Crowe Horwath™

TOWN OF PALM BEACH

POLICE DEPARTMENT

For the Period Ended
December 31, 2010

April 2011

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TOWN OF PALM BEACH
POLICE DEPARTMENT
TABLE OF CONTENTS

	Page
EXECUTIVE SUMMARY	3
PROCEDURES PERFORMED	7
OBSERVATION SUMMARY	15

Appendix A – Town of Palm Beach, Police Department Process Flows

Appendix B - Police Department Overtime and Cash Handling Statistics

Appendix C - Police Department Overtime Violation Summary Report

Appendix D – Police Department's Foundation/Board: Police Foundation, Crimewatch, Code Enforcement Board

EXECUTIVE SUMMARY

Background and Objective

Crowe Horwath, LLP ("Crowe" or "we") performed an internal audit of various policies and procedures of the Town of Palm Beach's Police Department ("Police Department" or "Department") as of December 2010. The overall objective was to review controls over the Department's accounting functions and documented processes. We reviewed policies and procedures, interviewed Department personnel, and performed testing on certain detail records related to processing of receipts and payroll.

Information on the Department's website indicates that the Department is dedicated to the following:

1. The prevention of crime and the protection of life and property;
2. The preservation of peace, order and safety;
3. The enforcement of laws and ordinances; and,
4. The safeguarding of constitutional guarantees

The objective of the internal audit was to evaluate and test the design and effectiveness of internal controls for ensuring that appropriate controls are implemented in the following areas:

- Procedures are implemented to ensure control over excessive overtime and administration of benefits.
- Procedures are implemented to ensure billing and collections of "Special Detail" revenues.
- Procedures are implemented to ensure the accurate preparation of the budget in accordance with the actual fiscal requirements of the public safety departments.
- Procedures implemented to identify and report ethics violations in accordance with Town Policies.
- Procedures are implemented to issue fines and violations from the Code Enforcement Board.
- Procedures are established to maintain internal control over cash handling in the Crime Scene Evidence unit.
- Procedures are established to maintain internal control over evidence handling and confiscated property.
- Procedures are established to help ensure that Department employees do not receive funds that could be a conflict of interest.

Scope

The specific procedures performed were based on the concepts of selective testing. Although our testing was performed in some areas without exception, we can provide no assurance that exceptions would have been detected had procedures been changed or expanded.

It should also be recognized that internal controls are designed to provide reasonable, but not absolute, assurance that errors and irregularities will not occur, and that procedures are performed in accordance with management's intentions. There are inherent limitations that should be recognized considering the potential effectiveness of any system of internal controls. In the performance of

most control procedures, errors can result from misunderstanding of instructions, mistakes on judgment, carelessness and other factors. Internal control procedures can be circumvented intentionally by management with respect to the execution and recording of transactions, or with respect to the estimates and judgments requirement in processing of data. Control may become ineffective due to newly identified business or technology exposures. Further, the projection of any evaluation of internal control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, and that the degree of compliance with procedures may deteriorate. The scope of our procedures also encompassed obtaining an understanding of the relationship of the Department with, and the transactions with, the Palm Beach Crime Watch, Inc. and the Palm Beach Police Foundation, Inc. A summary of the understanding that we obtained with regard to these Organizations is documented in Appendix D.

Summary of Results:

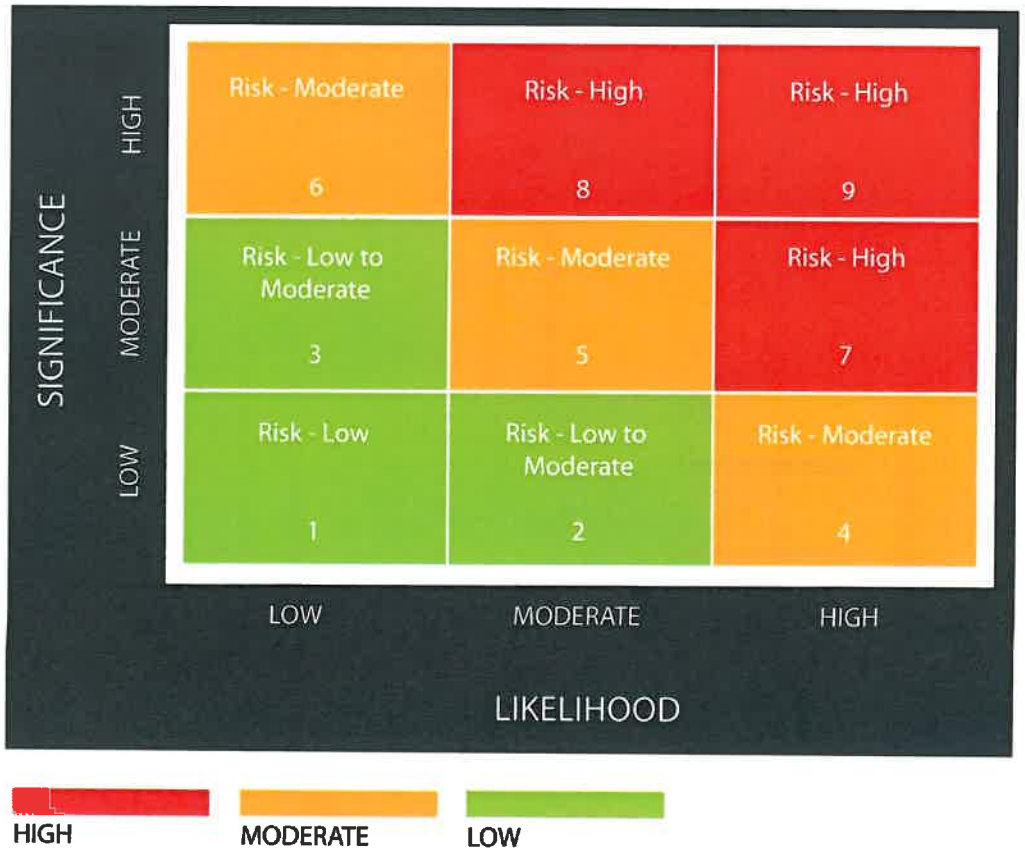
Overall, the Department has appropriate internal control measures in place to ensure that the Department is operating as intended; however, we did note some areas where improvements, if implemented, could strengthen the overall internal control framework.

Below is a summary of Crowe's audit procedures where we noted areas of improvement. We also listed the corresponding opportunity for improvement, summary, and risk rating. The detail for this table can be found on page 15 of this report:

Audit Procedure	Opportunity for Improvement	Audit Finding	Risk Rating
Excessive Overtime and Administration of Benefits	1	Use of TeleStaff and Manual Time Cards	LOW RISK
Excessive Overtime and Administration of Benefits	2	Incorrect Approval/Entry for Overtime Work Performed	MEDIUM RISK
Billing and Collection of Special Detail Revenues	3	Incorrect Date Entry for Special Assignment Overtime Work Performed	LOW RISK
Procedures implemented to issue fines and violations	4	Inadequate Support for Voided Citations	MEDIUM RISK
Procedures established to maintain internal control over cash handling in the Crime Scene Evidence unit	5	Documented Cash Handling Policy	LOW RISK
Identification and Reporting of Ethics Violations in Accordance with Town Policies	6	Best Practices for Crimewatch	MEDIUM RISK
Identification and Reporting of Ethics Violations in Accordance with Town Policies -	7	Acceptance of Favors and Gratuities	HIGH RISK

