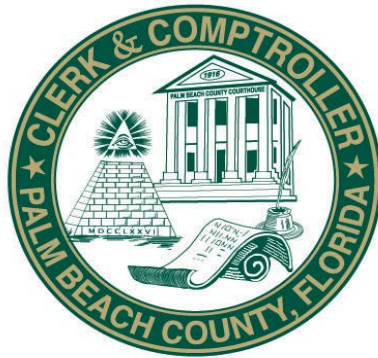


**DIVISION OF
INSPECTOR GENERAL
CLERK & COMPTROLLER
PALM BEACH COUNTY**

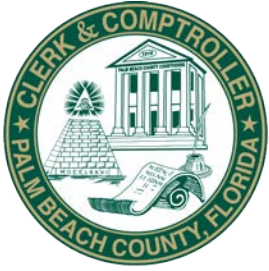


SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

ANNUAL REPORT

For the Fiscal Year Ended

September 30, 2017



SHARON R. BOCK

Clerk & Comptroller
Palm Beach County



An Accredited Office of
Inspectors General

**Division of
Inspector General**
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9th Floor
West Palm Beach, FL 33401

Phone: 561-355-2722

Guardianship Fraud Hotline
561-355-FRAUD

fraud@mypalmbeachclerk.com

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January 26, 2018

The Honorable Sharon R. Bock, Esq.
Clerk & Comptroller – Palm Beach County, Florida

On behalf of the Division of Inspector General, I am pleased to present our 2016-2017 Annual Report. This report summarizes the objectives and accomplishments of the Division of Inspector General for the fiscal year ended September 30, 2017.

I would like to extend my appreciation to the entire Clerk & Comptroller team for their assistance and cooperation throughout this past year.

We will continue to promote accountability and integrity within the Clerk & Comptroller office. We look forward to continuing to assist the organization to operate as efficiently and effectively as possible.

Finally, I would like acknowledge and congratulate the Inspector General staff for their professional support and accomplishments this past year!

Respectfully submitted,

Roger Trca, CIG, CPA, CIA
Inspector General
Clerk & Comptroller Office
Palm Beach County, Florida

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INTRODUCTION

Executive Summary

The mission of the Division of Inspector General of the Clerk & Comptroller's Office of Palm Beach County is to provide independent, objective auditing and investigative services designed to add value, improve the Clerk & Comptroller operations and preserve public trust. The Division includes the Audit Services & Public Integrity Units.

The fiscal year ending September 30, 2017 was a period of continued productivity for the Clerk's Division of Inspector General. The Division issued a total of 11 reports, summarized below, which included audits, reviews and investigations. These reports identified \$549,062 in potential revenue recoveries and cost reductions as well as questionable guardianship expenditures and misreported assets impacting the Clerk's Office and citizens.

- The Audit Services Unit (ASU) issued five audit reports and reviews.
- The Public Integrity Unit (PIU) handled 19 tips received from our Ethics Hotline and a variety of other sources, and issued one investigative report.
- The PIU Guardianship Section handled 71 fraud hotline tips and investigated claims of fraud, waste and financial mismanagement involving the County's most vulnerable residents: the elderly, minor children and incapacitated individuals in guardianships. We issued one guardianship audit report.
- We entered into a memorandum of understanding with the Florida Department of Elder Affairs, Office of Public and Professional Guardians (OPPG), in conjunction with five other Clerk offices, to conduct investigations of complaints involving public and professional guardians. In this role, our office issued four investigative reports and acted as the administrative coordinator of the program.
- We referred 13 cases to other Clerk's Office departments and various law enforcement agencies.

Our office is accredited by the Commission for Florida Law Enforcement Accreditation, Inc., which demonstrates our team's level of professionalism and commitment to continuing compliance with investigative standards and processes. Furthermore, our Audit Services Unit adheres to the professional audit standards and Code of Ethics promulgated by the Institute of Internal Auditors.

What's New?

Partnership with Department of Elder Affairs

In 2016, the Florida Department of Elder Affairs, Office of Public and Professional Guardians (OPPG), was provided statutory authority for regulating, educating, and disciplining public and professional guardians under Chapter 744, Florida Statutes. Six Clerk's Inspectors General (IG) offices having the needed expertise and experience to conduct the investigations entered into a partnership with OPPG, referred to as the Statewide Investigation Alliance (Alliance). A Memorandum of Understanding (MOU) was executed between OPPG and the six Clerk's IG offices including: Palm Beach, Pinellas, Lake, Polk, Lee and Okaloosa. Our Palm Beach County Clerk's IG office was designated as the administrative coordinator in the MOU. Investigations were initiated on October 1, 2016. Significant work has been accomplished during the first year of the Alliance, with details provided in this report. Effective October 1, 2017, the Sarasota County Clerk's office joined the Statewide Investigation Alliance.

Awards

During the past fiscal year, Clerk & Comptroller Sharon R Bock and the Clerk's Guardianship Fraud Program were recognized through the following awards.

