

# 2018 ANNUAL REPORT OFFICE OF INSPECTOR GENERAL

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OCTOBER 2018



**K. Lung Chiu, CPA, CIG**  
Inspector General

# MISSION STATEMENT

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

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## SCHOOL BOARD OF PALM BEACH COUNTY

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October 19, 2018

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

I am pleased to submit the Office of Inspector General's (OIG) Annual Report. This report is required by School Board Policy 1.092 and summarizes our activities and accomplishments for the period from July 1, 2017 through June 30, 2018.

As provided by Board policy, the OIG conducts audits, investigations, and special reviews of the Palm Beach County School District's (District) programs and operations to support effective decision making and to detect and deter fraud, waste and abuse. A primary goal of OIG is to enhance the public's confidence in the District by assisting District management and school administrators with making continuous improvements in programs and operations.

If you should have any questions, please feel free to contact me at (561)434-7336.

K. Lung Chiu, CPA, CIG  
Inspector General

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## ABOUT THE OFFICE OF INSPECTOR GENERAL

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

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

In carrying out our responsibilities under *School Board Policies 1.092, 1.091, 2.61, 2.62 and 3.28*, the OIG:

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

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

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

The OIG reports directly to the School Board to ensure the necessary independence. OIG staff consists of a skilled team of professionals, including an attorney, with expertise in internal auditing, reviews and investigations. The OIG is organized into three areas: audits, investigations, and compliance and quality assurance. Through our work, we strive for a culture of accountability, transparency, collaboration and excellence to assist the School Board and the Superintendent in their efforts to provide Palm Beach County students with a world class education. An OIG organizational chart is provided as Appendix A to this report.

The OIG's most valuable asset is its staff. The OIG has a highly educated team of professional staff where all of the professional staff have at least a four-year degree, and most have either advanced degrees or one or more professional certifications in their areas of expertise, and the staff also reflects the diversity of the Palm Beach County and School District communities. The various certifications and licensures held by staff members include more than 25 professional certificates, including: Certified Inspector General (CIG), Certified Inspector General Auditor (CIGA), Certified Inspector General Investigator (CIGI), Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE), Certified Information System Auditor (CISA), Chartered Global Management Accountant (CGMA), Certified Management Accountant (CMA), and Member of the Florida Bar and State Bar of Georgia.



# ABOUT THE OFFICE OF INSPECTOR GENERAL

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## Mission

To provide independent appraisals of the District's programs and operations through audits, investigations, and reviews by making recommendations to improve the efficiency, economy, and effectiveness of programs and operations and to prevent, detect, and root out fraud, waste, abuse, and other wrongdoing.

## Vision

To be the trusted audit and investigative arm of the School Board on matters related to fraud, waste, abuse, fiscal misconduct, financial mismanagement, or other wrongdoings.

We accomplish this by:

- Keeping the School Board and Superintendent fully and timely informed of significant issues and their developments.
- Providing the School Board, Superintendent, and management with timely information about vulnerabilities, problems and deficiencies relating to District programs and operations.
- Making practical recommendations to improve District programs and operations.
- Communicating timely and useful information that facilitates management decision-making and achieving measurable gains.
- Being proactive and adaptable to changing circumstances while striving to continuously improve.

## Core Values and Guiding Principles

### Integrity

*We hold ourselves and others to the highest standards of ethics.*

### Accountability

*We embrace the responsibility with which we have been charged. We hold ourselves accountable to our stakeholders and the public and take responsibility for achieving our mission.*

### Professionalism

*We adhere to professional standards of our disciplines and effectively use our knowledge, skills, and experience to perform duties with integrity.*

### Respect

*We treat each other and our stakeholders with dignity, respect, professionalism, and fairness.*

### Excellence

*We issue well-supported, high quality work products which are timely, accurate, relevant and reliable.*

# SUMMARY OF OIG PERFORMANCE FOR THE PERIOD JULY 1, 2017-JUNE 30, 2018

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Performance Audits & Special Review Carried Over from FY 16-17: **6**  
Performance Audits & Special Review Reports Issued: **7**  
School Audits Completed: **175**  
Audit Findings: **477**  
Audit Recommendations Issued: **793**  
Total Reports with Financial Impact: **85**  
Questioned Costs/Expenses: **\$568,188**  
Financial Impact of Audit Reports: **\$747,598**

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Investigations Carried Over from FY 16-17: **15**  
Investigations Opened: **17**  
Investigations Closed: **16**  
Matters Forwarded to Administrative Offices: **112**  
Matters Submitted to Outside Agency(ies): **0**  
Partial Referrals: **0**

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Hotline Calls: **116**  
Emails: **12**  
Standard Mail: **14**  
In Person: **3**  
Direct Calls: **3**  
Referred from Another Agency or Department: **7**



# AUDIT

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The Audit Unit of OIG conducts independent audits and reviews of District programs and operations. It also assesses compliance with laws, regulations, rules and Board policies and procedures, and evaluates internal controls. *Board Policy 1.092* authorizes the OIG to conduct “financial, compliance, performance, management, operational, electronic data processing or other audits of all departments, offices, activities, agencies, contracts, grants, procurements for goods, services, or construction, agreement, and other programs under the operation, control and supervision of the School District.”

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

## PERFORMANCE AUDITS, FINANCIAL AUDITS, AND SPECIAL REVIEWS

### 1. Special Review of Active Net Payments for Community School Programs, Report No. 2018-01.

During the **Fiscal Year 2017 Internal Funds Audits**, we noted some discrepancies for Community Schools’ registration fees submitted by The Active Network, Inc. (Active Net), our online registration vendor. The primary objectives of this special review were to: (1) assess the adequacy of internal controls for the fee collections through the online system, Active Net, and (2) determine whether service fees charged by Active Net were consistent with the *Agreement*. This special review produced the following major conclusions:

- a) *\$53,727 in Missing Payments Recovered by Four Schools.* The 2016 and 2017 Internal Funds Audits found remittance payments totaling \$53,727 had not been received or deposited by four schools. The OIG contacted ActiveNet, through the Adult and Community Education Department, and requested the vendor to investigate the missing payments. ActiveNet acknowledged that the missing checks had not been cashed. Subsequently, these four schools (Boynton Beach High, Forest Hill High, Palm Beach Gardens High, and Palm Beach Lakes High) received the full amount of the missing funds.
- b) *Written District Guidelines Needed for ActiveNet Payment Reconciliations.* Community School Directors (the Assistant Principals who are responsible for the programs at the schools) are required to reconcile each ActiveNet remittance check to the student registration records in ActiveNet. OIG's interviews with new directors and clerical staff revealed that they often cannot locate procedures regarding ActiveNet setup and reconciliations. There are no written District guidelines to assist new program staff to navigate through the available online resources.



- c) Execution of Agreement Consistent with Policy and Procedures. **School Board Policy 6.035 - Acceptance of Credit and Debit Cards** states "only a vendor awarded a contract shall be authorized to provide credit and debit card transactions." The *Agreement* dated September 30, 2013 was initiated by the Department of Adult and Community Education, reviewed by the General Counsel's Office, and signed by the Chief Financial Officer, on behalf of the District in compliance with **School Board Policy 6.14**.
- d) Service Charges Paid to Vendor Consistent with Agreement. The *Agreement* with ActiveNet includes a schedule of service charges. Charges are divided into two categories: online (registrations that are entered directly by the student into the ActiveNet System) and onsite (registrations that are entered into the ActiveNet System by school staff on behalf of the students). A processing fee is assessed for every registration, whether online or onsite. The OIG concluded that charges paid to the vendor were consistent with the *Agreement*.

## 2. Unannounced Cash Counts of Football Game Revenue Collections at Six Selected Schools, Report No. 2018-02.

Pursuant to the **Office of Inspector General's (OIG) 2017-18 Work Plan**, [wehttps://www.usa.gov/phone-tv-complaints](https://www.usa.gov/phone-tv-complaints) performed unannounced cash counts of football game revenues at six selected schools during November 2017. The primary objectives of this audit were to determine (1) if the November 3, 2017, football game revenues collected at six selected schools were properly accounted for, and (2) the extent of compliance with District procedures for money collections. The audit produced the following major conclusions:

- a) No Money Missing for All Six Selected Schools. On Monday, November 6, 2017, the OIG performed unannounced cash counts at six selected high schools (Atlantic High, Boynton Beach High, Glades Central High, Palm Beach Central High, Palm Beach Gardens High, and Palm Beach Lakes High) that hosted football games on their campuses on the previous Friday night (November 3, 2017). The review of the football game revenue collection records and the unannounced cash counts concluded that all monies were properly accounted for. No money was missing.
- b) No Findings for Four Schools, Minor Findings Noted in Two Schools. The review concluded that no noncompliances were found at four schools. Minor noncompliances in prenumbered document inventory and segregation of duties were noted in Atlantic High and Palm Beach Lakes High. The OIG informed the Principals that follow-up on these noncompliances will be conducted during the next audit.

## 3. Audit of Educational Alternative Expenditures and Grant Compliance, Report No. 2018-04.

This audit of the Grant "Developing Knowledge About What Works to Make Schools Safe" was conducted pursuant to the *Office of Inspector General's (OIG) 2016-17 Work Plan*. This grant was awarded by the National Institute of Justice (NIJ) in the amount of \$3,909,116 (grant) for January 1, 2015, through December 31, 2017. In May 2017, this grant was extended by NIJ, with no-cost, to December 31, 2018. The primary objectives of this audit were to determine (1) whether expenditures under the grant were allowable and in accordance with the requirements of the grant, and (2) the extent to which the District has achieved the project goals and objectives. This audit produced the following major conclusions:

- a) Expenditures Met Grant Requirements. As of January 23, 2018, the School District had expended and was eligible for \$2,504,680, or 64% of total grant funds of \$3,909,116. The grant expenditures were supported by documentation in accordance grant requirements.

- b) Project Progress Consistent with the Grant's Original Design. As of January 23, 2018, the percent of funding spent appeared to be consistent with the percent of contract time elapsed, and the percent of the students needed for the project.

