8. The Department Director should communicate to the Purchasing Department and all construction departments the requirement to submit to OEBO quarterly reports that identify the S/M/WBE participation on all purchases or alternative source selections exempt from the Purchasing Code.

Response:

We concur with the recommendation and the OEBO is currently in compliance with the reporting requirements. To date, the OEBO has submitted the FY 2023 Annual Report and FY 2024 Qtr. 1 report on January 30, 2024, and FY 2024 Qtr. 2 and the semiannual report to the Board of County Commissioners on June 11, 2024 which are available for your review. The OEBO received approval from the BCC to purchase compliance management software that will streamline access to the necessary components to track and accurately report Small/Minority/Women Business Enterprise (S/M/WBE) participation on applicable county contracts. In the interim, the OEBO will remain in constant communication with ISS to ensure that reports are being run in an efficient manner, capturing the required data to be reported. (See Finding 4 & 5 Attachments 1-4).

Finding #5 Annual Reporting Not Completed As Required

Recommendations:

9. The Department Director should ensure reports are provided to the BCC no less than annually as required by the EBO Ordinance.

10. The Department Director should continue to work with ISS to ensure reporting systems support the issuance of sufficient and timely reports as required.

Response:

We concur with the recommendation and the OEBO is currently in compliance with the reporting requirements. To date, the OEBO has submitted the FY 2023 Annual Report and FY 2024 Qtr. 1 report on January 30, 2024, and FY 2024 Qtr. 2 and the semiannual report to the Board of County Commissioners on June 11, 2024 which are available for your review. The OEBO received approval from the BCC to purchase compliance management software that will streamline access to the necessary components to track and accurately report Small/Minority/Women Business Enterprise (S/M/WBE) participation on county contracts. In the interim, the OEBO will remain in constant communication with ISS to ensure that reports are being run in an efficient manner, capturing the required data to be reported. (See Finding 4 & 5 Attachments 1-4).

Finding #6 PII Not Redacted on Stored Application Documents

Recommendations:

11. The Department Director should ensure that PII, including social security numbers, is immediately redacted on all application paperwork stored by OEBO.

12. The Department Director should develop written procedures on PII redaction and communicate to staff. These procedures should include: advising applicants to redact unneeded PII from documents before submission to OEBO, and for OEBO management and staff to verify PII is redacted on submitted documents prior to storing.

Response:

We concur with this recommendation. Upon notification of the identified Personal Identifiable Information (PII) that had not been redacted in Cinema and was visible to the public, on April 15, 2024, management directed ISS to disable Cinema, the public facing system to protect the PII data. EBO staff was also made aware of the need to redact PII from any documentation received on April 15, 2024. Staff revised its Internal PPM OEBO-O-004 SBE Files and finalized it on July 10, 2024 to ensure that staff was reminded of the importance of redacting PII. Additionally, staff has been provided examples of information that is considered to be PII with instructions to redact information prior to saving the file and uploading it into the OEBO Admin System. Finally, a notice to vendors has been placed in the certification application portal, requesting the redaction of any PII information from their application and supporting documentation prior to submission. (Finding 6 Attachments 1 & 2).

Finding #7. All Documents Related to Required Ordinance Activities are Not Available

Recommendations:

13. The Department Director should ensure staff adequately document Performance/completion of required EBO ordinance activities.

14. The Department Director should implement the use of a centralized filing system and develop related procedures (and communicate them to staff), which include monitoring to ensure relevant documents are being maintained.

Response:

We concur with this recommendation however, prior to the internal audit, staff was utilizing their personal H:/Common Drive to store ordinance related documentation. Staff has been instructed to place documents in the corresponding folders on the G:/Common Drive. The Reporting folder houses EBO Ordinance activities and documentation of performance and completion of activities by staff including but not limited to complaint documents, eCMS contract monitoring, goal setting, technical assistance referrals, outreach, training and waivers. The Reading File folder houses all certification, recertification and modification related files. These folders will serve as the centralized filing system for all documents related to required ordinance activities. (See Finding 7 Attachments 1 & 2)

Finding #8 API Monitoring on Active County Contracts Not Documented

Recommendations:

15. The Department Director should ensure monitoring activities of API compliance on active county contracts is documented.

16. The Department Director should implement procedures to ensure active County contracts are monitored for compliance as required. Procedures should include capturing the age of issues for resolution such as those items that appear on eCMS integrity reports.

Response:

We concur with this recommendation. Staff is in the process of creating an eCMS monitoring log which will capture API compliance on active county contracts. This manual log will be active on August 1, 2024 and will be a component of the compliance management software. This information will be housed in the G:/Common Drive entitled Reporting.