- Clerk & Comptroller Sharon R. Bock, Esq. was awarded the National Guardianship Association Member of the Year at the 2017 National Conference on Guardianships for her and her office's work with reforms of the Florida Guardianship System.
- Clerk & Comptroller Sharon R. Bock, Esq. was nominated for the 2017 Howard Hinds Memorial Award by the National Consumer Voice for Quality Long-Term Care, recognizing the Clerk's Guardianship Fraud Program. The award is for an individual who has effectively advocated for long-term consumers on the local level.
- Clerk & Comptroller Sharon R. Bock, Esq. was nominated for the Route Fifty 2017 Navigator Awards in the Local and State Government category for her and her office's work with reforms of the Florida Guardianship System.

Background

The Clerk & Comptroller is an elected constitutional officer who derives her authority and responsibilities from constitutional and statutory provisions.

The Constitution of the State of Florida, Article VIII, Section 1.(d), provides for the election of certain County Officers including a Clerk of the Circuit Court (Clerk). The latter part of this section specifies that, ". . . the clerk of the circuit court shall be ex officio clerk of the board of county commissioners, auditor, recorder and custodian of all county funds." Section 16, Article V, State Constitution, also specifies that the Clerk shall have the duties quoted above. One of the Clerk's responsibilities enumerated in law is to act in the capacity of Auditor.

According to the legal authority and responsibility cited above, the Clerk established the Audit Services Division as an independent unit to fulfill the responsibilities of the office as they relate to auditing functions.

In 2009, the office expanded its roles and responsibilities. The Clerk & Comptroller's Audit Charter was revised to add a Public Integrity Unit (PIU). The PIU and Audit Services Unit joined to form the Division of Inspector General (IG). The PIU conducts investigations into Clerk & Comptroller affairs and for that purpose makes inquiries as necessary, compels the production of books and papers, and implements appropriate investigative techniques.

To provide for the independence of the Division, the Inspector General reports functionally and administratively to the Clerk & Comptroller. As an independent elected official, the Clerk & Comptroller is directly responsible to the citizens and taxpayers of Palm Beach County. The Division has no direct responsibility or authority over any area subject to its audit, review and investigation. Therefore, the Division is organizationally independent from those areas within the Clerk & Comptroller's Office. Employees in the Division report to the Inspector General.

Staffing, Organization and Training

As of September 30, 2017, the Clerk's Division of Inspector General was comprised of the following team members:

- ✚ Roger Trca CPA, CIG, CIA, MBA - Inspector General
- ✚ Anthony Palmieri CIGI, CIGA, CIA, CCSA, JD – Deputy Inspector General
- ✚ Michael Bodle CIGI, CIGA, CFE, CIA, MBA - Senior Internal Auditor
- ✚ Linda Connor MAC – Associate Auditor
- ✚ Jimmy Helms – Senior Internal Auditor

The Division is subdivided into the following units:

- Audit Services Unit (ASU)
- Public Integrity Unit (PIU), which includes the:
 - Investigations Section
 - Guardianship Section

The Division conducts audits, reviews, investigations and other projects. In fulfilling our responsibilities, we comply with the following auditing and investigative standards:

- *International Standards for the Professional Practice of Internal Auditing* of The Institute of Internal Auditors (IIA).
- *Principles and Standards for Offices of Inspector General* of The Association of Inspectors General (AIG).

These standards collectively prescribe how our audits and investigations are performed.

Professional Certifications

Staff members of the Clerk's Division of Inspector General held the following professional certifications:

- ❖ Certified Inspector General (1);
- ❖ Certified Inspector General Auditor (2);
- ❖ Certified Inspector General Investigator (2);
- ❖ Certified Public Accountant (1);
- ❖ Certified Fraud Examiner (1);
- ❖ Certified Internal Auditor (3); and,
- ❖ Certification in Control Self-Assessment (1).

Professional Development & Training

The Clerk's Division of Inspector General recognizes that the quality and effectiveness of its work products are dependent upon a professionally trained staff. To this end, the Division allocates a portion of its resources to provide continuing professional education as a key requirement of the aforementioned standards. The Division devoted 3.5% of its time in FY 2016-2017 to staff training, which included activities sponsored by:

- The Institute of Internal Auditors, Inc.;
- The Association of Inspectors General;
- The Association of Certified Fraud Examiners; and,
- The Association of Local Government Auditors.

Training is vital to our function as it keeps us currently abreast professionally on auditing techniques, accounting and reporting practices, risk assessment, internal controls, information technology, investigative techniques, ethics, legislative changes, managerial effectiveness, and best practices.

Professional Organization Affiliations

Staff members of the Clerk's Division of Inspector General are affiliated with the following professional organizations:

- The Association of Inspectors General;
- Florida Chapter of The Association of Inspectors General;
- The Institute of Internal Auditors, Inc.;
- Palm Beach County Chapter of Internal Auditors, Inc.;
- The Association of Certified Fraud Examiners;
- Association of Local Government Auditors;
- The Florida Institute of Certified Public Accountants; and,
- Various national, state and Palm Beach County guardianship associations.