## AUDITS REPORTED IN MARCH 2018 SEMI ANNUAL REPORT

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

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

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

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

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

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

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

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

The *Special Review of the Educational Facilities Safety Inspections Program* was conducted pursuant to the OIG's 2016-17 Work Plan. The primary objectives of the Special Review were to (1) assess the adequacy of the procedures in ensuring critical

violations are corrected in a timely manner, and (2) determine if violations recorded as resolved have been corrected. The review produced the following major conclusions:

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

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

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

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

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

## SCHOOL INTERNAL FUNDS AUDIT FY2017 Annual Internal Funds Audit, Report No. 2018-03

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In accordance with **State Board of Education Rule 6A-1.001**, and **Florida Department of Education Rules (Chapter 8 of Financial and Program Cost Accounting and Reporting for Florida Schools)**, the School Board is required to have an annual audit of internal funds for all the schools. Internal funds are monies collected and expended within a school that are used for financing the normal program of school activities not otherwise financed, for providing necessary and proper services and materials for school activities, and for other purposes consistent with the school program as established and approved by the School Board.

During Fiscal Year 2017, all 175 District schools collected a total of \$83.1 million from fundraising, special trusts, and program fees, and disbursed a total of \$82.1 million in payments for purchases of goods, services, and other expenditures through the internal funds.

The Fiscal Year 2017 Audit revealed that the number of audit findings were decreased from prior year. Moreover, 50 of the 175 schools had no audit findings, an increase of 22 schools (79%), from 28 schools in Fiscal Year 2016.

The overall findings are as follow:

## A. Disbursements

- (1) *Disbursements Not Properly Documented or Approved.* The 2017 Audits revealed a significant improvement in documentation of P-Card transactions. Inadequate documentation of P-Card transactions occurred in 16 (9%) of the schools, down from 28 schools in Fiscal Year 2016. However, our testing found that in 53 (30%) of the schools, some of their disbursements lacked the necessary documentation. Noncompliance in disbursements identified by the 2017 Audits included:
  - 13 (7%) schools made some of their payments by school checks or District PCard without any supporting documentation.
  - 34 (19%) schools made some of their payments without adequate documentation, such as vendors' account statements or packing lists, without the details of the purchases.
  - 23 (13%) schools did not issue *Purchase Orders* for some disbursements exceeding \$1,000, which is required by the **Internal Accounts Manual, Chapter 8 (Cash Disbursements and Checks)**.
  - 9 (5%) schools issued some of their payments based on purchase agreements and contracts signed by staff members instead of the principal.
- (2) *Vendors Performed Services on Campus Without Consultant Agreement.* Section 8 of the *School District Consultant Agreement* (PBSD 1420) mandates the background checks/fingerprinting of vendors in accordance with the **Jessica Lunsford Act (Florida Statutes §1012.465)**. However, the 2017 Audits found that:
  - In 11 (6%) schools, some vendors were permitted to perform services at the schools without the required *School District Consultant Agreement*.
  - In 13 (7%) schools, the *School District Consultant Agreements* for some vendors were not properly executed with all the required information. Missing information included hourly rates, maximum contract amounts, principals' and consultants' signatures, etc.

## B. Money Collections

- (3) *Cash Collection and Deposit Procedures.* To help strengthen the controls and integrity of revenue collections, the District has developed and implemented certain procedures for cash handling. These procedures require the activity sponsors to record the collection information on the prenumbered *Drop-safe Log* and retain the yellow copy of *Monies Collected Reports* (MCRs) before dropping off the collections into the school's drop-safe for deposit. During the 2017 Audits, we noted instances of noncompliance with the procedures related to MCRs and *Drop-safe Logs* in 35 (20%) of the schools. Noncompliances included:
  - Some pages of the *Drop-safe Log* were missing. (5 schools.)
  - Deposit information was not recorded on the *Drop-safe Log* when putting the collections into the school's drop-safe. (3 schools.)



- Incomplete information was entered into the *Drop-safe Log*. Missing information included the sponsors' names, dates of collections, dates of the collections put into the drop-safe, and the dollar amounts. (12 schools.)
- *Section 2* of the *Log* was signed by the treasurer alone after removing the monies from the safe for processing; i.e., no evidence of an independent staff verifier accompanying the treasurer to the safe.
- *Section 3* of the *Drop-safe Log* was not completed by the independent staff verifier indicating that the collections had been recorded in the accounting system.

The District's **Internal Accounts Manual** and related operating procedures require schools to designate document custodians for all prenumbered documents used by the schools, including *Drop-safe Logs*, *School Checks*, *Classroom Receipts*, and *Prenumbered Tickets*. However, the 2017 Audits found that 19 (11%) schools did not assign custodians for some of the prenumbered documents; and 35 (20%) schools did not inventory the prenumbered documents in accordance with District guidelines.

- (4) *Monies Not Deposited Timely*. In 31 (18%) schools, monies collected by staff were not always deposited into the drop-safe in a timely manner, with delays ranging from one to 27 working days, and an average of four working days. At seven schools, the treasurers did not timely deposit collected monies into the bank, with delays ranging from six to 15 working days. Delays in turning in the monies for deposit could result in irregularities and increase the risk exposure to staff.
- (5) *Inadequate Fundraising Documentation*. Fundraising activities are governed by **School Board Policy 2.16 – Fund-Raising Activities Relating to Schools**. Noncompliances with fundraising procedures were identified at 78 (45%) of the schools (down from 110 schools in Fiscal Year 2016). These noncompliances included: (1) sponsors not completing the mandatory annual online training, (2) insufficient/lack of documentation for fundraisers, (3) inaccurate financial information on fundraising forms, and (4) lack of authorization for fundraisers. Repeated violations of District's fundraising procedures by the same staff were referred to the Office of Professional Standards for appropriate actions.
- (6) *Lack of Documentation for Fundraising Give-Away Items*. During the 2017 Audits, our audit samples identified a total of \$17,322.67 worth of fundraising items that were given-away as indicated on the fundraisers' *Sales Item Inventory Reports* at 20 schools without any support or documentation. The *Sales Item Inventory Report* is intended to assist staff (1) in reconciling the estimated fundraising revenues with the actual collections, and (2) to account for the items donated to the school or purchased with school funds. However, it is not intended to assist fundraising sponsors to "force reconcile" the revenue collected by putting the quantities of given-away or missing items without explanation/documentation on the *Sales Item Inventory Report*. The principal is required to sign the *Sales Item Inventory Report* to confirm the ending inventory and attest to the items missing, stolen, or given-away. This practice does not provide accountability in safeguarding school assets, if there is no explanation and documentation for the given-away/missing items, and proper approval by the principal.

### C. Leasing of School Facilities

- (7) *Lease Agreement Not Properly Signed*. In 27 (15%) schools, the *Lease Agreements* did not always include all the required dated signatures in a timely manner. Incomplete or missing information was also noted on *Lease Agreements*, such as missing signatures of the lessees and witness.
- (8) *Late Payments*. **School Board Policy 7.18** states, "*Fees are to be paid by check or credit card (no cash) at least forty-eight (48) hours prior to the use of a facility.*" However, some long term lease arrangements at 21 (12%) of the schools did not comply with this requirement due to certain technical difficulties.





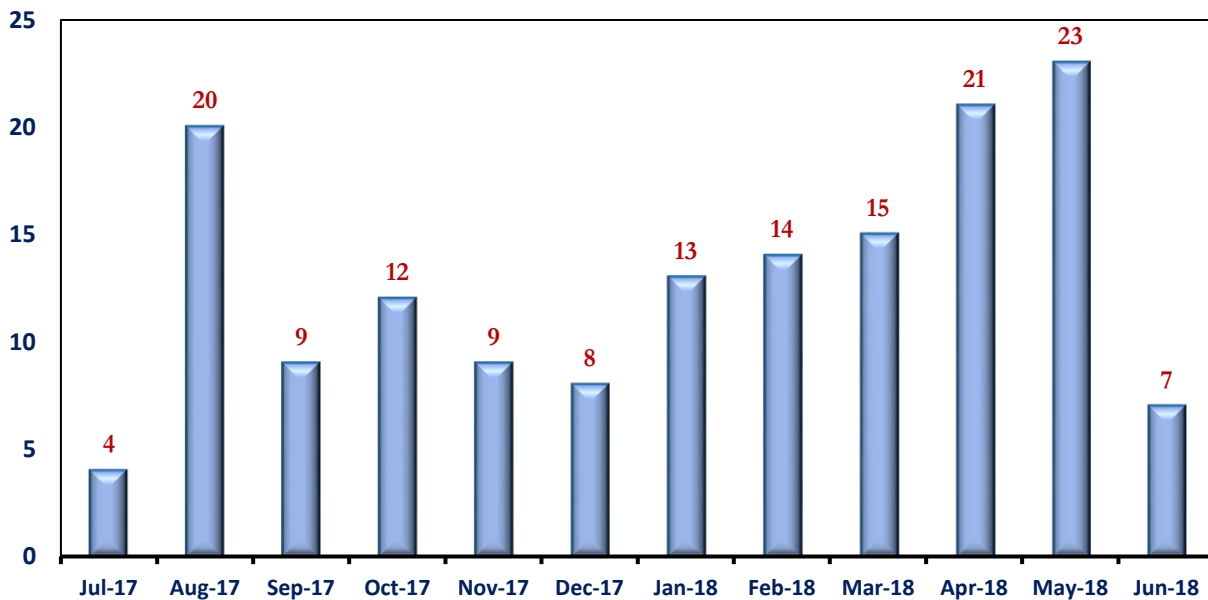


## STATISTICAL SUMMARY for July 1, 2017 through June 30, 2018

For FY 2017-2018, the OIG's Investigations Unit received and processed 155 complaint intakes, completed 21 preliminary reviews, and released 16 investigative reports. Whereas, in FY 2016-2017, the unit received and processed 186 complaint intakes.

### COMPLAINT STATISTICS

A monthly breakdown of the 155 complaints received this fiscal year is provided below. Months with the largest number of complaints, twenty or more, are August 2017, April 2018 and May 2018. Less than ten complaints were received during the months of July 2017, September 2017, November 2017, December 2017, and June 2018.

