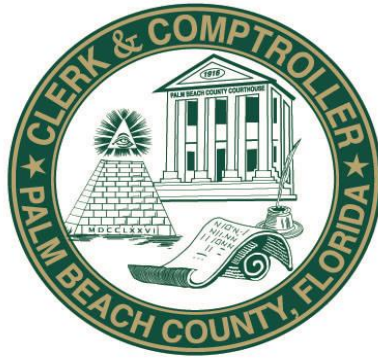


**DIVISION OF
INSPECTOR GENERAL
CLERK & COMPTROLLER
PALM BEACH COUNTY**



SHARON R. BOCK
Clerk & Comptroller
Palm Beach County

ANNUAL REPORT

**For the Fiscal Year Ended
September 30, 2016**



SHARON R. BOCK

Clerk & Comptroller
Palm Beach County

February 6, 2017

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 2015-2016 Annual Report. This report summarizes the objectives and accomplishments of the Division of Inspector General for the fiscal year ended September 30, 2016.

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, 2016 was a period of continued productivity for the Clerk's Division of Inspector General. The Division issued a total of 13 reports, summarized below, which included audits, investigations, and guardianship reviews. These reports identified \$246,526 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 four audit reports, with 22 recommendations.
- The Public Integrity Unit (PIU) handled 23 tips received from our Ethics Hotline and a variety of other sources, which resulted in completing five investigative reports.
- The PIU Guardianship Section handled 132 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 four guardianship audit reports and responded to 11 informational requests from the judiciary.
- We initiated a memorandum of understanding with the Florida Department of Elder Affairs (DOEA), in conjunction with five other Clerk offices, to conduct investigations of complaints involving public and professional guardians.
- We referred 20 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 promulgated by the Institute of Internal Auditors.

What's New?

Partnership with Department of Elder Affairs

Passage of Senate Bill 232 in 2016, sponsored by Senator Nancy Detert, provided incremental oversight of public and professional guardians by the Department of Elder Affairs (DOEA). The DOEA Office of Public and Professional Guardians (OPPG) selected six Florida Clerk and Comptroller offices to assist in their expanded role of performing statewide investigations of complaints against public and professional guardians. A memorandum of understanding (MOU) was signed in July 2016 by DOEA OPPG and the six clerks' offices including: Palm Beach, Pinellas, Lake, Polk, Lee and Okaloosa. The Palm Beach County Clerk's Inspector General (IG) Office was designated as the administrative coordinator in the MOU. DOEA OPPG decided this was the model partnership given the Florida Clerk's offices possess the following key attributes:

- Local, entrenched, and engrained efforts effectuate good results
- Agency heads are elected, not appointed;
- Independent state constitutional office with county jurisdiction;
- Communications with the court are statutorily authorized, not ex parte;
- Unfettered access to confidential Court records;
- Staff are professionally trained and highly credentialed;
- Inspector General Offices are accredited or are seeking accreditation by the Commission of Florida Law Enforcement Accreditation, Inc.; and,
- Experience in successfully conducting guardianship audits and investigations.

The Clerk's IG office has worked diligently to communicate the new partnership to key stakeholders, establish policies and procedures, develop standardized forms and reporting tools, create a repository to store all key work product, develop procedures for reimbursement of costs incurred, and various other administrative tasks. DOEA OPPG operates a complaint hotline and has begun forwarding a sample of cases received to the Clerk IGs for initial review and handling on a trial basis. OPPG is still in the process of finalizing the rulemaking process. The program is expected to go live on October 1, 2016.

Awards

The Clerk's Guardianship Fraud Program was the recipient of three awards during this past year.

- The Rosalinde and Arthur Gilbert Foundation and Family Caregiver Alliance (FCA) selected the Palm Beach County Clerk & Comptroller's Office as the winner of the 2015 Rosalinde Gilbert Innovations in Alzheimer's Disease Caregiving Legacy for Policy and Advocacy Award. The Clerk & Comptroller's office was awarded \$20,000.
- The Florida Council on Aging (FCOA) selected the Clerk's Guardianship Fraud Program as the recipient of the 2016 FCOA Service to Seniors by an Organization Award as part of their outstanding Quality of Senior Life Award Program. The award recognizes individuals and organizations whose efforts have improved the quality of life for older Floridians. The FCOA cited the Clerk's Guardianship Fraud Program for protecting persons under guardianship and starting the national conversation on the issue. The nomination called the Clerk's program an innovative model and best practice for the nation.
- The 2016 4th World Congress on Adult Guardianship recognized the Clerk's Guardianship Fraud Program as one of nine international visual representation (poster) winners (and the sole representative from the United States) in the category for the "Legal Protection of Adults with Particular Regard to Senior Citizens – Academic Research and Best Practice Models". The Clerk's program was recognized for the "exemplary implementation" and "new and innovative approach that may provide vital impulses for further development of the legal protection of adults with particular regard to senior citizens". The Organizing Committee of the World Congress commented that the Clerk's program was "field-tested" and "verifiably effective".