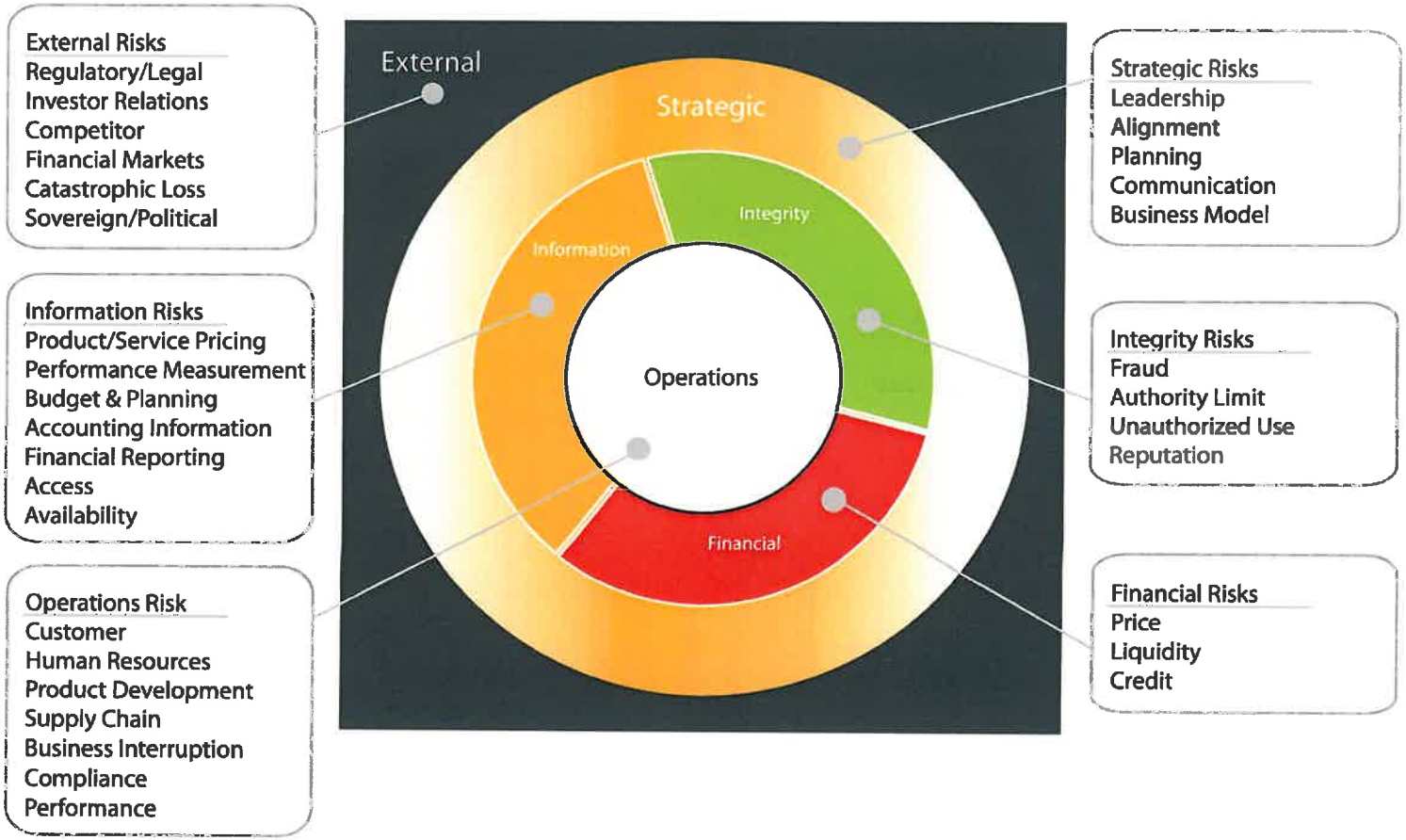
Rating Risks

Risks are evaluated based on its "significance" to management's strategy and its "likelihood" to occur. This will result in a risk profile of the highest risks to the organization as presented below:



The Crowe Horwath Risk Model SM

Definition of Risk
Business risk is an event, action, or failure to act that may adversely affect an organization's ability to achieve its business objectives and successfully implement its strategies. Below is a graphic profile of Crowe's Risk Model, which identifies various types of risk:



PROCEDURES PERFORMED

PROCEDURES	RESULTS
Excessive Overtime and Administration of Benefits	
1. Through interviews with Management and review of policies and procedures, document the procedures over assigning overtime. Specifically focus on the utilization of the TeleStaff system and management's use of it.	Interviewed management and documented results. No issues noted. **See Opportunity for Improvement 1.**
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that overtime is appropriately reviewed, approved, allocated, and not excessive.	Reviewed documented internal controls. No issues noted. **See Opportunity for Improvement 1.**
b. Document what type of reviews and sign-offs are included in the process.	No issue noted. Timesheets are reviewed by the Department's Administrative Planner/Accreditation Manager and the Department's Major.
2. Obtain Staffing reports from TeleStaff and payroll reports from Eden for the period of January 1, 2010, through December 31, 2010.	Obtained reports from the Department. No issues noted.
a. Analyze the TeleStaff reports and Payroll reports from Eden for the calendar year and document all individuals who worked overtime.	Analyzed the reports and document overtime hours in **Appendix B** of the report. No issues noted.
b. Document the total amounts of overtime reported on financial reports, by quarter, as compared to budget	Documented results in **Appendix B** of the report. No issues noted.
3. Choose a sample of 40 individuals from each quarter of calendar year 2010.	Sample selected. No issues noted.
a. For each individual, trace overtime hours from TeleStaff Reports to Employee Time Cards to the Eden Report and back to our sample selection. b. For each individual, agree the amount of the overtime reported in the Eden report to the amount actually paid in Eden (sample amount). Document differences. c. Obtain documentation to support proper approval of overtime payment.	Crowe selected and tested 40 overtime entries from the Eden Pay Report. We identified the following • 1 time card was submitted later than required • 1 time card where the officer authorized her own time card **See Opportunity for Improvement 2.**

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Billing and Collection of Special Detail Revenues	
1. Through interviews with Management and review of policies and procedures, document the procedures over Billing and Collection of Special Detail Fees. Document the process through preparation of a flow chart.	Interviewed management and documented results, see **Appendix A** for detail. No issues noted.
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that Special Detail Billings and Collections are appropriately reviewed, tracked, and followed up on.	Reviewed documented internal controls. No issues noted.
2. Document the type of documentation, reviews and sign-offs are included in the process and whether they are sufficient. Obtain Staffing reports from TeleStaff and payroll reports from Eden for the period of January 1, 2010 through December 31, 2010.	No issue noted. Timesheets are reviewed by the Department's Administrative Planner/Accreditation Manager and the Department's Major before approved for payment.
a. Analyze the TeleStaff reports and Payroll reports from Eden for the calendar year and document all individuals who worked on Special Detail assignments.	Analyzed the reports and documented special overtime hours in **Appendix B** of the report. No issues noted.
3. Choose a sample of 25 individuals from calendar year 2010 who worked Special Assignment Overtime (SAO).	Sample selected. No issues noted.
a. For each individual, document whether overtime was assigned based on the documented policy and through the TeleStaff system (overtime is assigned based on least amount of hours in TeleStaff, there is no manual intervention performed by Police staff).	Crowe selected and tested 25 SAOs. We noted 1 instance where overtime that was incurred by an Officer in December 31, 2009; however, the overtime was actually input into Eden on January 8, 2010. **See Opportunity for Improvement 3.**
b. For each individual, agree the amount of overtime reported in TeleStaff to the amount invoiced to the vendor. Document differences.	Crowe selected and tested 25 SAOs. No issues noted.
c. Determine and document whether each Special Detail assignment was billed at $90 per hour (in accordance with Town Resolution 85-08), based on supporting documentation, and was invoiced in a timely manner.	Crowe selected and tested 25 SAOs. No issues noted.
d. Document whether Late Fees were calculated and invoiced/paid as follows: i. For invoices not paid within 30 days a 10% late fee is assessed/collected ii. For invoices not paid within 60 days an additional 10% late fee is assessed/collected (total 20%)	Crowe selected and tested 25 SAOs. Late fees are assessed and collected in accordance with policy. No issues noted.
4. Document whether a signed Special Assignment Overtime (SAO) agreement is on file for each incident.	Crowe selected and tested 25 SAOs. All sample items tested had agreements. No issues noted.