Division's Adherence to Professional Standards

On February 3, 2011, our office became the second Clerk's Office in the state of Florida to be awarded status as an Accredited Office of Inspector General by the Commission for Florida Law Enforcement Accreditation (CFA). Being an accredited agency signifies that our work product meets or exceeds the highest professional investigative standards promulgated for Offices of Inspector General. The benefits of accreditation include improved agency transparency, enhanced consistency and quality of investigations, well-defined procedures, improved accountability, and statewide recognition that our office has achieved its accreditation status. Having an accredited IG team within the Clerk's Office provides another layer of protection for the public – ensuring taxpayer dollars are protected.



The CFA requires re-accreditation every three years to ensure ongoing compliance. On November 9, 2016, the CFA assessment team conducted a thorough on-site re-evaluation of our Division's investigative policies and procedures, management, and operations. The CFA determined that our office was 100% compliant with the CFA standards. On February 22, 2017, the CFA awarded our office the second reaccreditation certificate as an Accredited Office of Inspector General. Our office was commended for its *"continued diligence, professionalism, and commitment in maintaining the highest recognition among Florida's Inspector General community"*.

In accordance with the Institute of Internal Auditors (IIA) standards, an external quality assurance review was successfully completed of our Audit Services Unit in October 2013. The objective of the external review was to assess the Division's compliance with the IIA's *International Standards for the Professional Practice of Internal Auditing* (the IIA Standards). The review concluded that our internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with the Standards. Our office was commended for its highly credentialed staff, understanding and application of laws and regulations to audits, and comprehensive risk assessment process used for engagements. The IIA requires re-evaluation by an external reviewer every five years. Our audit work is in conformance with the IIA Standards and the IIA Code of Ethics.



Operations

Audit Selection Process

To ensure the most efficient and effective utilization of resources, it is essential that areas selected for audit be carefully considered. An annual audit plan is prepared by the Division to identify planned audits. Because of the large number of possible areas to audit and limited staff resources to audit them, a strategic risk-based audit selection process is in place. The audit plan is the result of the development of a risk model to assess risks of various operations for the purpose of indicating the need for audit. As a part of the audit selection process, we also solicit input from the Clerk & Comptroller, Clerk's officers and management.

In addition to executing the audit plan, the available hours of the IG staff were used to conduct investigations, provide support to the Clerk's IG guardianship program and Office of Public and Professional Guardians (OPPG) Memorandum of Understanding (MOU), and other activities. Performance results are detailed in the following section.

PERFORMANCE RESULTS

Audits & Reviews

The objective of these projects within the Audit Services Unit (ASU) is to provide auditees with an independent appraisal of whether desired results and objectives are achieved economically, efficiently and in accordance with prescribed laws, regulations, policies and procedures. Our opportunities for improvement represent our philosophy to work with management to improve the delivery of government service to citizens.

During FY 2016-2017, the Division issued five audit reports and reviews with 10 opportunities for improvement containing 19 recommendations.

Recommendations are an integral part of our audits and reviews, as this is where an opportunity for change or improvement takes place. Management has proactively committed to implementing the agreed upon actions to address the recommendations provided. We monitor management responses to our recommendations and track the responses to ensure final completion and closure. All 19 recommendations were concurred to by management and were either implemented or in the process of being implemented.

The following chart shows the status of all audits on the Annual Audit Plan for FY 2016-2017. Each audit falls into one of four status categories:

- *Completed* – audit completed and report issued.
- *In Progress* – audit is in-progress and the report will be issued.
- *Risk Reassessed* – As part of our continuous monitoring of the annual audit plan, some scheduled audits may have risk factors re-evaluated, which causes a change in the current year's audit plan.
- *Rescheduled* – audit was rescheduled to a future fiscal year.

AUDIT / REVIEW	STATUS	REPORT ISSUED
DHSMV DAVID Access and Controls	Completed	12/15/16
PBC Metropolitan Planning Organization	Completed	3/21/17
Tourist Development Council	Completed	5/15/17
Public Service Tax Collection	Completed	7/17/17
Clerk's Accounting	Completed	9/18/17
Tax Deeds & Foreclosures	In Progress	
Clerk's Payroll	Rescheduled	
Distribution of Fines & Fees	Rescheduled	
Courts & Official Records Daily Closeout & Reconciliation	Rescheduled	
HR Recruiting / Hiring / Compliance	Rescheduled	
Unannounced Cash Fund Counts	Rescheduled	
Customer Service & Call Center	Risk Reassessed	

Refer to the Highlights of Audit Findings section (page 21) for details of the audits and reviews issued by the Clerk's Division of Inspector General during this fiscal year.

Investigations

The objective of these projects within the Public Integrity Unit (PIU) is to determine whether allegations of fraud, waste, abuse and ethical misconduct can be substantiated. Projects that uncover administrative wrongdoing typically identify violations of policies or regulations. These investigations also identify the individuals responsible for the violations and we make recommendations for administrative action. Equally important to the investigative process is the identification of internal control weaknesses.