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 in 2005 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 then joined to form the Division of Inspector General (IG). The IG 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

The Clerk's Division of Inspector General is comprised of four staff including:

- ✚ Roger Trca CPA, CIG, CIA, MBA - Inspector General
- ✚ Michael Bodle CIGA, CIGI, CFE, CIA, MBA - Senior Internal Auditor
- ✚ Charles Mansen CIGA, CIGI, CIA, CFE – Senior Internal Auditor
- ✚ Anthony Palmieri CIGI, CIA, CCSA, JD – Senior Internal Auditor

The Division is subdivided into the following units:

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

The Division conducts audits, reviews, investigations and other projects. In fulfilling our responsibilities, we comply with the following auditing and investigating 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 hold the following professional certifications:

- ❖ Certified Inspector General (1);
- ❖ Certified Inspector General Auditor (2);
- ❖ Certified Inspector General Investigator (3);
- ❖ Certified Public Accountant (1);
- ❖ Certified Fraud Examiner (2);
- ❖ Certified Internal Auditor (4); 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 ensure continuing professional education as a key requirement of the aforementioned standards. The Division devoted 3% of its time in FY 2015-2016 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 abreast professionally and current 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

In February 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 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. In February 2014, after a thorough on-site evaluation, the CFA provided official notification of the Division's reaccredited status. Our office was commended for its continued diligence, professionalism, and commitment in maintaining the highest recognition among Florida's law enforcement community. As of September 30, 2016, planning is in progress for our re-accreditation assessment and the results will be officially communicated in February 2017.

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 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 every five years.



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, and provide support to the guardianship program 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, and 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 2015-2016, the Division issued four audit reports with 10 opportunities for improvement containing 22 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. Of the 22 recommendations issued, 21 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 2015-2016. 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
Banner-Showcase System Conversion of Registry Funds	Completed	2/19/16
Investments Department	Completed	7/6/16
Limited Scope Review of SunPass Access	Completed	7/7/16
Evidence Department	Completed	9/19/16
Tax Deeds & Foreclosures	In Progress	
Clerk's Accounting	In Progress	
Payroll – Clerk	Rescheduled	
Customer Service	Rescheduled	

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:

1. *Substantiated:*

- The allegations are validated and there are sufficient case supporting materials to justify a reasonable conclusion that the actions occurred and there were violations of law, policy, rule or contract. A report is prepared.

2. *Not Substantiated:*

- There are sufficient case supporting materials to justify a reasonable conclusion that the alleged actions did not occur or there were no identified violations of law, policy, rule or contract. A report is generally prepared.

3. *Neither Substantiated nor Refuted:*

- The allegations are not validated and there are insufficient case supporting materials to prove or disprove the allegations. 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.

<ul style="list-style-type: none">• Online: Create a report at www.mypalmbeachclerk.com. Click on “Employee Information & Ethics Hotline” at the bottom of the page.
<ul style="list-style-type: none">• Phone: Dial 1-888-WARN-PBC.
<ul style="list-style-type: none">• Walk-In: Government Center, 9th 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 2015-2016, the Clerk's Division of Inspector General handled 23 tips involving allegations from a variety of sources including the Ethics Hotline, citizens, and Clerk management. These tips resulted in the completion of five investigative reports as well as the referral of eight cases to various law enforcement agencies and other Clerk departments. For all five completed investigations, the allegations were not substantiated as case supporting materials allowed us to conclude that the alleged actions did not occur.

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 \$500 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 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 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 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 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:

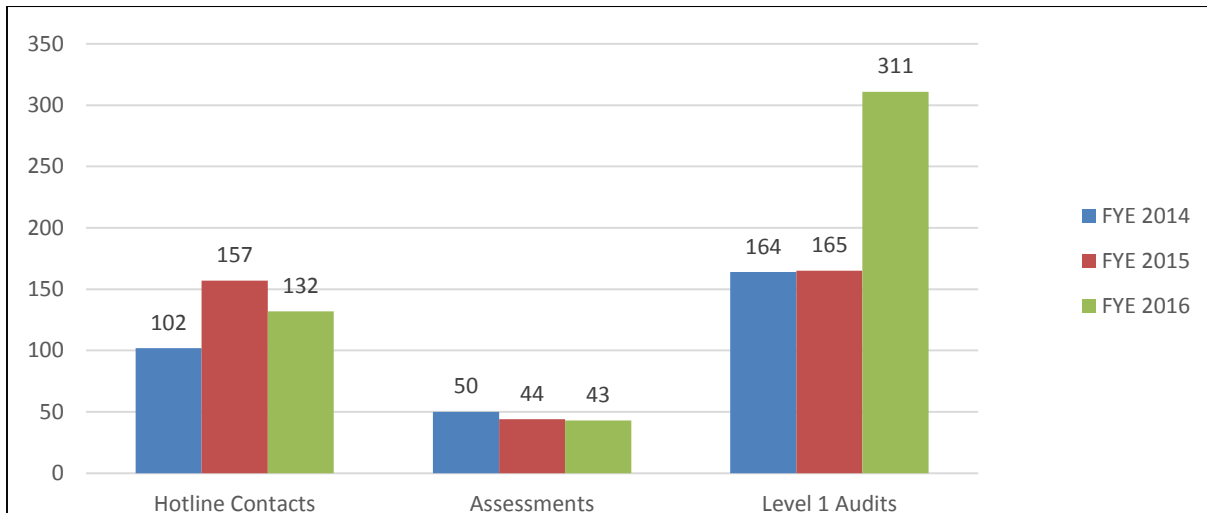
- A Level 3 audit consists of a Clerk's IG comprehensive examination and attempted verification of all significant items pertinent to the guardianship report.

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.

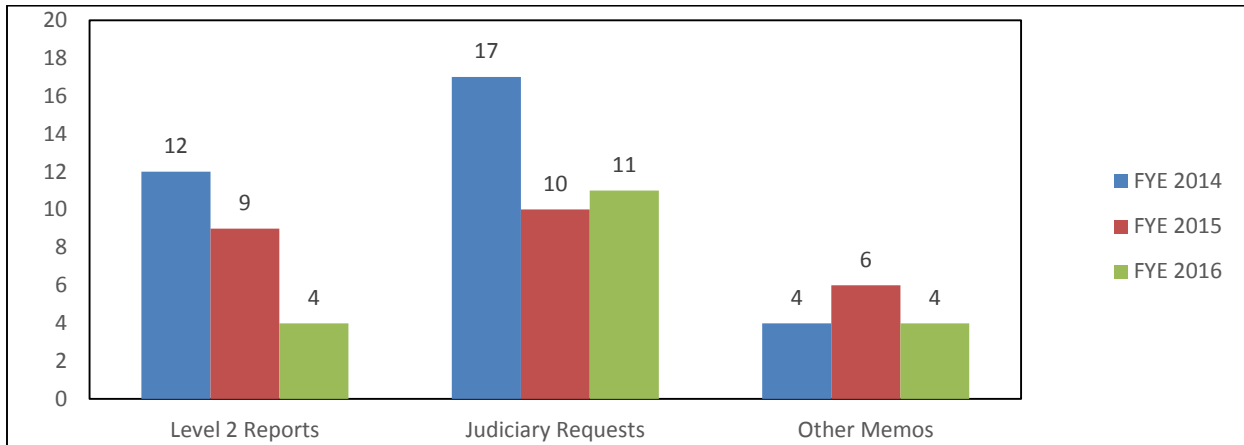
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| <ul style="list-style-type: none"> • Phone: Dial 561-355-FRAUD |
| <ul style="list-style-type: none"> • Email: Send email to “fraud@mypalmbeachclerk.com” |
| <ul style="list-style-type: none"> • Mail: 301 North Olive Avenue, 9th Floor, West Palm Beach, Florida 33401 |

During FY 2015-2016, we received 132 Guardianship Fraud Hotline contacts, of which 71 contacts required further review and investigation and eight were referred to appropriate law enforcement agencies. The yield and quality of our hotline program continues to strengthen. In addition, we conducted 43 assessments and 311 Level 1 audits. Trends over the past three fiscal years are presented below.