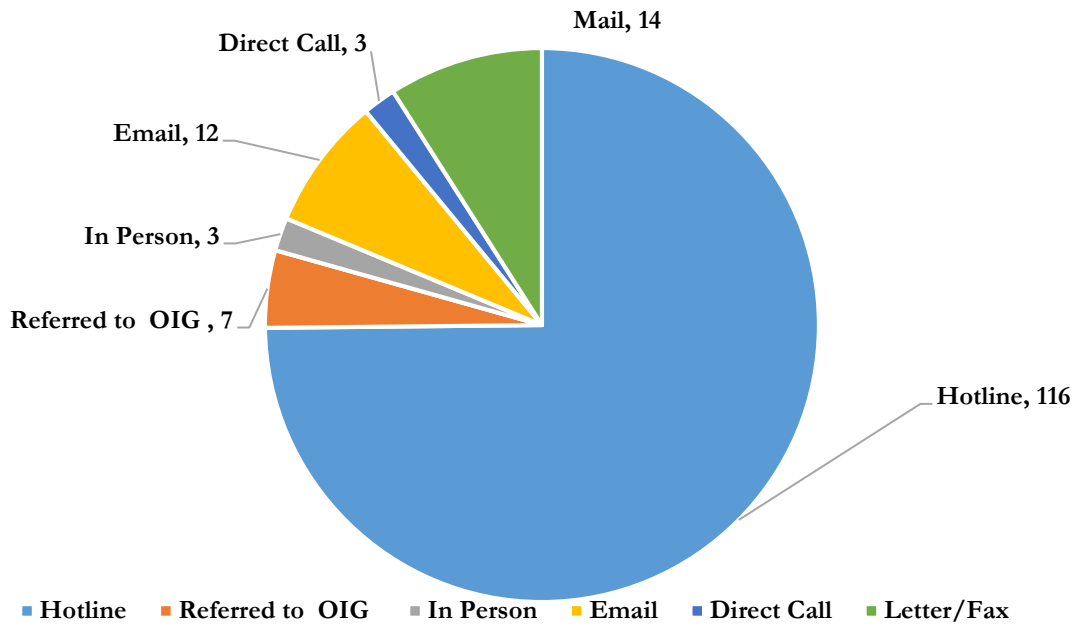


### METHODS COMPLAINTS RECEIVED

The OIG Hotline continues to be the preferred method of reporting fraud, waste and abuse. In its *2018 Report to the Nations on Occupational Fraud and Abuse*, the Association of Certified Fraud Examiners (*2018 Report to the Nations*) found the presence of a hotline or other reporting mechanism affects how organizations detect fraud and the outcome of cases. Telephone hotlines were the most commonly used method to report occupational fraud. Organizations with reporting hotlines detected fraud by tips more often than organizations without hotlines (46% compared to 30%, respectively). Organizations without hotlines were more than twice as likely to detect fraud by accident (7%) or external audit (4%).

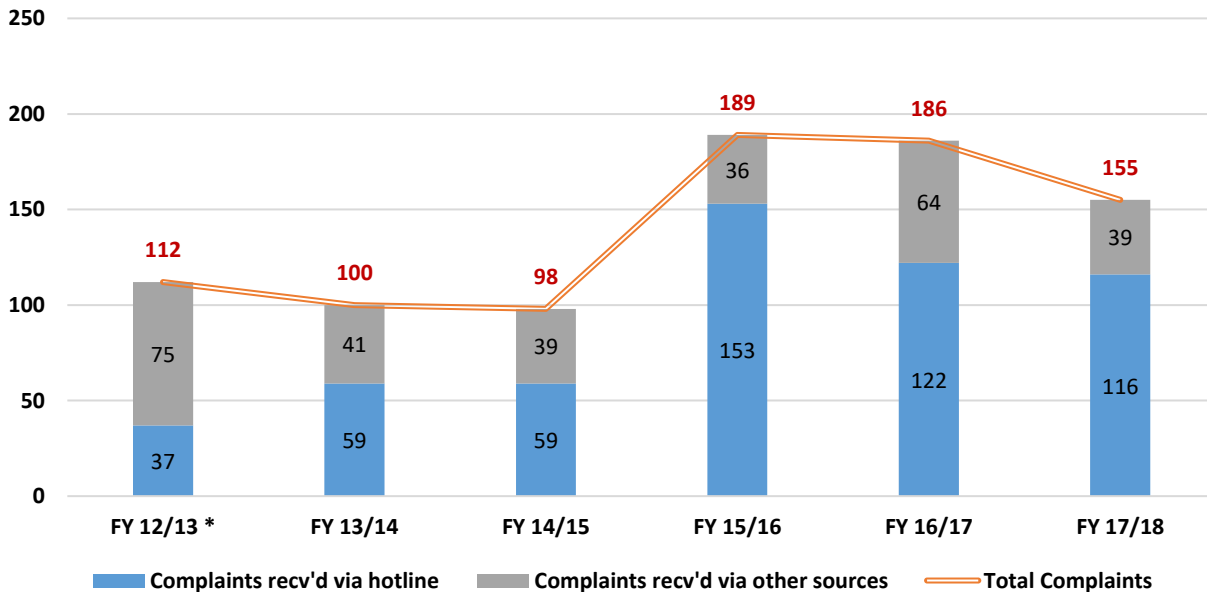
Although the *2018 Report to the Nations* indicates the leading methods for the determination of workplace fraud are tips, internal audits and management reviews, the report further states tips (40%) exceeded other methods as internal audit (15%) and management reviews (13%) in the initial determination of fraud.

For FY 2017-2018, the OIG received the above 155 complaints through the following channels:



The 2018 Report to the Nations provides that telephone hotlines (42%) are the most popular reporting mechanism, followed by email (26%), web-based online forms (23%), mailed letter/form (16%), other (9%), and fax (1%).

### OVERVIEW OF COMPLAINTS AND COMPLAINTS VIA OIG HOTLINE



Consistent with the findings in the 2018 Report to the Nations, the School District’s hotline has been the most popular mechanism for reporting complaints to OIG since its inception in March 2013.

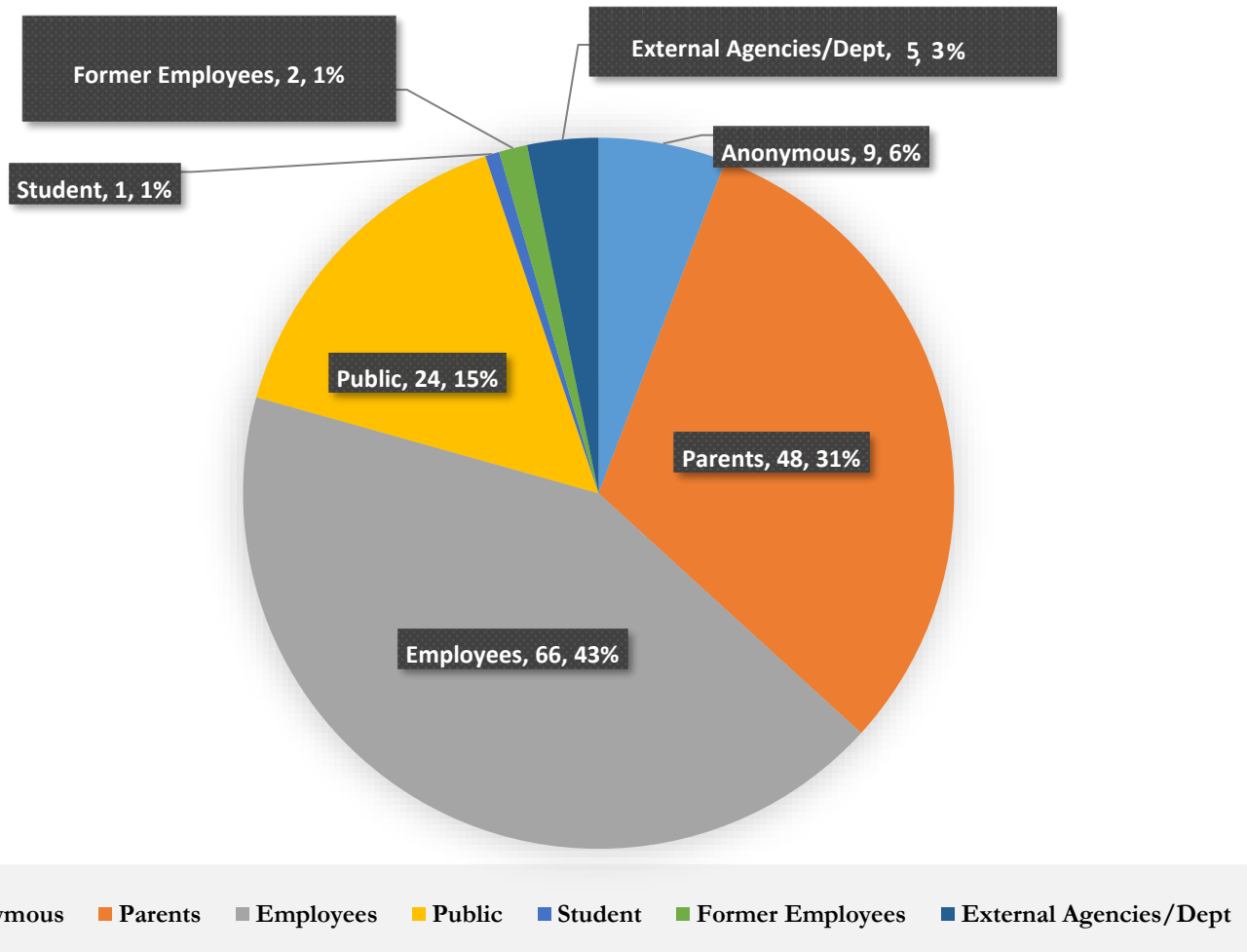
## SOURCES OF COMPLAINTS

District employees, as employees in other organizations, are generally the primary reporting parties for tips/complaints. For FY 2017-18, District employees make up 43% of those reporting to the OIG, parents reported 31% of the complaints, and other members of the public reported 15% of the complaints.

The *2018 Report to the Nations* reports that employees provided 53% of the tips leading to fraud detection and 32% came from persons outside of organizations as customers, vendors, competitors, etc. Thus, the *2018 Report to the Nations* points out that parties other than employees provide significant tips. For the District, parents and other members of the public have contributed significantly (31% and 15% respectively) to the reporting process for FY 2017-2018.

Six percent of our complaints came from an anonymous source. OIG is mindful that whistleblowers and other reporting parties often have a fear of being identified or retaliated against. When we are able to obtain sufficient information from an anonymous tip to investigate a matter, we do so.