Therefore, the reports frequently make specific recommendations to:

- Correct the identified deficiencies;
- Provide guidance on the applicable laws and regulations; and,
- Strengthen the internal control environment.

When investigative findings are indicative of criminal conduct, they are presented to the appropriate law enforcement authorities for further action.

The investigation disposition falls into one of three categories:

- **Substantiated:** There is sufficient information to justify a reasonable conclusion that the allegation is true. A report is prepared.
- **Unfounded:** There is sufficient information to justify a reasonable conclusion that the allegation is false. A report is generally prepared.
- **Unsubstantiated:** There is insufficient information to prove or disprove the allegation. A report may or may not be prepared.

The Ethics Hotline was established to promote honesty and efficiency in government and to uphold the public’s trust in our governmental agency. The hotline is managed by an independent third-party reporting agency – Ethical Advocate. Clerk & Comptroller management and employees are urged to immediately report, anonymously if desired, any suspected instance of fraud, waste, abuse or ethical misconduct. Reports may be made in several convenient ways.

• Online: Create a report at www.mypalmbeachclerk.com . Click on “Employee Information & Ethics Hotline” at the bottom of the page.
• Phone: Dial 1-888-WARN-PBC.
• Walk-In: Government Center, 9 th Floor, 301 North Olive Avenue, West Palm Beach, Florida 33401.

The ethics and fraud reporting program is critical to our efforts to combat fraud, waste, abuse and ethical misconduct. Hotline reports received provide the ability to generate leads from multiple sources. Investigations are initiated upon the receipt of credible information alleging an act of fraud, waste, abuse or ethical misconduct that falls within the Division’s jurisdiction.

During FY 2016-2017, the Clerk’s Division of Inspector General handled 19 tips involving allegations from a variety of sources including the Ethics Hotline, citizens, and Clerk management. These tips resulted in the completion of one investigative report as well as the referral of nine cases to various law enforcement agencies and other Clerk departments. For the one completed investigation, the allegation was substantiated as information allowed us to conclude that a Clerk & Comptroller receipt was altered, representing a possible violation of Section 831.01, Florida Statute. The case was referred to the Palm Beach County Sheriff’s Office.

Guardianship Program

We continued our efforts to investigate allegations or indications of fraud, waste and financial mismanagement by anyone exploiting the County's most vulnerable residents: elderly, minor children and incapacitated individuals who are served by Florida Guardianship Law. This program supplements the Clerk of the Circuit Court in supporting the Court's oversight process applicable to the protection of wards' assets according to Chapter 744 of the Florida Statutes and the related Administrative Order of the Fifteenth Judicial Circuit (No.: 6.306-12/10). There are more than 2,800 open guardianship cases in Palm Beach County, which control an estimated \$700 million in assets.

The Public Integrity Unit conducts varying levels of assessments and audits of guardianship activities, which may originate from a variety of sources including but not limited to the: Guardianship Fraud Hotline, Clerk Guardianship auditors, judiciary, and Clerk's IG Office analyses. An assessment is the initial phase for all requests, reviews, and audits (though Level 1 Audits as described below are handled separately). Upon completion of the assessment, the Clerk's IG Office may discontinue any further review, prepare a memo to the judiciary, or proceed with a Level 2 or Level 3 audit.

Level 1 Audit:

- A Level 1 audit consists of the Clerk's IG Office review of the Clerk's Guardianship auditors' desk worksheet review to ensure guardianship reports are prepared timely, completely and accurately. If significant discrepancies or concerns are identified, the Clerk's IG staff review the documents and determine if a more detailed review (Level 2 or Level 3 audit) is warranted.

Level 2 Audit:

- A Level 2 audit consists of a Clerk's IG Office examination of the guardianship report and the attempted verification of selected questionable items. Limited inquiries and/or requests for supporting documentation may be necessary to resolve issues.

Level 3 Audit:

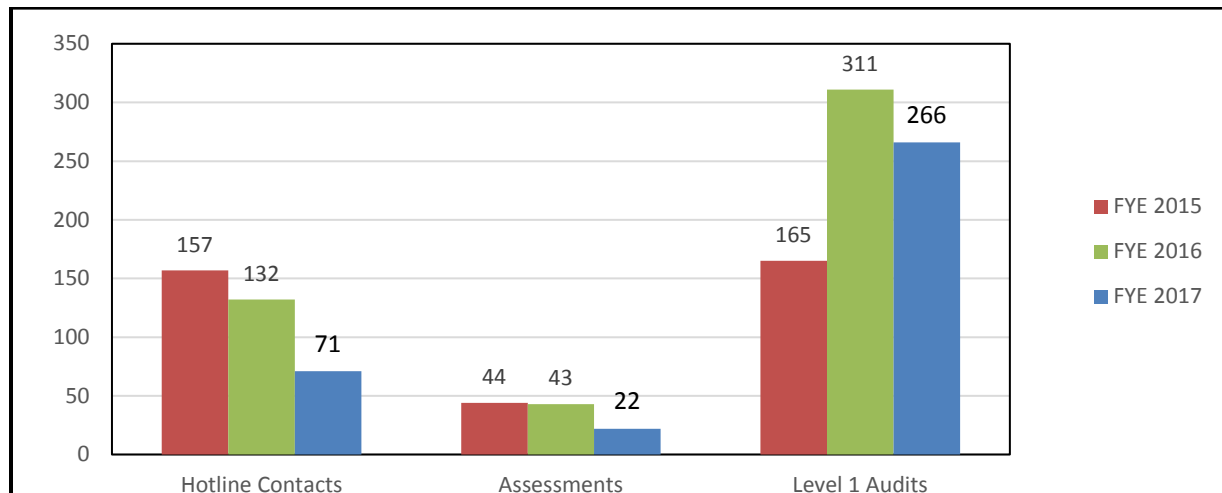
- A Level 3 audit consists of a Clerk’s IG Office comprehensive examination and attempted verification of all significant items pertinent to the guardianship report.

