TOWN OF PALM BEACH

Office of the Town Clerk

REPORT OF THE FINANCE & TAXATION COMMITTEE MEETING HELD ON WEDNESDAY, MAY 11, 2011

I. CALL TO ORDER AND ROLL CALL

The Finance and Taxation Committee meeting was called to order on Wednesday, May 11, 2011 at 1:00 p.m. in the Town Council Chambers. Chairman Wildrick and Committee Member Rosow were found to be present.

II. PLEDGE OF ALLEGIANCE

Chairman Wildrick led the Pledge of Allegiance.

III. APPROVAL OF AGENDA

Motion was made by Committee Member Rosow to approve the Agenda as printed. On consensus, the motion carried unanimously.

IV. REVIEW OF INTERNAL AUDIT REPORTS REGARDING THE POLICE AND FIRE-RESCUE DEPARTMENTS

Chairman Wildrick introduced the internal auditors, Deborah Garringer and Michael Ciminero. He clarified that the purpose of the internal audit program was to assure that we have procedures in place that will protect our citizens and our employees, so that we do not do something, either intentionally or unintentionally, that would not be in the best interest of the Town or its employees. He announced that the Committee was going to start with the Fire-Rescue Department.

Mr. Ciminero began his presentation with Item #3, Irregular EMS Pro to PMX3 Reconciliations. He reported that the Town uses two systems for tracking and billing purposes, EMS Pro (incident tracking) and PMX3 (medical billing). Currently, reconciliation between those two systems is done on a semi-annual basis. The audit team's recommendation is that this reconciliation be performed on a monthly basis, and that it be documented.

Director of Public Safety Blouin provided management's response, stating that, beginning with the months of March and April 2011, the Medical Billing Technician is now reconciling with both systems. Additionally, the Office Manager is also reconciling them monthly and printing them for documentation.

The audit team was satisfied with management's response and action plan.

Mr. Ciminero then went on to Item #4, Exceptions Noted during Special Assignment Testing. He reported that some of the special assignments did not have a Special Assignment Overtime (SAO) Agreement. The audit team's recommendation is that the Town ensure that proper documentation is available and filed along with all other documentation related to that assignment. Mr. Ciminero noted that there were two other minor issues related to this item, but the audit team considered them low risk: hours not matching on certain documentation and miscategorization of one of the items.

Director Blouin provided management's response. He stated that another layer of control and supervision over this process has been added. All future timesheets and vendor invoices will be reviewed by the Office Assistant, and then the Office Manager.

The audit team was satisfied with management's response and action plan.

Moving on to Item #5, Lack of Segregation of Duties and Review in Fire Prevention/Inspection Process, Mr. Ciminero reported that the audit team found a lack of segregation of duties. Only one person had access to Mobileyes, which is the system used to track special assignments, inspection fees, and fire prevention fees. Whenever there is only one person involved in a particular process, it is a risk because of possible errors or misappropriations. The audit team's recommendation is that others be involved in the process, and have access to Mobileyes, to ensure that the work is being done correctly and that it is being reviewed.

Director Blouin provided management's response by stating that they are implementing more supervision and undergoing process review. The Office Manager now has access to Mobileyes and the policy updates are underway.

The audit team was satisfied with management's response and action plan.

In regards to Item #6, Exceptions Noted during Fire Prevention/Inspection Testing, Mr. Ciminero stated they found that late fees were not being charged consistently. Some had been waived, yet there was no procedure in place for this. The audit team recommended that the department create a formal late fee policy to standardize the procedure and define the circumstances for waiving late fees.

Director Blouin provided management's response. He stated that the department is working with the Mobileyes vendor to see if they can incorporate a more formal policy whereby any fees received after ten days will automatically be assessed a late fee.

The audit team was satisfied with management's response and action plan.

Chairman Wildrick asked about an article in the newspaper regarding policemen violating Town policies and being reprimanded. Director Blouin stated that management had

developed a gift disclosure form and policy. On January 8, 2011, we held our Policemen's Ball. The cost to the public was $500 per ticket; however, several wealthy residents underwrote the cost for police department employees. Under the Town policy, these employees were required to report that gift to the Human Resources Director within seven days. Some had not complied and were disciplined. Chairman Wildrick stated that he did not understand why they would do something like this. Director Blouin responded that he had learned that they were given bad advice from the Union Attorney, who was advising them not to fill out the form.

Committee Member Rosow asked Town Manager Elwell to explain the Town's Gift Policy. Mr. Elwell replied that the formal policy states that any employee receiving anything of value greater than $100 must report it on the disclosure form. If an employee were to receive a ticket for something like a Policemen's Ball, it would be okay as long as they disclosed it.

Ms. Garringer and Mr. Ciminero reported on Fire-Rescue Item #9, Acceptance of Favors and Gratuities Policy, and Police Item # 7, Acceptance of Favors and Gratuities. Mr. Ciminero stated that this item was tested through review of HR's records, as well as records from some of the groups that give gifts to Town employees. The audit team's recommendation is that the Town perform a legal review of the policy to determine if it is in compliance with state and local laws.

Town Manager Elwell responded that the Town will conduct a thorough legal review, as well as two additional steps. We will be meeting with the Executive Director of the County Commission on Ethics to ensure the Town's compliance with the forthcoming County ethics ordinance. Additionally, we will be contacting the organizations that have made gifts, such as scholarships and discounted tickets, to inform them of the Town's policies and any changes we make.

Committee Member Rosow stated that we have a very generous community that has supported our employees and the Town. We need to be very clear on what the Town's policy should be. I feel that it is not appropriate for one category of employee to be rewarded, and not have all of our employees treated equally.