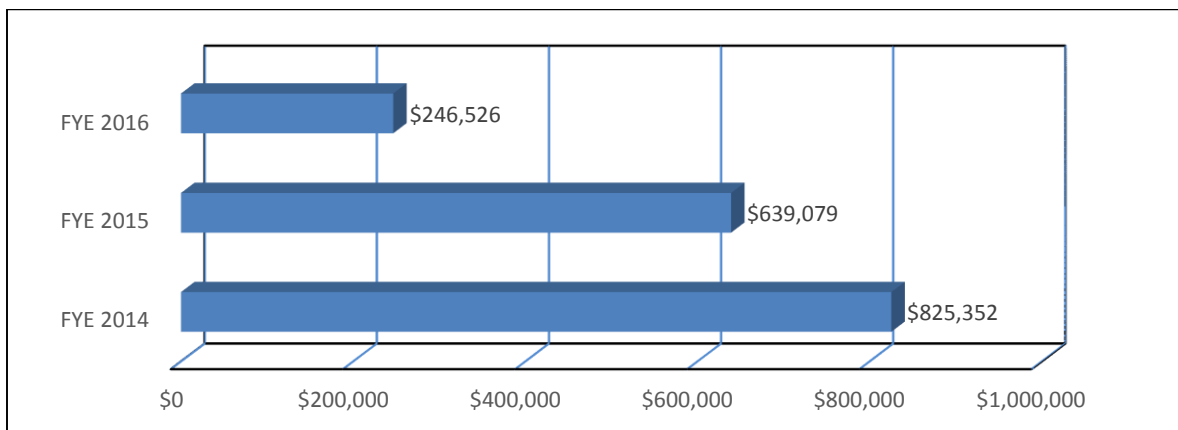
During FY 2015-2016, we released four Level 2 audit reports, which included 10 recommendations. In addition, we issued 11 other memos to the judiciary to provide time-sensitive updates on key issues and to satisfy research assistance requests. We also issued four referral and other memos to law enforcement and other agencies (e.g., Palm

Beach County Sheriff's Office and State Attorney's Office) to provide relevant information on guardianship cases.



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 guardianship work performed identified unsubstantiated and questionable expenditures as well as misreported assets totaling \$246,526 during Fiscal Year 2015-2016, and a combined total of \$1.7 million 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.



Four guardianship cases were referred to local law enforcement for further review of possible criminal charges though no charges were filed. In addition, we referred four

other hotline calls that did not involve guardianship cases to local law enforcement agencies.

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 PIU Guardianship Section 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 international, national, state and local levels. For example, presentations were provided at the following venues:

- ❖ 4th World Congress on Adult Guardianships
- ❖ National Adult Protective Services Association Annual Conference
- ❖ Nevada Supreme Court Guardianship Commission
- ❖ Florida State Guardianship Association Annual Conference
- ❖ Florida Conference on Aging
- ❖ Academy of Florida Elder Law Attorneys Elder Concert
- ❖ Alzheimer's Care Conference

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). 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.

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 program, tailored after Pinellas County, to perform enhanced audits through an administrative order in partnership with the Chief Judge of the Fifteenth Judicial Circuit.

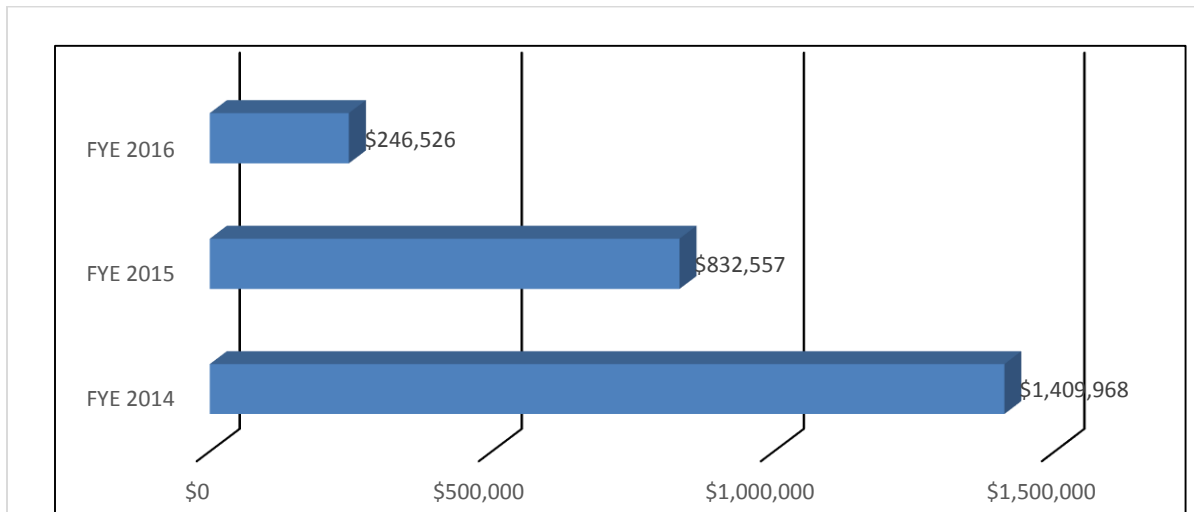
Additional legislation was passed in the State of Florida in 2014 and 2015 that broadened the definition of an audit to be more consistent with professional auditing standards and improved the transparency of guardianship court proceedings while protecting the due process rights of wards. Additional legislation passed in 2016 provided incremental oversight of public and professional guardians by the Department of Elder Affairs (DOEA). 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 eight interns and volunteers contributed 1,047 hours to perform a variety of tasks. A large 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

Over the past three years, as shown below, the Division of Inspector General has identified a total of \$2.5 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.