The Clerk’s IG PIU Guardianship Section prepares reports for Level 2 and Level 3 audits for the Court but does not issue reports for Level 1 audits. Assessments may result in the issuance of a memo to the Court, depending on the results.

A Guardianship Fraud Hotline is in place to enable anyone suspecting fraud, waste or financial mismanagement of a ward’s property and assets to report such concerns, anonymously if desired. Reports may be made in several convenient ways.

<ul style="list-style-type: none">• Online: Create a report at www.mypalmbeachclerk.com/fraud. Click on “File a report now” in the middle of the page.
<ul style="list-style-type: none">• Telephone: Dial 561-355-FRAUD
<ul style="list-style-type: none">• Email: Send email to “fraud@mypalmbeachclerk.com”
<ul style="list-style-type: none">• Mail: 301 North Olive Avenue, 9th Floor, West Palm Beach, Florida 33401

During FY 2016-2017, we received 71 Guardianship Fraud Hotline contacts, of which 28 contacts required further review and investigation. In addition, we conducted 22 assessments and 266 Level 1 audits. Trends over the past three fiscal years are presented below.

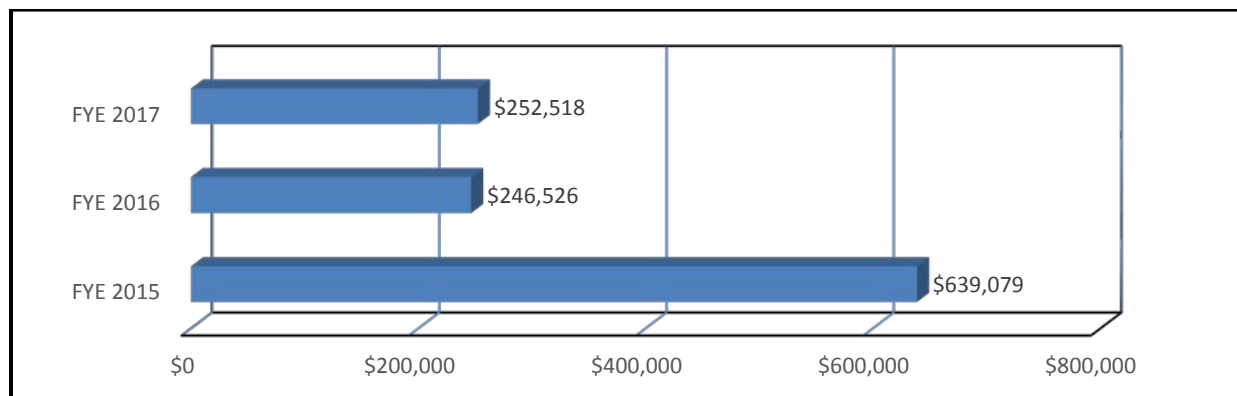


During FY 2016-2017, we released one Level 2 audit report, which included eight recommendations. We also provided four referrals to law enforcement and other agencies (e.g., Palm Beach County Sheriff’s Office) for further review of possible criminal charges on guardianship cases and other related matters.



These audit reports and memos are not available to the public per Florida Statute and Administrative Order of the Fifteenth Judicial Circuit (No.: 6.306-12/10). The reports are issued to the Court for their review and any actions deemed appropriate.

The Level 2 audit report identified unsubstantiated and questionable expenditures as well as misreported assets totaling \$252,518 during Fiscal Year 2016-2017, and a combined total of \$1.1 million for guardianship audits over the last three years as detailed below. While impossible to eliminate all fraud, the program’s biggest attribute is the deterrence of guardianship fraud and exploitation of guardianship assets.