Chairman Wildrick stated that he can't think of one police officer or firefighter that isn't a terrific human being. Now we have this lawyer who's giving them bad advice, and now they have a black mark on their record. We have to step in and do something. I expect a tough policy on this from now on. I expect transparency. If we have any corruption, we need to look at management.

Director Blouin stated that the Police Department's policy is that receipt of gratuities is strictly forbidden.

Committee Member Rosow stated that we need to figure out how to make certain no one takes advantage of the generosity of the residents, and how to make certain that the

residents' generosity cannot take advantage of the employees.

Chairman Wildrick stated that he doesn't want the policy to be punitive. It has to be protective and strict so that we do the right thing and we achieve the highest level of ethics and caliber within the Town of Palm Beach; we have to be transparent in what we do.

Mr. Ciminero continued the audit report with Item #2 of the Police Department report, Incorrect Approval/Entry for Overtime Work Performed. They found a situation where one of the supervisors approved their own time card; that is another segregation of duties issue. The audit team's recommendation is that there be a segregation of duties as it relates to payroll and the approval of payroll forms.

Director of Public Safety Blouin provided management's response. We already have policies in place that would restrict or prevent that; however, we are going to put more measures in place and provide more supervisory oversight, to make sure that overtime cards are submitted accurately and are then approved by a superior officer.

The audit team was satisfied with management's response and action plan.

Mr. Ciminero then reported on Item #4, Inadequate Support for Voided Citations. He stated that, during their testing, many of the voided citations had no documentation that they had been reviewed by a supervisor; and, in two cases, originals of the voided citations were not available. The audit team determined that these issues were due to technical issues related to the conversion to the OSSI system the Police Department uses. These citations were never issued to violators; the numbers just exist in the system. The audit team's recommendation is that a process be implemented so that documentation of citations and reasons for voiding citations can be maintained, and that the Town work with the vendor to address the technical issues.

On behalf of management, Deputy Police Chief Szarszewski stated that it is difficult to arbitrarily void citations due to enhanced scrutiny. We have to contact the Clerk of Courts and explain why the citation was voided. Director Blouin added that the department monitors this very strictly and does annual audits in addition to meeting all other state requirements. The department will continue to work with the vendor to address the technical issues.

The audit team was satisfied with management's response and action plan.

The next item Mr. Ciminero reported on was Item #6, Best Practices for Crimewatch. He stated that some Town employees were spending upwards of 40% of their time working on Crimewatch activities; however, they are paid 100% through the Town. The audit team's recommendation is that management look into seeking reimbursement from Crimewatch for the portion of time Town employees spend on Crimewatch related activities.

Town Manager Elwell provided management's response, stating that the Town is reviewing this as we prepare the budget for the upcoming year.

The audit team was satisfied with management's response and action plan.

Mr. Ciminero then moved on to the Fire-Rescue Department report medium risk items. The first issue was Item #2, Payroll Verification Limitations. He stated that once payroll information is verified in the system, there are certain individuals that have access to go back and change that information, even after payroll has been processed. The audit team's recommendation is that the system be locked down once payroll is done; if there are any corrections that need to be made, they should be made in the current pay period. Director Blouin provided management's response. He stated that the department now locks the system down after payroll is complete, and that such access has been restricted to the Office Manager and Telestaff Coordinators.

The audit team was satisfied with management's response and action plan.

Mr. Ciminero stated that the last medium risk item in the report is Item #8, Best Practices for Deposits. The audit team found that deposits were only being made weekly, and that checks were being left in unlocked drawers during the week. The audit team's recommendation was that deposits be made more often and that the monies be maintained in a safe or other secure location.

Director Blouin provided management's response. He stated that a new safe has arrived and that we are going to secure the checks in the safe. We are going to continue doing the deposits once a week; however, as a precaution, we will make an immediate deposit anytime there is more than $10,000.

The audit team was satisfied with management's response and action plan.

Committee Member Rosow stated that he didn't want anyone to think that his earlier comments were against any individuals in the Police or Fire-Rescue Departments, or any of their representatives. He just wants to see a unified Town and be assured that nothing improper is going on.

Chairman Wildrick pointed out several recent incidents with employees. I don't believe that this is representative of all Town employees, but we must have controls in place because there are always a few bad apples.

Chairman Wildrick announced that we are going to continue our internal audit process. The next department is Planning, Zoning, and Building, and then there will be a follow up on HR. We will continue to rotate through the departments.

Jerry Frank, 2784 S. Ocean Blvd, member of the Police Foundation, stated he feels the Town wants to investigate people who are giving money to do good things for the Town.

He spoke regarding the formation of the Foundation as a 501(c)3 to help the Police Department. He stated that the Foundation scholarships are transparent and the requirements are the same for everyone.

Chairman Wildrick replied that Town Manager Elwell will work with the heads of the various groups. The object is not to take anything away; it just needs to be transparent, legal, and done with and through Town management. Committee Member Rosow added that we are not investigating people who are being generous. What I advocated for was transparency and the equity of dealing with only one class of employees. Chairman Wildrick reiterated to Mr. Frank that nobody wants to take anything away. What I am saying is let's keep a good thing going by doing it properly. Mr. Elwell needs to get the proper controls in place, and to make sure they concur with proper ethics and laws.

V. ANY OTHER MATTERS

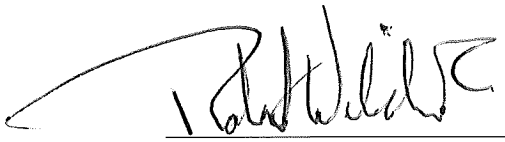
None

VI. ADJOURNMENT

Motion was made by Committee Member Rosow to adjourn. On consensus, the motion carried unanimously.

There being no further business, the Finance and Taxation Committee Meeting of Wednesday, May 11, 2011 was adjourned at 2:32 p.m.

APPROVED:



Robert N. Wildrick
Chairman