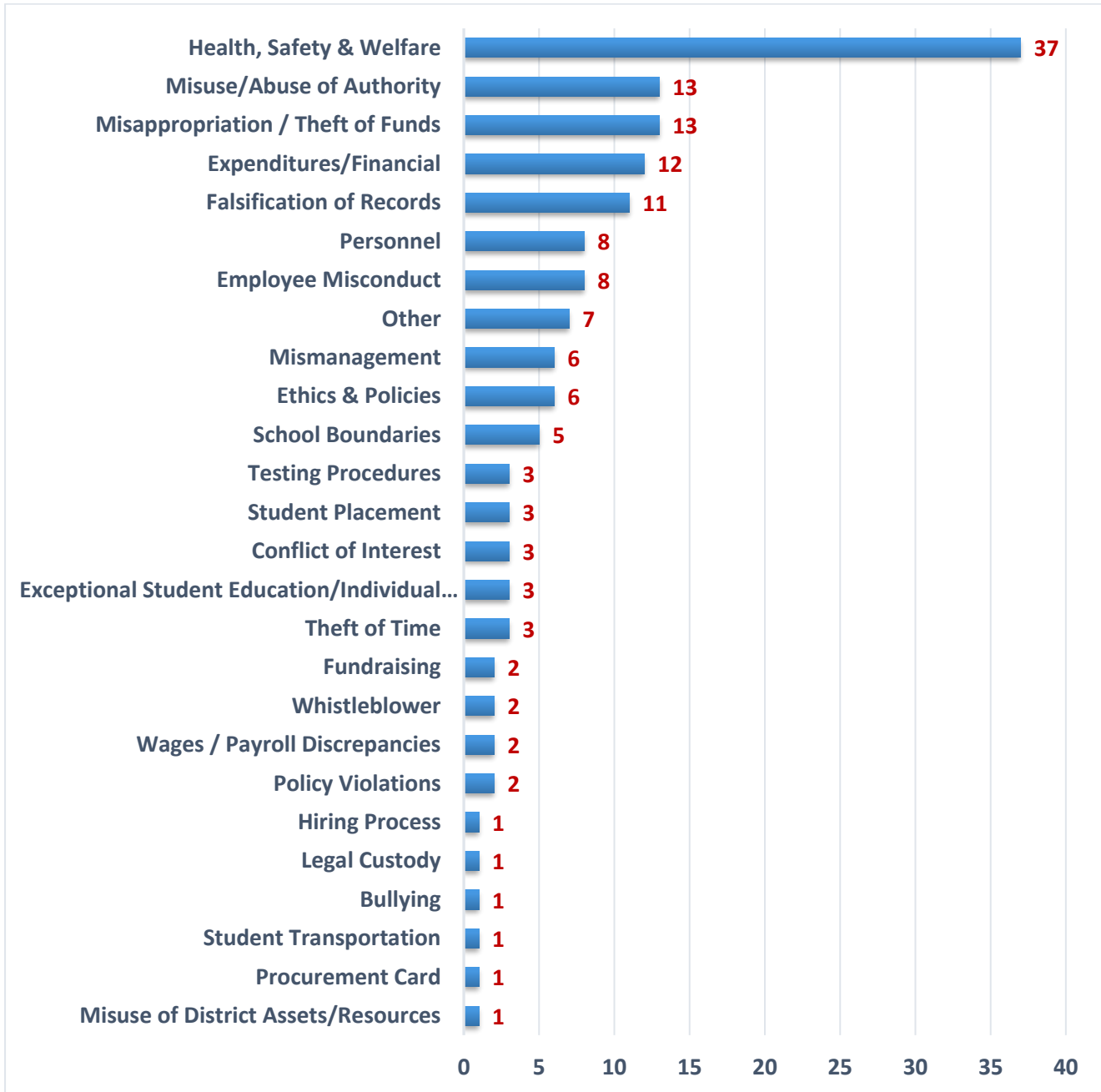
Sources of FY 17-18 Complaints





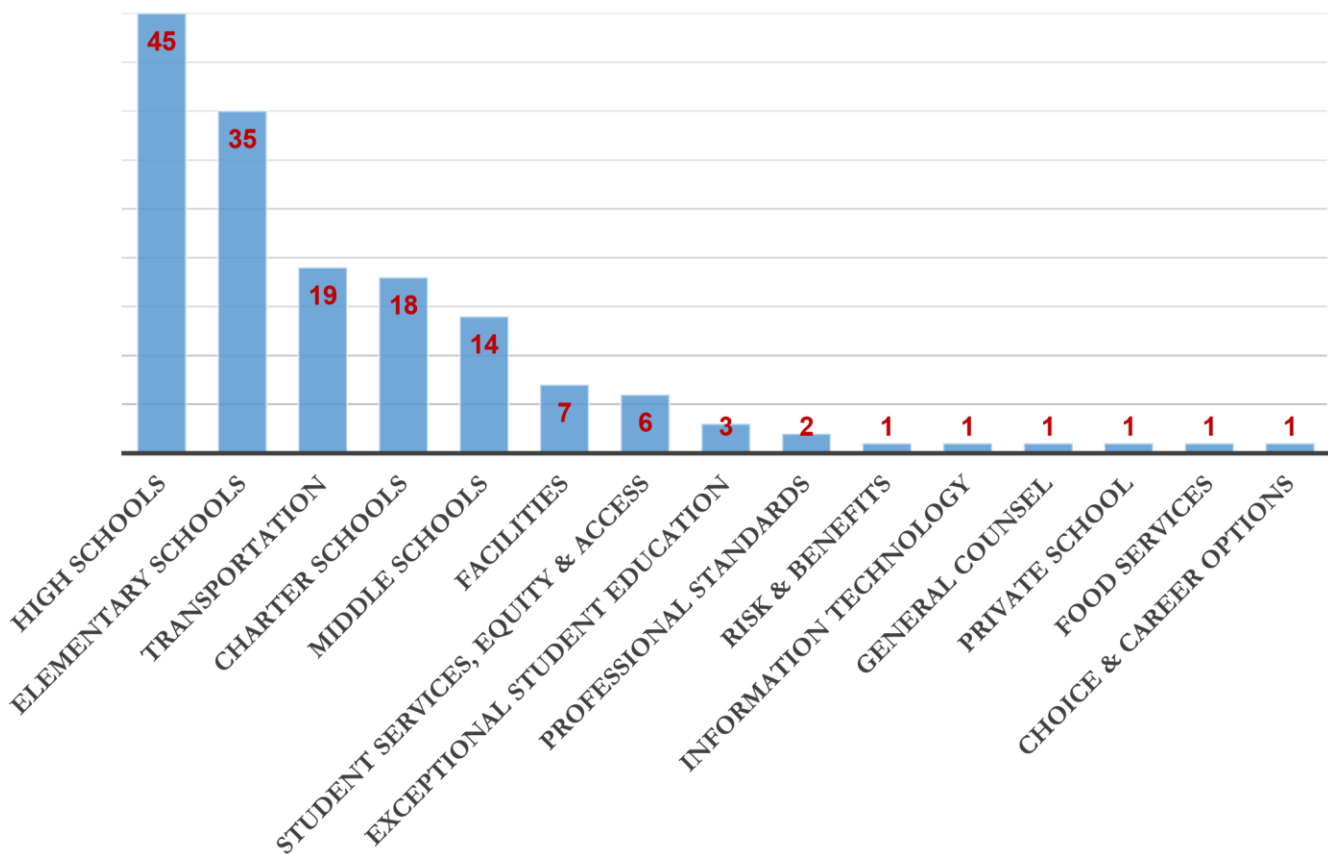
## GENERAL NATURE OF COMPLAINTS

For the 155 complaints received in FY 2017-18, the table below reflects the nature or types of complaints received. On comparison of the complaints received in FY 2017-18 to FY 2016-17, complaints related to health, safety and welfare numbers 1 and 2 (38 complaints) respectively. Ethics and policies related complaints received the greatest number of complaints (44) in FY 2016-17. However, such complaints were drastically reduced in FY 2017-18 to six. Misappropriation/theft of funds was in third place both fiscal years, with 8 complaints being made in FY 2016-17 and 13 complaints for FY 2017-18.



## DISTRICT SCHOOLS, DEPARTMENTS AND PROGRAMS ASSOCIATED WITH COMPLAINTS

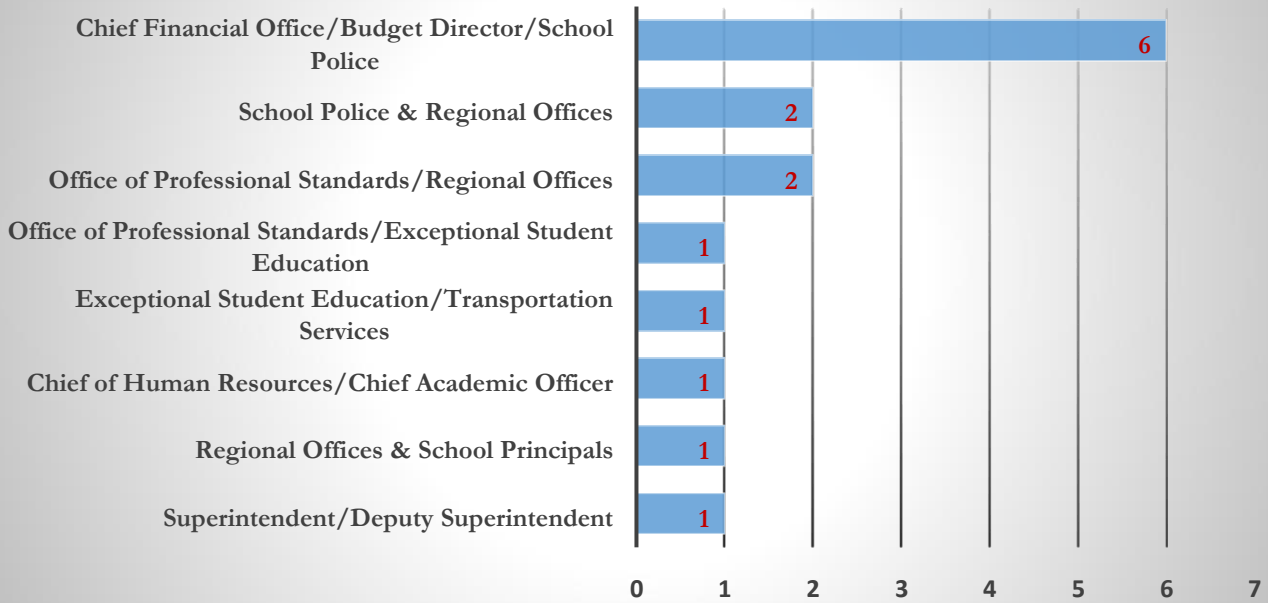
All of the 155 complaints received during FY 2017-18 related to District schools, departments, and programs, including its charter schools. *See* chart below. During FY 2016-17, the greatest number of complaints were from our schools, with middle schools having 46 complaints, high school having 38 complaints and elementary schools with 37 complaints. For FY 2017-18, complaints related to middle schools decreased to 14 and those for high schools increased to 45. Charter school complaints increased from 13, in FY 2016-17, to 18 in FY 2017-18. Of the District’s operational units, the Transportation Department continues to draw the most complaints. In FY 2016-17, Transportation had six (6) complaints; whereas in FY 2017-18, Transportation had 19 complaints.