Finding #9 Materials on How to Submit Complaints of Alleged Policy Violations Not Distributed

Recommendations:

17. The Department Director should ensure educational materials advising of procedures to submit complaints of alleged violations of the Ordinance's policy are distributed to the County's contractor and vendor community.

18. The Department Director should discuss with the PBC County Attorney's Office appropriate methods for complying with the ordinance requirements for distribution of educational materials regarding how to submit complaints of alleged policy violations.

Response:

We concur with this recommendation. Staff has created a customer feedback and complaint card for distribution to county contractors and the vendor community. Staff will develop a complete complaint form and the document will be available on the OEBO website on or before August 1, 2024. (See Finding 9 Attachment).

cc: Verdenia C. Baker, County Administrator

FY 2025 Proposed Audit Work Program

How we develop the proposed audit work program

We base our audit work program on three components:

- Auditable units,
- An annual risk assessment, and
- The availability of audit resources.

Auditable Units

The model adopted to assess risk in Palm Beach County recognizes a county department as the primary auditable unit. This higher level analysis helps to identify major risks at a macro level. The audit focus of each selected audit will then be narrowed to the division, section, or program using an engagement level risk assessment. Specific audit objective(s) will ultimately be developed at this level.

Risk Assessment

There are three elements to our annual risk assessment. The elements are management input, financial factors, and audit input.

- We surveyed department directors to get their assessment of risk in five major operating areas; Public Interaction, Information Technology, Operational Complexity, Compliance Requirements, and Management Changes. We also collect input on the top departmental objectives critical to the department's success.
- We've drawn information from the county's accounting system for operating expenses, operating revenues, and grants. This portion includes a look at the levels of capital spending, personnel spending, as well as charge for services.
- Internal Audit classified departments by the date of the most recent audit engagement. The auditors evaluated the individual departments as they relate to internal control processes, management capabilities, as well as experience in the control environment observed in any applicable areas reviewed. Results of individual audits, significant risk areas, as well as opportunities, were considered for the auditor judgement portion of the assessment. Feedback is solicited from County Commissioners, Assistant County Administrators, as well as the County Administrator.

A numerical risk score for each auditable unit is then calculated based on the results of all data gathered as described above.

Availability of Resources

We currently have the following resources:

- Two Senior Auditors,
- Three Auditor 2s,
- One Staff Auditor, and
- One newly approved Auditor position (FY 2025)

We undertake each audit engagement by assigning either a single Senior Auditor or using a team concept to ensure we have adequate knowledge, skills, and abilities. This method also provides for training and development for a junior auditor paired with a more experienced auditor. Conducting follow-up work, external training, research projects and other administrative type activities are duties in addition to assigned audits.

Status of Projects Carried Over

FY 2023		
Project Title	Risk	Status
Human Resources – Performance Management	High	Planning
FY 2024		
*Risk Management – Safety & Casualty MOU (added June 2024)	Request	Field Work
Community Services	High	Not Started
Water Utilities	High	Not Started

* Internal Audit received a request from Risk Management to audit the requirements of the Memorandum of Understanding (MOU) with the Florida Highway Safety and Motor Vehicles (FLHSMV). This compliance and control measure review is to be completed by December 14, 2024. This audit was not on our original FY 2024 work plan but added to comply with the terms of the MOU.

A total of four audits will be carried over to FY 2025.

Proposed FY 2025 Project List

FY	Projects Carried Over	Risk
2023	Human Resources / Performance Management	High
2024	Risk Management - Safety & Casualty MOU	Request
2024	Community Services	High
2024	Water Utilities	High

New Projects for FY 2025		Risk
Planning, Zoning, & Building / Code Enforcement DAVID MOU		Request
Public Safety / Consumer Affairs Data Exchange MOU		Request
County Wide - Personally Identifiable Information Security		High
Palm Tran		High

The referenced audit requests are compliance engagements with regard to MOU agreements between Palm Beach County and the FLHSMV. The purpose of the MOU is to provide these functions electronic access to Driver License, Motor Vehicle, Crash Report, Crash Insurance information needed to carry out their respective duties. This access is contingent on having appropriate internal controls in place to ensure the information provided is protected from unauthorized access. An Internal Control and Data Security Audit must be submitted from the Internal Auditor or Inspector General. The MOUs require an audit on or before the third and sixth anniversary of each respective agreement, and for data exchange before the first anniversary.

Palm Tran was added to the FY 2025 work plan with potential risks identified in our last two audit cycles. Palm Tran was however, included as an alternate selection in FY 2024 pending available audit resources. Palm Tran is now reclassified from an *alternate* selection in FY 2024, to an added audit in the FY 2025 work plan.