Education & Awareness

One of our goals is to educate the community and increase public awareness of guardianship fraud, waste, abuse and exploitation. Our team attends meetings and makes presentations to professional organizations and community groups. During the past year, our Palm Beach County Guardianship Program has been very proactive in sharing best practices and audit techniques at conferences and training programs hosted by various guardianship associations and related agencies at the national, state and local levels. For example, presentations were provided at the following venues:

- ❖ National Conference on Guardianships
- ❖ Florida State Guardianship Association Annual Conference
- ❖ Florida Clerks of the Circuit Court & Comptrollers Conferences
- ❖ Florida Bar Real Property, Probate, and Trust Law Guardianship Section
- ❖ Statewide Investigation Alliance Training Symposium
- ❖ Office of the State Attorney for the Florida 15th Judicial Circuit Court – Elder Exploitation Taskforce
- ❖ Palm Beach County and Broward County Guardianship Associations
- ❖ Palm Beach County Bar Association Conferences
- ❖ Palm Beach Council Ombudsmen

The PIU Guardianship Section is committed to disseminating information through a variety of channels to shine the spotlight on guardianship awareness, such as:

- ❖ Coordinating efforts with the Clerk's Communications Department to accurately and rapidly respond to media requests (e.g., television, newspapers, and magazines). For example, we were guest speakers on a radio program focusing on guardianship practices and trends.
- ❖ Attending events sponsored by a variety of organizations dedicated to supporting guardianship programs.

Alliance with Department of Elder Affairs – Office of Public & Professional Guardians

The Florida Department of Elder Affairs, Office of Public and Professional Guardians (OPPG) has the statutory authority for handling complaints and conducting investigations of public and professional guardians under Chapter 744, Florida Statutes. Six Clerk’s Inspectors General (IG) offices entered into a partnership through a Memorandum of Understanding (MOU) with OPPG, referred to as the Statewide Investigation Alliance (Alliance). The six Clerk’s IG offices conducting the investigations include: Palm Beach, Pinellas, Lake, Polk, Lee and Okaloosa. Our Palm Beach County Clerk’s IG office was designated as the administrative coordinator in the MOU. Investigations were initiated on October 1, 2016.



OPPG receives complaints against public and professional guardians on their hotline and determines whether each complaint is legally sufficient. OPPG forwards the complaints to our Palm Beach County Clerk IG administrative coordinator (AC). The AC logs the cases and verifies whether the complaint is legally sufficient. If legally sufficient, the AC initiates investigative case plans and assigns the case to an Alliance member based on geographic location, subject matter expertise, or other considerations. Non-legally sufficient cases are forwarded by OPPG to the AC, which are then forwarded to the Clerk IG with jurisdiction for informational purposes. The Alliance members conduct a thorough investigation and determine if any violations of Florida Statutes or standards of practice for professional guardians have occurred. The AC monitors the progress of each investigation, issues interim memos as needed, provides feedback on draft investigative reports prepared by Alliance members, and issues the final investigative reports to OPPG.

Section 744.20041, Florida Statute, established the rulemaking authority for OPPG to adopt disciplinary guidelines, which specify a range of designated penalties based upon the severity and repetition of specific offenses. OPPG is responsible for making a final determination of the disciplinary actions over the guardians. OPPG will utilize, but is not limited to, the information provided in the Clerk IG’s reports.

Investigations by the Alliance will reach one of the following three conclusion of fact for each allegation: substantiated, unfounded and unsubstantiated.

- **Substantiated** means there is sufficient information to justify a reasonable conclusion that the allegation is true.
- **Unfounded** means there is sufficient information to indicate the allegation is false.
- **Unsubstantiated** means there is insufficient information to either prove or disprove the allegation.

Significant work has been accomplished during the first year of the Alliance. The Palm Beach County Clerk IG administrative coordinator received a total of 89 cases from OPPG, of which 19 were assigned to our office; the other 70 cases were distributed to the other five Clerk IG Alliance members. Below is a summary of the metrics for the cases received from OPPG that were handled by the entire Alliance as well as the cases that were assigned to our Clerk’s IG office for investigation for the fiscal year ending September 30, 2017.

KEY METRICS	ALLIANCE TOTAL	PALM BEACH COUNTY
Total Cases Assigned	89	19
Closed Cases	39	4
Open Cases	50	15
Investigative Interim Memos Issued to OPPG	77	18
Investigative Final Reports Issued to OPPG	34	4
Number of Allegations Investigated	215	22
Number of Substantiated Allegations	24	9
Number of Unfounded Allegations	121	7
Number of Unsubstantiated Allegations	31	5
Number of Observations	8	3
Financial Impact	\$488,223	\$288,475

Legislation

Since 1989, Florida’s Clerks have been directed by state statute (Chapter 744) to audit guardianship reports and advise the court of their audit findings. In 2011, we initiated the current Guardianship Fraud Program, tailored after Pinellas County, to perform enhanced audits through an administrative order in partnership with the Chief Judge of the Fifteenth Judicial Circuit.