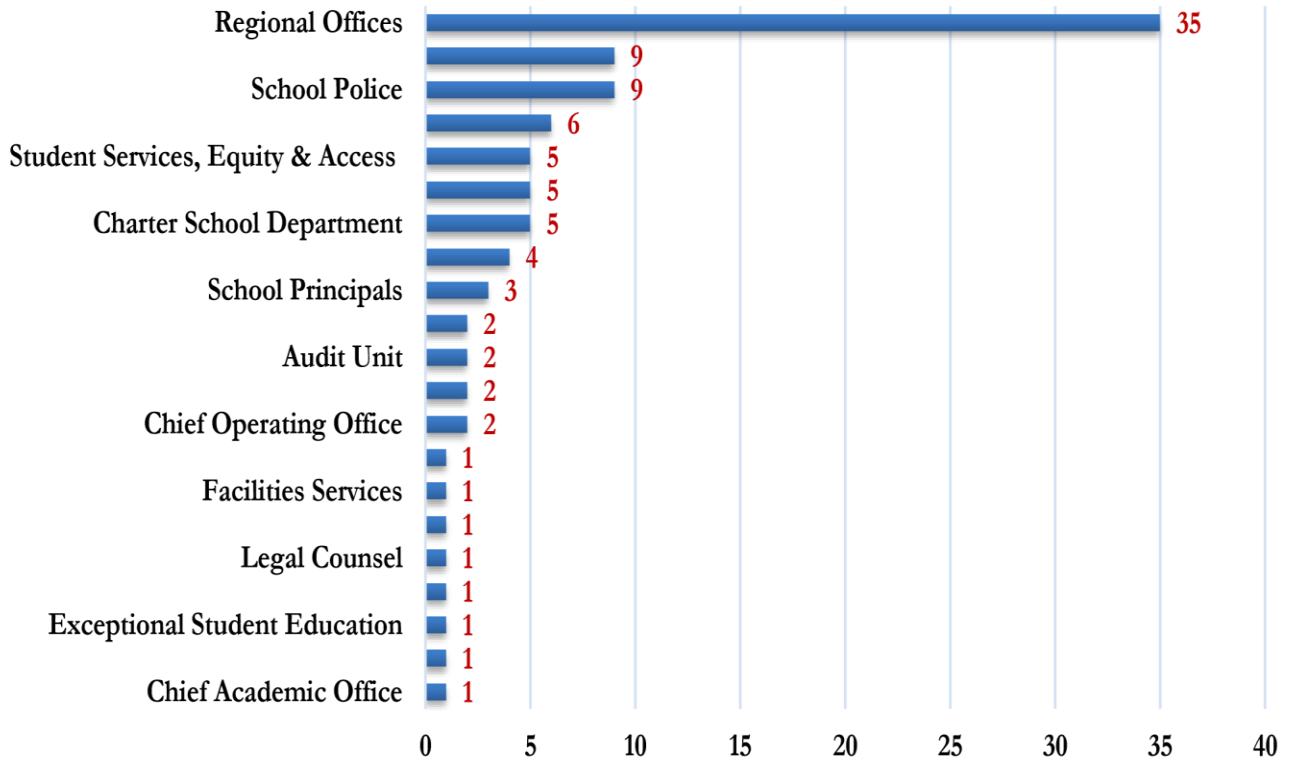
## COMPLAINTS REFERRED TO DISTRICT OFFICES OR OTHER AGENCIES

Due to the confidential nature of the OIG Hotline, many employees, parents and members of the public make their report to the Hotline. In light of this, School Board Policy 1.092 (Inspector General) provides for the IG to refer such matters to appropriate District offices or outside agencies, keeping a record of the referral and obtaining a periodic status report. The summary of referrals presented below reflects the OIG’s work with District administration and management, in accordance with Board policy and laws. One hundred twelve (112) complaints were referred in their entirety, to a District department or program, or to multiple departments. Please note the following two charts.

### REFERRALS TO MULTIPLE DEPARTMENTS



### REFERRALS TO SINGLE DEPARTMENTS



## STATUS OF REFERRALS TO DISTRICT DEPARTMENTS

To comply with the Board policy, the OIG periodically inquires about the status on referrals to other District departments or offices. Please find below a listing of matters related to the above complaints which have been resolved. The *AIG Principles and Standards* further recommend that a periodic report of office activities contains “a summary of civil and administrative referrals and the results from such referrals.” The detailed periodic report summarizing referrals is provided as Appendix **B** to this report. However, below is an overview of the department/agency referrals.

FY 2017-18 RESOLUTIONS OF REFERRALS			
Referral Office, Department, etc.	# of Resolutions	Referral Office, Department, etc.	# of Resolutions
Charter School	1	Office of Professional Standards	21
Chief Academic Office	1	OIG - Audit Unit	1
Chief of Human Resources	5	Planning & Intergovernmental Relations	8
Chief of Human Resources/Chief Academic Office	1	Regional Superintendent	31
Chief Operations Office	8	Regional Superintendent/Office of Professional Standards	2
Choice & Career Options	1	Risk Management	3
Deputy Superintendent	19	School Food Services	1
Deputy Superintendent/EEO	1	School Police	7
Deputy Superintendent/Office of Professional Standards	3	School Police/Office of Professional Standards	6
Deputy Superintendent/Regional Superintendent	1	School Police/Regional Superintendent	2
ESE/Office of Professional Standards	1	School Principals	1
Facilities Services	1	Student Services, Equity & Access	21
Office of Professional Standards/EEO	3	Superintendent/Deputy Superintendent	1
		Transportation Services	2



## STATUS OF COMPLAINTS RETAINED BY OIG

Of the 155 complaints received in FY 2017-18, Forty-three (43) complaints were retained by the OIG partially or in whole. The status of the 43 complaints retained, partially or in whole, is as follows:

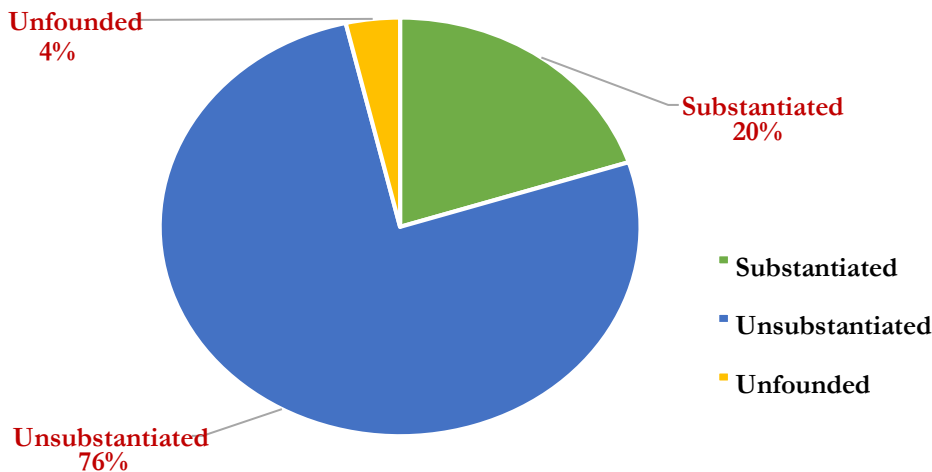
COMPLAINTS RETAINED BY OIG	#
Opened by OIG for Investigation	17
Closed after Investigation and Publication of Investigative Report	5
Closed after Preliminary Review Due to: <ul style="list-style-type: none"> <li>• Insufficient information (2)</li> <li>• No violation/wrongdoing (15)</li> <li>• No jurisdiction (4)</li> </ul>	21
<b>TOTAL</b>	<b>43</b>

Fifteen cases were carried forward from FY 2016-17. As of this report, 10 of the complaints have been investigated and closed, and there are no complaints in open status.

OIG COMPLAINTS CARRIED FORWARD (FY 2014-2017)	Fiscal Year 2014/15	Fiscal Year 2015/16	Fiscal Year 2016/17
Carried Forward	6	23	15
Preliminary Review Completed	(4)	(12)	(4)
Investigative Report Completed	(2)	(10)	(10)
Turned Over to Another Department/Unit	0	(1)	0
Closed for Insufficient Information	0	0	(1)
Remain Open	0	0	0

## FINDINGS OF CLOSED INVESTIGATIONS

Of the investigations completed in FY 2017-18, the following chart designates the percentage of allegations in the closed investigations that were found to be substantiated versus those allegations that were found unsubstantiated, and the percentage of allegations that were unfounded.





# SUMMARY OF PUBLISHED INVESTIGATIVE REPORTS

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

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

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

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

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

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

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

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

The investigation addresses allegations concerning two programs, Spotlight on Young Musicians (Spotlight) and Race for the Arts. The allegations were regarding funds collected for Spotlight tee shirts and consisting of: the person who handled the funds was banned from handling District money, the purpose of the funds, and the location of shirts that were not given to students. The report also addresses allegations regarding the



participation of students from charter and private schools, the number of students allowed per participating school, and students not held to the same attendance rules with relation to the Spotlight program.

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

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

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

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

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

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

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

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

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

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

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

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

The results of the investigation concluded that allegations 2 and 7 were substantiated and the remaining allegations were unsubstantiated. The final investigative report was referred to the Office of Professional Standards for appropriate action.