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Budget Preparation in Accordance with Actual Fiscal Requirements of the Department	
1. Through interview with Management and review of policies and procedures, document the procedures over preparation and monitoring related to the budget process.	Interviewed management and documented results. No issues noted.
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that requirements in this area are monitored and in compliance.	The Department's practices are in accordance with the Town's policies and procedures. No issues noted.
b. Document whether the budget preparation is based on previous year's revenue and expenses.	Budget is prepared based on prior year's revenue and expense and current year needs. No issues noted.
2. Document who within the Police Department initiates the budget process and who is the process owner. Document any other individuals involved and the type of documentation included in determining budget amounts.	Interviewed management and documented results. No issues noted.
a. Choose three months throughout calendar year 2010 and review any available documentation showing monitoring of budget versus actual reports.	Crowe selected and reviewed October, November, and December 2010. No issues noted.
b. Document who is involved in the monitoring of the budget.	The Department's Administrative Planner/Accreditation Manager monitors the budget process. No issues noted.
c. Determine how budget amendments are handled.	There were no budget amendments in 2010. No issues noted.
d. Determine whether budget variances are researched and documented and by whom.	The Department's Administrative Planner/Accreditation Manager researches budget variances informally on a monthly basis and formally on a quarterly basis. No issues noted.
Identification and Reporting of Ethics Violations in Accordance with Town Policies	
1. Through interviews with Management and review of policies and procedures, document the procedures over indentifying and reporting ethics violations and the acceptances of gifts and favors.	Interviewed management and documented results. See **Opportunity for Improvement 7.**
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that requirements in this area are monitored, followed up on, and in compliance with Town and County policies.	Reviewed documented internal controls of the Department and Town's ethics policy. No issues noted.
b. Document if there are processes in place by the Police Department to monitor the personal use of Town vehicles, in compliance with Town ordinances.	Processes of monitoring the Department's vehicles are in place. No issues noted.

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Identification and Reporting of Ethics Violations in Accordance with Town Policies continued	
i. Document which employees have access to Town vehicles and whether internal controls are in place to determine when, and if, vehicles are used for purposes other than Town business.	Processes of monitoring the Department vehicles are in place. No issues noted.
c. Determine whether the Police Department requires any annual reporting from all employees and their dependents, attesting to the amounts of gifts and favors they may have received from any source.	Ethical reporting is required for all Department employees per the Department's policy. No issues noted.
2. Document the relationship of the Town of Palm Beach Police Department and the Palm Beach Police Foundation Inc. ("the Foundation")	
a. Through interviews with Management and review of policies and procedures, document the procedures of the Foundation for awarding contributions to Police Officers and employees of the Town of Palm Beach. Document Police Department Management's role in this process.	Interviewed management and documented results, see **Appendix D** for detail. No issues noted, see **Opportunity for Improvement 7.**
i. Document membership of the Board of the Foundation, and obtain the by laws and the most recent Form 990 submitted to the IRS by the Foundation.	Interviewed management and documented results, see **Appendix D** for detail. No issues noted.
ii. Obtain information for 2010 as to the amount of contributions and scholarships awarded to Town of Palm Beach Police Officer's and their dependents and Town employees.	Interviewed management and documented results, see **Appendix D** for detail. No issues noted.
iii. Obtain information and document how contributions and scholarships that are awarded to Town of Palm Beach Police Officers and their dependents and Town employees are reported to the Town in accordance with Town policies for reporting gifts and favors. Whether the Foundation awards are transparent to the town and the types of communication and correspondence that happens between the Town and the Foundation.	Interviewed management and documented results, see **Appendix D** detail. No issues noted, see **Opportunity for Improvement 7.**
3. Document the relationship of the Town of Palm Beach Police Department and the Palm Beach Police Crime Watch Inc. ("Crime Watch")	
a. Through interviews with Management and review of policies and procedures and document's available through the Town's records, document Crime Watch's governance structure and how the Organization utilizes Town resources in furtherance of its mission and objectives and document whether the Town is properly reimbursed for any budget impact as a result.	Interviewed management and documented results, see **Appendix D** for detail. No issues noted. See **Opportunity for Improvement 6.**
b. Document the fundraising activities of the Organization.	Interviewed management and documented results, see **Appendix D** for detail. No issues noted, see **Opportunity for Improvement 6.**