Legislation was passed in the State of Florida in 2014 and 2015 that broadened the definition of an audit to be more consistent with professional auditing standards and improved the transparency of guardianship court proceedings while protecting the due process rights of wards. Legislation passed in 2016 provided incremental oversight of public and professional guardians by the Department of Elder Affairs, Office of Public and Professional Guardians (OPPG). In 2017, additional legislation was passed that made information involving the person filing a complaint against public and professional guardians with the OPPG confidential and exempt from Florida's public records laws. Also, legislation improved due process and provided additional protections to persons under guardianship with Emergency Temporary Guardianship procedures. The Clerk's office shall serve the examining committee reports on the petitioner and the attorney for the alleged incapacitated person at least 10 days before the hearing on the petition.

Our office provided support and subject matter expertise to legislators, legislative committees, organizers, and various other stakeholders. The overriding desire is to enhance independent guardianship auditing practices to detect mismanagement or fraudulent use of the ward's assets.

Intern and Volunteer Support

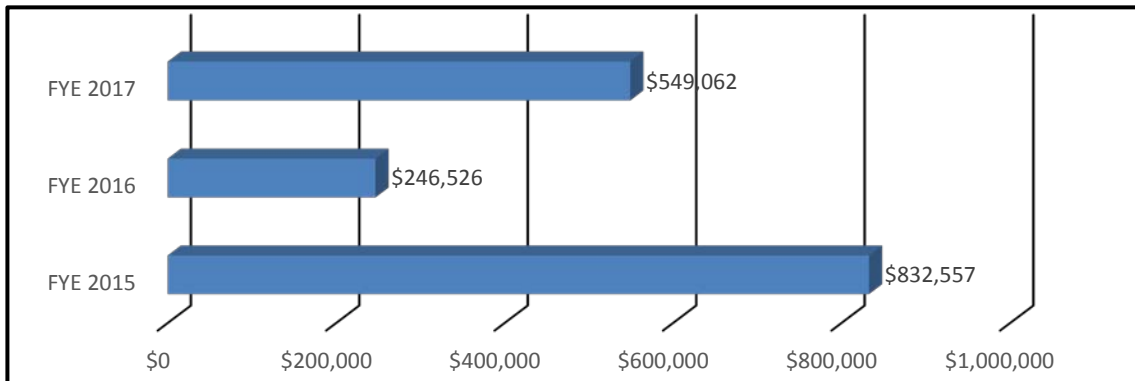
Volunteers as well as interns from local universities pursuing undergraduate and graduate degrees have provided significant support to the Clerk's Guardianship Fraud Program. During this past fiscal year, a total of five individuals contributed 1,335 hours to perform a variety of tasks. A portion of their time was used to assist the Clerk's IG Office in an effort to become one of the first jurisdictions in the United States to compile guardianship case data to use in extrapolating key trends and identifying potential fraud indicators. The interns are extracting 25 data points from approximately 5,600 guardianship cases dating back to 2008 to build the data repository. We appreciate the valuable contributions from these individuals and hope to continue our strong partnership with the local universities to benefit our community.

Recoveries and Cost Avoidance

During FY 2016-2017, as shown below, the Division of Inspector General identified \$549,062 in potential revenue recoveries as well as unsubstantiated and questionable expenditures and misreported assets within guardianship audits and investigations of public and professional guardians.

PROJECT	REPORT ISSUED	POTENTIAL FINANCIAL IMPACT	DESCRIPTION
Public Service Gas Tax Audit	9/8/17	\$8,069	Incremental tax collections
Level 2 Guardianship Audit	3/31/17	\$252,518	Unsubstantiated and questionable expenditures and misreported assets
OPPG Public & Professional Guardian Investigations	Various	\$288,475	Unsubstantiated and questionable expenditures and misreported assets
TOTAL		\$549,062	

Over the past three years, as shown below, the Division of Inspector General has identified a total of \$1.6 million in potential revenue recoveries and cost avoidance during audits and investigations within the Clerk’s Office and other agencies as well as unsubstantiated and questionable expenditures and misreported assets within guardianship audits in the Clerk’s Office and OPPG professional guardian investigations.



The Division’s importance extends beyond just the financial considerations. The impact of maintaining transparency and preserving public trust in local County government is invaluable. The Division of Inspector General strives to ensure taxpayers get a fair and honest accounting of their money.

Highlights of Audit Findings

The following are highlights of select audits and reviews issued by the Clerk's Division of Inspector General during the fiscal year ending September 30, 2017. If you would like to read the entire reports, please visit the Division's website at www.mypalmbeachclerk.com, and click on "Inspector General & Audit".

DHSMV DAVID Access and Controls Audit (Report issued December 15, 2016)

The Clerk & Comptroller's Office has a Memorandum of Understanding (MOU) with Department of Highway Safety and Motor Vehicles (DHSMV) to receive personal data through the Driver and Vehicle Information Database (DAVID). The database provides information related to driver records and vehicle information and is for use by law enforcement and criminal justice agencies and officials.

The audit disclosed that internal controls are generally adequate to protect the personal data received from DAVID. The audit identified that Operations' Quality Assurance (QA) monitoring practices of DAVID usage for potential abuse by employees should be enhanced. During a routine monthly review, QA identified an employee who had accessed his own records through DAVID. Further IG Office review determined that the employee had also accessed 12 other individuals' records with no business purpose. Quality control reviews of employee access capabilities to DAVID were completed periodically by the Information Technology (IT) team though not on a quarterly basis as required. Procedures were properly established to ensure those with access to DAVID understood their responsibilities, employee access to DAVID was inactivated timely upon separation from the Clerk's Office, and on-going review of actual access to DAVID was in place.