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

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



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

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

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

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

### **Case No. 17-610 (Boynton Beach Community High School)**

The investigation addresses allegations that a volunteer coach did not provide the school's bookkeeper the funds raised from a fundraiser and did not properly complete the necessary paperwork. The results of the investigation concluded the allegations were unsubstantiated.

### **Case No. 17-688 (Park Vista Community High School)**

The investigation addresses an allegation that Park Vista Community High School's athletic director misappropriated banner funds and that the president of the football booster program was compensated for volunteering. The results of the investigation concluded the allegations were unsubstantiated.

### **Case No. 17-653 (Waters Edge Elementary)**

The investigation addresses an allegation regarding missing coupon books for the Safety Patrol Fundraiser. The results of the investigation concluded the allegation was substantiated.

### **Case No. 17-587 (Jupiter High School Band Program)**

The investigation addresses allegations regarding the Jupiter High School Band Program's overall expenditures and procedures. The results of the investigation concluded that seven allegations were unsubstantiated, one unfounded and the remaining allegation substantiated.

### **Case No. 17-572 (Advance Case Parts)**

The investigation addresses allegations regarding Advance Case Parts: altering invoices, not reporting overpayments, inflating the number of service hours, fabricating invoices, use of salvaged parts that were charged to the District at full price, improper mark ups. Additionally, there was an allegation that the District does not request a "Demand-of-Receipt" to show services were provided by Advance Case Parts.

The results of the investigation concluded that all allegations were unsubstantiated.

### **Case No. 17-664 (Olympic Heights Community High School)**

The investigation addresses an allegation that the Band Director at Olympic Heights Community High School hired a consultant that was compensated more than what the consultant agreement stated. The results of the investigation concluded the allegation was substantiated.



**Case No. 18-741 (Palm Beach Gardens High School)**

The investigation addresses allegations that teachers at the school were instructed by the Principal to remove low student grades from their gradebooks in order for the graduation rate to remain high and that a music teacher gave a student an “A” for a grading period even though the student was only enrolled in the class for two days. The results of the investigation concluded the allegations were unsubstantiated.

**INVESTIGATIVE RECOMMENDATIONS: STATUS REPORT**

CASE NO.	OIG RECOMMENDATIONS	RESPONSE
<p><b>15-302</b> Afterschool Programming</p>	1. Administrative staff should make sure all malfunctioning TCD machines are reported for repairs	<p><b>Pending</b></p>
	2. Program Manager or other designated individual should specifically monitor the work times of all staff of the Afterschool Programming and address any issues concerning overtime immediately. Matters affecting the budget and potential misuse of federal funds should be reported to the Executive Director immediately.	
	3. Afterschool Programming may want to consider adding a new position of a regular custodian to cut down on overtime hours.	
	4. The District may want to relocate all Afterschool Programming staff to one location for direct access to the Director of Afterschool Programming.	
	5. Director of Afterschool Programming may need to re-evaluate the new positions and duties for Afterschool Programming staff and adjust as needed.	
	6. All employees, consultants, per-diem staff times should be accurately documented and tracked at all times.	
	7. To better prevent waste or over-ordering educational materials, consideration should be given to expand the 21st CCLC Program's reach to other schools in the District where resources for such materials is not readily accessible.	
<p><b>16-481</b> Spotlight on Young Musicians / Race for the Arts</p>	1. Department of Secondary Education establish clear written procedures and guidelines for Spotlight.	<p><b>Procedures were addressed and revised accordingly.</b></p>
	2. Department of Secondary Education consider establishing a different procedure that does not give the appearance that a student pays for a shirt and yet does not receive a refund or a shirt if the student misses rehearsals.	
	3. Department of Secondary Education consider not housing a Spotlight internal fund account at Forest Hill High School.	
<p><b>17-595</b> Freedom Shores Elementary</p>	District and Area Management ensure that School Administrators are performing their required duties related to attendance as provided in School Board Policy 5.09.	<p><b>Pending</b></p>
<p><b>17-623</b> Grove Park Elementary</p>	The Principal be required to complete online training related to internal funds and P-cards.	<p><b>Pending</b></p>
<p><b>17-649</b> Maintenance &amp; Plant Operations</p>	1. District Management consider adding the question “Are you related to anyone working in the District?” to the District’s online job application.	<p><b>Pending</b></p>
	2. District Management revise/amend School District Policy 3.60 (5)(b) to include the name of the specific disclosures and/or when in the application process family relationships should be disclosed.	

CASE NO.	OIG RECOMMENDATIONS	RESPONSE
	The Principal and Confidential Secretary receive additional training on the completion of fundraising activity forms to ensure all fundraising activity forms are properly filled out.	Pending
<b>17-610</b> <b>Boynton Beach</b> <b>Community High</b>	Management ensure all school personnel that sponsor fundraising activities within the District receive training on the completion of fundraising activity forms to ensure all fundraising activity forms are properly and completely filled out.	Pending
<b>17-688</b> <b>Park Vista</b> <b>Community High</b>	<ol style="list-style-type: none"> <li>All banner forms for all the athletic programs be worded in the same manner where appropriate.</li> <li>The athletic program consider adding a timeframe to the banner form specifically stating the average time the process may take, to include the need for the artwork to be received by the appropriate individual. The timeframe should also include the average time that it takes for the sample to go to the District's approved graphic design company and the time it takes to return it to the school for display.</li> </ol>	Pending
<b>17-587</b> <b>Jupiter</b> <b>Community High</b>	<ol style="list-style-type: none"> <li>Subject to: <ul style="list-style-type: none"> <li>Receive training on internal account procedures and travel reimbursements</li> <li>Train the parent volunteers involved to ensure all procedures all followed</li> <li>Provide program parents with financial updates, such as at mid-year and year-end</li> <li>Reimburse the band program for his portion of the \$58.15 spent on his meal</li> </ul> </li> <li>The Teaching and Learning Department consider implementing procedures for extracurricular activities to ensure consistency, clarity, and acceptable methods for managing extracurricular programs.</li> </ol>	Pending
<b>17-572</b> <b>Advance Case</b> <b>Parts</b>	The District should reevaluate its current procedures and create additional controls to deter potential fraud and show transparency	Pending
<b>17-664</b> <b>Olympic</b> <b>Heights</b> <b>Community</b> <b>High School</b>	Subject to maintain accurate records of consultant payments, ensure consultant payments are within the agreed amounts, consultant agreement amendments are completed as necessary, and review the District's Purchasing Manual and Internal Accounts Manual to ensure procedures related to program expenditures are followed.	Pending



For FY 2017-18, the OIG received two whistleblower complaints. In both instances, the complainant was found not to be a whistleblower in accordance with the Florida laws, School Board policy, and Florida case law.



A red, distressed-style stamp with the word "COMPLIANCE" in white, bold, uppercase letters, tilted slightly to the right.



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

### **PROFESSIONAL DEVELOPMENT/CERTIFICATIONS/TRAINING**

The Compliance and Quality Assurance function monitors and helps to acquire training and education for staff to ensure compliance with the Continued Professional Education (CPE) requirements outlined by Government Auditing Standards and Principles and Standards for Offices of Inspector General. The OIG and its staff are members of the Association of Inspectors General (AIG), a national organization of state, local and federal Inspectors General and their staffs. During FY 2017-18, one (1) OIG staff member received the designation of Certified Inspector General Investigator, four (4) staff members received the designation of Certified Inspector General Auditor, and one staff member received the designation of Certified Inspector General after undergoing training and testing by the AIG.

The OIG encourages all staff members to obtain professional certifications and continuing education in order to enhance their professional skills. In December 2017, three (3) OIG staff began studying to become Certified Fraud Examiners, and one of those staff successfully passed the exam and became a Certified Fraud Examiner prior to end of the fiscal year. Also in December 2017, four (4) investigation staff members attended Accreditation Manager Training provided by The Commission for Florida Law Enforcement Accreditation, Inc. Additionally, all OIG staff attended numerous CPE classes throughout the fiscal year on topics such as government auditing (including the education sector), construction auditing, cyber security, data mining, fraud, advanced interviewing for investigation/audit professionals, investigation techniques, communication, ethics, and other specialized knowledge/skills.

### **AUDIT RECOMMENDATION FOLLOW-UP**

School Board Policies 2.62 and 1.092 and Government Auditing Standards require monitoring and periodic follow-up on the status of the implementation of recommendations made by the OIG and other audit, investigative and law enforcement agencies. To accomplish these requirements, the OIG maintains a system to



monitor corrective actions taken by District staff, and proper resolution to address audit and investigation findings. Approximately six months after the issue date of each internal and external audit, or investigative report, responsible administrators are required to provide the OIG with the status of corrective actions taken to correct reported deficiencies. During the fiscal year, the OIG followed up on 15 audits/reviews containing 112 recommendations.

### **PRE-AWARD CONTRACT OVERSIGHT**

The OIG continues to engage in contract oversight with the objective to promote honesty, integrity, and transparency during the District’s procurement and contracting process by observing competitive selection committee and contract negotiations meetings. During the fiscal year, OIG staff attended fifteen (15) competitive solicitation evaluation meetings and two (2) contract negotiation meetings, as follows.