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 issued by the Clerk's Division of Inspector General during the fiscal year ending September 30, 2016. 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".

Banner – ShowCase System Conversion of Registry Funds (Report issued February 19, 2016)

ShowCase is an integrated court case maintenance system. The system includes workflow, calendaring, imaging, indexing, and search capabilities and it enables the Clerk's office to scan and save all documents electronically. The ShowCase system supporting Criminal Court Services was implemented in 2012. The ShowCase system supporting Civil Court Services was implemented in January 2016. Civil Court Services is responsible for handling all Circuit and County Court civil matters, in addition to juvenile delinquency and dependency matters, in the Main Courthouse and four branch offices located throughout Palm Beach County.

Registry funds are deposited with the court when specifically mandated by Florida Statute or as required by specific court order. Registry deposits can generally be released only on the basis of a court order. The largest registry fund dollar amounts are generally related to judicial sales (e.g., foreclosure sales). The core objectives of our review were to obtain the registry transaction balances as reported in Banner and ShowCase, perform a reconciliation of the two registry ledgers, and identify and analyze differences between the registry transactions as reported in Banner and after the conversion run into ShowCase.

We conducted a reconciliation of the cases with registry balances as of September 18, 2015 as reflected in the Banner system and conversion into the ShowCase system. After additional research efforts by management, we were requested to conduct a follow-up reconciliation as of November 10, 2015. We determined that of the 10,955 cases reported in both the Banner and ShowCase systems, 10,217 cases (93%), with registry balances totaling \$39,509,149, had no variances in the balances reported. Additional analysis was required by management to determine root causes and to take the necessary actions to

finalize the reconciliation of the remaining 738 cases (7%) with variances in registry balances totaling \$1,044,578.

Investments Department Audit (Report issued July 6, 2016)

The Investments Department core responsibility is to actively manage the County's investment portfolio, which totaled \$1.4 billion as of September 30, 2015. The Clerk's investment objectives, in order of priority, are: safety of taxpayer dollars, sufficient liquidity to meet County financial obligations, and earning the maximum investment income. During FY 2015, the portfolio earned \$20.2 million in investment income.

The audit disclosed that the Investments Department processes were generally effective and efficient and related internal controls mitigated risks in a generally satisfactory manner. The audit identified certain monitoring processes and procedures required enhancement to ensure compliance with the Florida Statutes, County Investment Policy, County ordinance, and departmental procedures. We also noted that investment trades were not consistently recorded timely and sufficiently in the Advantage financial system, with eight of twenty sampled investment trades posted from 21 to 48 days after execution. System access authorities assigned to employees required revision to ensure duties were properly segregated and privileges were granted only as required to perform their responsibilities. Management did not consistently obtain and review annual reports issued by independent firms that provided an attestation of the adequacy of internal controls of entities serving as custodians of the County's investment securities.

Evidence Department Audit (Report issued September 19, 2016)

The Evidence Department core responsibilities are to receive, record, secure, store, and dispose of evidence presented in Palm Beach County criminal and civil courts. Evidence is introduced during court hearings and trials. When the court proceedings are concluded, the evidence is transferred to the custody of the Evidence Department. As of November 23, 2015, the Evidence Department had 271,949 individual evidence exhibits on hand.

The audit disclosed that the Evidence Department processes were generally effective and efficient and related internal controls mitigated risks in a generally satisfactory manner. Substantial improvements had been made in the evidence storage facilities and evidence

handling practices since our limited-scope audit in 2012, though additional improvement opportunities existed to enhance controls and conform to best practices. Specifically, evidence inventories were not performed with adequate frequency. The last full inventory of evidence was started in 2006 and was completed in 2010, though partial audits and spot audits had since been performed. Our testing of 105 evidence items identified one minor drug exhibit exception and seven instances in which items required more accurate classification. Additional efforts were required to purge evidence no longer required and properly dispose of evidence in accord with statutory requirements. Procedural changes were required to ensure cash evidence eligible for disposal was handled properly. Departmental timeliness goals for processing new evidence exhibits were not being met. Procedures require update to reflect the current systems and practices. The lack of staffing, staff turnover, financial resource constraints, vault renovations, and other projects had negatively impacted the Department.