Tourist Development Council (TDC) Review (Report issued May 15, 2017)

The Tourist Development Council (TDC) is a statutory advisory board required by Section 125.0104(4)(e) Florida Statute and it was created in 1981 by the Palm Beach County (PBC) Board of County Commissions (BCC). Its mission is to:

- Use tourism development taxes to generate maximum return;
- Determine success of each tourism program;

- Provide leadership in marketing, and development of local amenities & recreational activities for future economic benefit;
- Act as an advisory body to the BCC; and,
- Ensure compliance with state and local tourism statutes.

The TDC oversees use of tourist development tax revenues (“bed tax”) for the five contracted marketing agencies which include: Discover Palm Beach County, Inc. (DISCOVER), Film and Television Commission, Cultural Council, Sports Commission, and the Convention Center. Net collections of tourist development taxes totaled \$46.4 million in 2016.

As the County’s Comptroller, the Clerk’s Office is responsible for the audit of all TDC expenditures including contractual payments, funded from “bed tax” collections, to the five tourism marketing agencies. The Clerk’s Office provides reimbursement of disbursements made by the TDC and its supporting contracted agencies to vendors and its employees.

This was a management requested, limited-scope review of the contracts expiring September 30, 2017 between the County on behalf of the TDC and the supporting contracted agencies. The key objectives were to identify key terms that involve Clerk’s role and authority in providing oversight to TDC and key agencies, and to review the related controls to ensure payments to TDC and the five marketing agencies were in compliance with Florida Statutes and contract terms.

The limited-scope review determined that the manner in which expense submission packages were provided did not enable Clerk’s Payables to ensure contract terms were satisfied. Clerk’s Payables expends great effort to ensure the expenses claimed by the TDC’s supported agencies serve a valid business purpose and are of such nature as to be appropriately paid through tourist development tax derived funding. The following contract compliance concerns were noted.

- Contract terms requiring expenses to be supported by “receipted invoices” and for such expenses to have been paid prior to processing by the Clerk as reimbursements were not satisfied.
- DISCOVER’s submission of expenses did not include evidence of adherence to budget line items as required by the contract.
- Contract terms required a determination by the TDC Executive Director that there had been no offset or reduction of the claimed DISCOVER expense by non-public

funding or contribution of goods and/or services; however, no information or attestation was provided by TDC with the payment request packages.

- DISCOVER and the other TDC agencies submit requests for payment of payroll costs. Discussions with Clerk management indicated that the agencies were expecting payment in advance, rather than reimbursement, for incurred expenses.

We recommended Clerk management coordinate efforts with TDC management during the contract renewal process to ensure that contract terms were structured in a manner that enabled Clerk's Payable to confirm full contract compliance by TDC supported agencies.

Public Service Tax Audit (Report issued July 17, 2017)

An audit was performed, at the request of the County's Office of Financial Management & Budget (OFMB), of public service taxes paid by Aman Petroleum Inc. and Lyons Petroleum Inc. to determine if the vendors complied with the public service tax requirements of Palm Beach County Ordinance 89-13.

The audit of transaction activity from January 1, 2014 to December 31, 2016 disclosed that the two vendors did not collect the 10% public service tax at the time of sale nor was the required tax remitted to the County. Unpaid public service taxes and interest due totaled \$8,068.55 for 2014 through 2016.

It was noted that a prior audit of five different vendors, including Aman Petroleum Inc., was conducted and a report was issued by our IG office on June 12, 2014. This report indicated that Aman Petroleum Inc. did not pay public service taxes (\$3,202.33) and interest (\$393.73) for calendar years 2011 through 2013 totaling \$3,596.06. Aman Petroleum Inc. failed to make any payment on this past-due balance nor had the vendor paid any taxes owed for subsequent sales incurred from 2014 through 2016. Additional interest owed on the unpaid taxes for sales between 2011 and 2013 totaled \$1,120.82. The revised unpaid taxes and interest totaled \$4,716.88 for 2011 through 2013.

Clerk's Accounting Audit (Report issued September 18, 2017)

The Clerk's Accounting Department is responsible for a variety of functions. The Department records and distributes all revenues received for court fees, fines and service charges as well as recording fees. It processes court-ordered disbursements, refunds, and juror and witness checks. The Department also supports the internal Clerk & Comptroller organization by reviewing invoices, issuing vendor payments, and processing travel reimbursements to employees.

The audit disclosed that the Clerk's Accounting Department processes and related controls were generally effective and efficient, enabled compliance with pertinent laws and regulations, and adequately compared to accepted standards. The audit identified that PeopleSoft system access authorities assigned to employees require review and revision and opportunities exist to improve operating procedures and key performance measures.