<b>Pre-Award Contract Oversight Activities</b>			
<b>Meeting Date</b>	<b>Solicitation No.</b>	<b>Title of Solicitation</b>	<b>Phase of Solicitation</b>
10/31/17	ITN-18C-010J	Underwriter Services	Evaluation
11/01/17	ITN-18C-010J	Underwriter Services	Evaluation
11/01/17	ITN-18C-010J	Underwriter Services	Negotiation
11/01/17	ITN-18C-010J	Underwriter Services	Negotiation
11/02/17	ITN-18C-010J	Underwriter Services	Evaluation
11/21/17	ITN-18C-010J	Underwriter Services	Evaluation
12/12/17	RFP-18C-013R	Design Services	Evaluation
1/10/18	RFP-18C-008R	Design Services	Evaluation
1/11/18	RFP-18C-015R	Design Services	Evaluation
1/16/18	RFP-18C-014R	CM @ Risk Services	Evaluation
2/06/18	RFP-18C-009R	CM @ Risk Services	Evaluation
2/15/18	RFP-18C-007R	Instructional Interactive Flat Panels	Evaluation
3/01/18	RFP-18C-009R	CM @ Risk Services	Evaluation
3/15/18	RFP-18C-021S	Design Services	Evaluation
3/29/18	RFP-18C-022S	CM @ Risk Services	Evaluation
4/16/18	RFP-18C-024R	CM @ Risk Services	Evaluation
6/20/18	RFP-18C-027R	Design Services	Evaluation

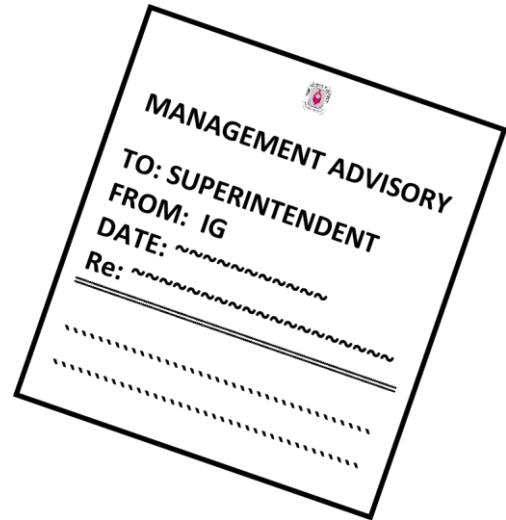
### **CONSTRUCTION OVERSIGHT AND REVIEW COMMITTEE (CORC)**

OIG staff regularly attended and participated in the monthly CORC meetings. Eleven (11) CORC meetings have occurred from July 2017 thru June 2018, and OIG staff have attended each one. During this time period, OIG staff also reviewed recent revisions to several construction related School Board policies prior to their adoption.

# IN GENERAL

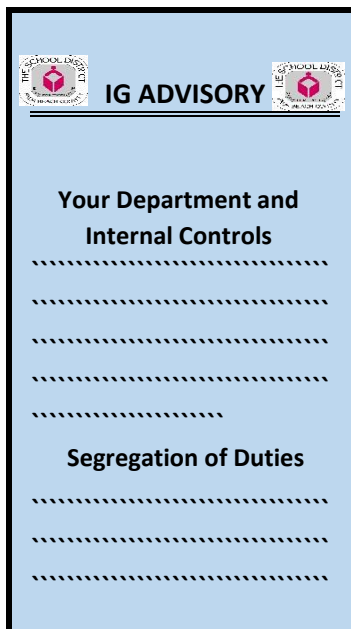
## MANAGEMENT ADVISORIES

Management Advisories are provided when the Inspector General believes certain matters require management’s immediate attention and action. During Fiscal Year 2017-2018, the OIG issued one Management Advisory due to observations made while conducting pre-award contract oversight activities. The Management Advisory related to a series of evaluation committee meetings for the Invitation to Negotiate (ITN) for Underwriter Services, Solicitation No. 18C-010J. We noted that two of the evaluation committee meetings were reconvened without proper public notice. We advised management on applying the Florida’s Sunshine Law to the competitive selection process, and provided recommendations to cure the violations.



## THE IG ADVISORY

The *IG Advisory*, a publication of the OIG, was published and distributed twice, one in August 2017 and one in April 2018.



The *IG Advisory* of August 2017 focused upon the newly enacted Fraud Policy adopted by the School Board on June 7, 2017. Addressing the responsibilities outlined for management (Superintendent, other District administrators, including school administrators, or other individuals who manage or supervise Board funds, property, offices, or personnel) and District employees, the policy is applicable to all District officers and employees, as well as all District consultant, vendors and contractors. The policy provides a reporting process and authorizes the IG to investigate any related complaints.

The April 2018 *IG Advisory* addresses 2018 Florida legislative changes related to auditing and auditing related requirements for the OIG, School Board and District. Legislative changes include a comprehensive risk assessment every 5 years, penalties for failure to produce records, and the need to timely address operational audit findings.

The IG Advisory is provided to School Board members, the Superintendent, Audit Committee members, District and school administrators, and department and program directors.



## AUTHORITY

The Audit Committee was established in 1993 by the School Board, to promote the independence and objectivity of the audit function. Today, the Audit Committee serves on behalf of the School Board as its oversight of the Inspector General, internal audit and investigation functions. School Board Policy **1.091** provides for the composition and appointment of the Audit Committee; outlines the committee's authority and general responsibilities; and, sets out the committee's responsibilities in the areas of financial reporting, compliance and governance.

In addition, Section 218.391, Florida Statutes provides some duties for the Audit Committee also, including:

- Establishing factors to use for the evaluation of audit services to be provided by an external audit firm.
- The committee's roles and responsibilities in the announcement and recommendation of an external auditor to the School Board.

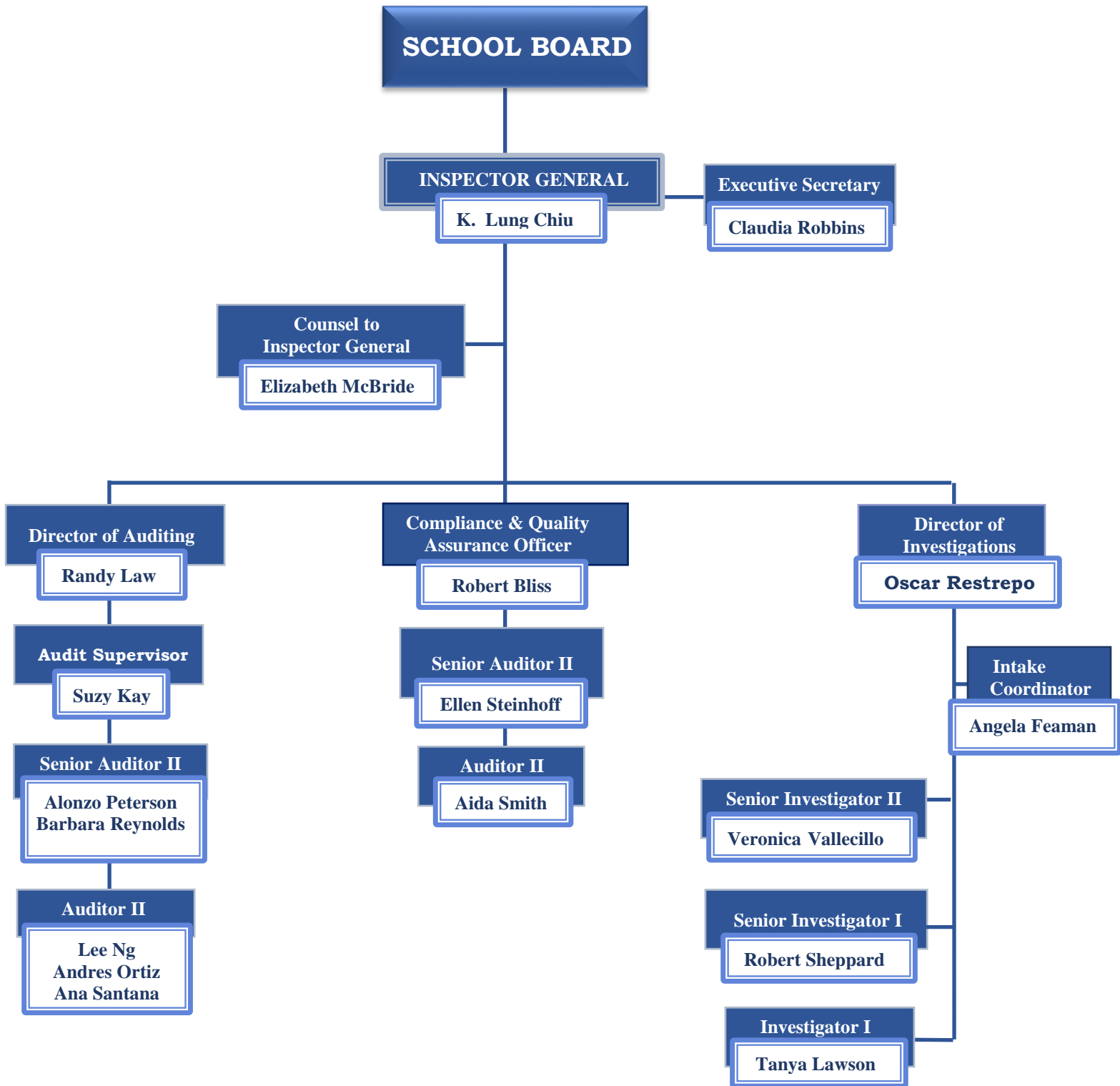
## MEETINGS

During Fiscal Year 2017-18, the Audit Committee held 6 meetings. During such meetings, the committee

- Reviewed District's audit plan as submitted by the District's external auditor, RSM US LLP.
- Reviewed District's Comprehensive Annual Financial Report (CAFR) for the fiscal year ending June 30, 2017, submitted by Superintendent and Chief Financial Officer.
- Reviewed District's audit plan as proposed by the external auditor, RSM US LLP.
- Received a report on the statutorily mandated audits of District charter schools.
- Reviewed OIG's Work Plan for FY 2018/17.
- Reviewed and approved 7 performance audits and review reports completed by OIG, as well as the school internal funds audit of 175 schools.
- Received 16 investigative reports completed by OIG.

# APPENDIX

# A – OIG ORGANIZATIONAL CHART



## B - STATUS OF REFERRALS TO DISTRICT DEPARTMENTS

CASE #	REFERRED DEPARTMENT	NATURE OF COMPLAINT	RESOLUTION
16-479	Chief Operating Officer	School Conditions	Matter resolved.
16-491	Regional Superintendent	Academic	Matter resolved.
16-520	Office of Professional Standards / School Police	Health, Safety & Welfare	Conference notes.
17-579	Office of Professional Standards	Ethics & Policies	Complaint turned over to Director of Transportation who determined no action was necessary.
17-584	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
17-596	Regional Superintendent	Ethics & Policies	Matter was administratively closed.
17-607	Office of Professional Standards	Health, Safety & Welfare	Complaint turned over to Director of Transportation. Conference notes.
17-613	Office of Professional Standards	Ethics & Policies	Conference notes.
17-614	Office of Professional Standards	Ethics & Policies	Unfounded.
17-615	Student Services, Equity & Access	Falsification of Records	No evidence of wrong doing, administratively closed.
17-621	Office of Professional Standards	Ethics & Policies	Lack of evidence, administratively closed.
17-624	Office of Professional Standards	Ethics & Policies	Lack of evidence, administratively closed.
17-628	Chief Operating Officer	Transportation	Matter resolved.
17-629	Office of Professional Standards / School Police	Health, Safety & Welfare	Disciplinary action taken.
17-630	School Police / Regional Superintendent	Health, Safety & Welfare	Matter resolved.
17-634	Regional Superintendent	Abuse of Authority	No violations of criminal laws. Climate assessment performed.
17-635	Office of Professional Standards	Ethics & Policies	Disciplinary action taken.
17-636	Office of Professional Standards / School Police	Health, Safety & Welfare	No violations of criminal laws. Climate assessment performed.
17-638	Office of Professional Standards / School Police	Health, Safety & Welfare	Matter resolved.
17-642	Charter School Department	Financial	Matter resolved.
17-643	Chief of Human Resources	Staffing Resource	Unsubstantiated.
17-645	Deputy Superintendent & EEO	School Conditions	Disciplinary action taken.



17-648	Deputy Superintendent/Office of Professional Standards	Employee Misconduct	Lack of evidence. Staff meeting to address professionalism.
17-651	Risk Management	Claim	Matter resolved.
17-652	Regional Superintendent	Abuse of Authority	Unsubstantiated.
17-659	Risk Management	Health, Safety & Welfare	Unsubstantiated.
17-662	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
17-675	School Food Services	Other	Matter resolved.
17-677	School Police	Employee Misconduct	Unfounded.
17-678	Chief Academic Officer	Testing Procedures	Matter resolved.
17-680	Regional Superintendent	Other	Matter resolved.
17-684	Risk Management	Health, Safety & Welfare	Matter resolved.
17-687	Chief Operating Officer	Health, Safety & Welfare	Corrective action taken.
17-689	School Police	Health, Safety & Welfare	Criminal investigation closed.
17-690	Regional Superintendent	Health, Safety & Welfare	Unsubstantiated.
17-697	Office of Professional Standards	Health, Safety & Welfare	Unsubstantiated.
15-283B	Office of Professional Standards/EEOC	Discrimination	Unfounded.
15-293	Chief Operating Officer	Health, Safety & Welfare	Matter resolved.
15-302	Office of Professional Standards	Misappropriation/Theft	No disciplinary action.
15-316	Office of Professional Standards	ESE/IEP	Unfounded.
15-318	Office of Professional Standards	ESE/IEP	Unsubstantiated.
15-320	Deputy Superintendent/Office of Professional Standards	Employee Misconduct	Matter resolved.
15-326	Deputy Superintendent/Office of Professional Standards	Abuse of Authority	Matter resolved.
15-353	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
15-355	Office of Professional Standards	Employee Misconduct	Conference notes.
15-356	Office of Professional Standards	Employee Misconduct	No evidence of violation.
15-360	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
15-369	Planning and Intergovernmental Relations	School Boundaries	Matter resolved.
15-372	Deputy Superintendent	Health, Safety & Welfare	Unfounded.
15-375	Planning and Intergovernmental Relations	School Boundaries	Insufficient Information.
16-385	Office of Professional Standards	Employee Misconduct	Corrective action taken.
16-389	Deputy Superintendent	Employee Misconduct	Matter resolved.
16-395	School Police	Health, Safety & Welfare	Unfounded.
16-398	Deputy Superintendent	Transportation	Matter resolved.
16-400	Deputy Superintendent	Employee Misconduct	Unfounded.
16-402	Chief Operating Officer	Transportation	Unfounded.

16-407	Deputy Superintendent	ESE/IEP	Unfounded.
16-415	Chief Operating Officer	Health, Safety & Welfare	Matter resolved.
16-440	Deputy Superintendent	Employee Misconduct	No disciplinary action.
16-447	Office of Professional Standards	Employee Misconduct	No disciplinary action.
16-466	Student Services, Equity & Access	ESE/IEP	Matter resolved.
16-476	Office of Professional Standards	Misappropriation/Theft	Disciplinary action taken.
16-477	Student Services, Equity & Access	Misuse of District Assets/Resources	Matter resolved.
16-482	Planning and Intergovernmental Relations	School Boundaries	Insufficient Information.
16-483	Deputy Superintendent	Personnel	Unfounded.
16-490	Chief of Human Resources	Public Records Request	Matter resolved.
16-492	Office of Professional Standards	Procurement/Vendor	Disciplinary action taken.
16-504	Chief Operating Officer	Health, Safety & Welfare	Insufficient Information.
16-527	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
16-536	Chief Operating Officer	Health, Safety & Welfare	Matter resolved.
16-546	Student Services, Equity & Access	Personnel	Matter resolved.
16-550	School Police	Health, Safety & Welfare	Unfounded.
16-555	Student Services, Equity & Access	Abuse of Authority	Matter resolved.
17-557	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
17-558	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
17-559	Deputy Superintendent	Health, Safety & Welfare	Matter resolved.
17-564	School Police	Ethics & Policies	Referred to State Attorney.
17-567	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-569	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-573	Deputy Superintendent	Health, Safety & Welfare	Unfounded.
17-574	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-577	Student Services, Equity & Access	Neglect of Duty	Unfounded.
17-586	OIG - Audit Unit	Financial	Unfounded.
17-591	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-593	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-594	Student Services, Equity & Access	Ethics & Policies	Matter resolved.

17-600	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-602	Regional Superintendent	Ethics & Policies	Matter resolved.
17-603	Regional Superintendent	Ethics & Policies	Unfounded.
17-609	Office of Professional Standards	Ethics & Policies	Unsubstantiated.
17-611	Office of Professional Standards / School Police	Fraud	Policy violations, employee no longer with District.
17-612	Deputy Superintendent/Regional Superintendent	Ethics & Policies	Matter resolved.
17-616	Student Services, Equity & Access	Ethics & Policies	Matter resolved.
17-617	Regional Superintendent	Health, Safety & Welfare	Unfounded.
17-618	Student Services, Equity & Access	Waste of Resources	Matter resolved.
17-620	Deputy Superintendent	Policy Violations	Matter resolved.
17-625	Office of Professional Standards/EEOC	Discrimination	Unsubstantiated.
17-626	Office of Professional Standards/EEOC	Ethics & Policies	Unsubstantiated.
17-631	Deputy Superintendent	Academic	Unfounded.
17-639	Deputy Superintendent	Abuse of Authority	Matter resolved.
17-640	Planning and Intergovernmental Relations	School Boundaries	Matter resolved.
17-641	Regional Superintendent	Ethics & Policies	Matter resolved.
17-644	Office of Professional Standards / School Police	Health, Safety & Welfare	Not a District employee.
17-646	Office of Professional Standards	Waste of Resources	Disciplinary action taken.
17-647	Student Services, Equity & Access	Mismanagement	Matter resolved.
17-650	Planning and Intergovernmental Relations	Falsification of Records	Unfounded.
17-656	Planning and Intergovernmental Relations	School Boundaries	Matter resolved.
17-657	Superintendent/Deputy Superintendent	Hiring Process	Unfounded.
17-660	Planning and Intergovernmental Relations	School Boundaries	Matter resolved.
17-663	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
17-666	School Police	Health, Safety & Welfare	Referred to Youth Court.
17-668	Office of Professional Standards	Health, Safety & Welfare	No probable cause.
17-671	Deputy Superintendent	Employee Misconduct	Disciplinary action taken.
17-672	Chief of Human Resources/Chief Academic Officer	Personnel	Unfounded.

17-681	Deputy Superintendent	Student Placement	Matter resolved.
17-692	Chief of Human Resources	Personnel	No disciplinary action.
17-693	Office of Professional Standards	Ethics & Policies	Conference notes.
17-694	Office of Professional Standards/Regional Superintendent	Ethics & Policies	Unfounded.
17-695	Chief of Human Resources	Personnel	Matter resolved.
17-699	Office of Professional Standards/Regional Superintendent	Employee Misconduct	Employee no longer employed by school.
17-703	ESE/Office of Professional Standards	ESE/IEP	Matter resolved.
17-708	Regional Superintendent	Misappropriation/Theft	Matter resolved.
17-709	Regional Superintendent	Abuse of Authority	No policy violation.
18-712	School Police	Health, Safety & Welfare	Handled by Palm Beach County Sheriff's Office.
18-713	Regional Superintendent	Ethics & Policies	Unfounded.
18-714	Chief of Human Resources	Falsification of Records	No disciplinary action.
18-715	Regional Superintendent	Health, Safety & Welfare	Unfounded.
18-718	Planning and Intergovernmental Relations	School Boundaries	Insufficient Information.
18-722	School Principals	Financial	Matter resolved.
18-724	Regional Superintendent	Health, Safety & Welfare	No findings.
18-726	Regional Superintendent	Employee Misconduct	Matter resolved.
18-727	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
18-733	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
18-736	School Police / Regional Superintendent	Ethics & Policies	Unfounded.
18-740	Regional Superintendent	Ethics & Policies	Matter resolved.
18-743	Regional Superintendent	Falsification of Records	Matter resolved.
18-744	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
18-745	Student Services, Equity & Access	Mismanagement	Matter resolved.
18-762	Choice & Career Options	Student Placement	No evidence of policy violation.
18-763	Regional Superintendent	Bullying	Matter resolved.
18-764	Regional Superintendent	Health, Safety & Welfare	Matter resolved.
18-765	Student Services, Equity & Access	Conflict of Interest	Matter resolved.
18-769	Student Services, Equity & Access	Mismanagement	Unfounded.
18-772	Student Services, Equity & Access	Mismanagement	Unfounded.
18-777	Transportation Services	Health, Safety & Welfare	Disciplinary action taken.

18-778	Regional Superintendent	Abuse of Authority	Matter resolved.
18-779	Regional Superintendent	Personnel	For action deemed appropriate, no response required.
18-784	Regional Superintendent	Abuse of Authority	Matter resolved.
18-788	Regional Superintendent	Personnel	Matter resolved.
18-793	Regional Superintendent	Mismanagement	Matter resolved.
18-794	Regional Superintendent	Abuse of Authority	Unfounded.
18-796	Transportation Services	Health, Safety & Welfare	Unfounded.
18-797	Facilities Services	Health, Safety & Welfare	Matter resolved.



# Report

Fraud Waste  
or Abuse



**1-855-561-1010**

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

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