PROCEDURES PERFORMED

PROCEDURES	RESULTS
c. Document the activities of the Organization and determine if any of the activities noted would result in Town employees receiving gifts or favors and in addition document whether Town resources are being utilized by the Organization and if the Town's budget is impacted as a result. .	No issues noted, see **Opportunity for Improvement 6.**
Procedures implemented to issue fines and violations	
1. Through interviews with Management and review of policies and procedures, document the procedures for issuing violations and fines of the Code Enforcement Board and the procedures for the billing and collection of the fines. Document the process through preparation of a flow chart.	Interviewed management and documented results, see **Appendix D** for detail on Code Enforcement Board and **Appendix A** for detail on process flow. No issues noted.
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that Fines and Violations are appropriately reviewed, tracked, and followed up on.	Reviewed documented internal controls. No issues noted.
2. Document the type of documentation, reviews and sign-offs that are included in the process and whether they are sufficient. Obtain reports from Comcate for the period of January 1, 2010 through December 31, 2010.	All violations are approved by the Code Enforcement Officer prior to issuance. No issues noted.
3. Choose a sample of 25 code enforcement violations and fines from calendar year 2010.	We selected 25 code enforcement violations for testing. No issues noted.
a. For each incident, document whether the fine was issued based on the documented policy and that there is supporting evidence available that shows that the Board and/or Management approved the violation.	No issues noted.
b. Determine and document whether each violation was invoiced at a rate in accordance with Town Resolution or other applicable regulation.	No issues noted.
c. Document the time between when the violation was approved by the Code Enforcement Officer and when the fine was billed and collected.	No issues noted.
d. If the violation was sent to the Council for further processing, ensure the fines and codes followed the proper procedures.	No issues noted.
4. Obtain reports for the period of January 1, 2010 through December 31, 2010, for all citations, Right of Way violations, and parking tickets issued and voided.	We obtained a listing of all 2010 citations and selected a sample for each to test for accuracy. Our testing including 40 parking citations, 11 right of way citations, and 37 voided citations.

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Procedures implemented to issue fines and violations continued	
5. Choose a sample of 5 issued citations and select ALL voided citations from calendar year 2010.	We selected 5 issued and 37 voided citations (which represented all **voided citations for the period) for review. We noted the following during** testing: • For 33 of the 37 voided citations there was no documentation indicating that they were approved by a supervisor. • For 2 of the 37 voided citations, the Department was unable to provide a copy of the original citation. See **Opportunity for Improvement 4**
Issued Citations:	
a. Trace physical citations to sample selection. Document the reason for the citation and whether supporting documentation is properly maintained.	No issues noted.
Voided Citations:	
a. Document the reason for void.	See **Opportunity for Improvement 4**
b. Document who approved the void.	See **Opportunity for Improvement 4**
6. Choose a sample of 11 Right of Way violations issued in calendar year 2010.	We obtained a listing of the 2010 Right of Way violations and selected 11 for testing. No issues noted.
a. Trace physical violation to sample selection. Document the reason for the citation and whether supporting documentation is properly maintained to support the void.	No issues noted.
7. Choose a sample of 40 parking violations issued in calendar year 2010. Document the reason for the citation and whether supporting documentation is properly maintained to support the void.	We obtained a listing of the 2010 citations and selected 40 citations for testing. During discussion with the Department we were informed that officers are allowed to void tickets in the field and that supervisory approval is only required if the citation is uploaded to the system at the end of the day and then is deemed to be invalid. Citations voided during the same business day do not obtain the supervisor's review and justification as stated in the Parking Control Unit Standard Operation Procedures (SOP) II-1. See **Opportunity for Improvement 4.**

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Procedures established to maintain internal control over cash handling in the records unit	
1. Through interviews with Management and review of documented policies and procedures, document the procedures over the handling of cash. Document the process through preparation of a flow chart.	Interviewed management and documented results, see **Appendix A** for detail. No issues noted.
a. Document the areas in which employees of the Police Department handle cash and document the individual has physical custody of the cash and also the individual who records, and reconciles the cash accounts.	Interviewed management and documented results, see **Appendix A** for detail. No issues noted.
a. Review the procedure and determine whether appropriate internal controls are implemented to ensure that cash received is handled appropriately, tracked, and reconciled, primarily for the Crime Scene Evidence Unit (CSEU).	Reviewed documented internal controls. No issues noted.
b. Document the total amount received by CSEU for calendar year 2010.	Interviewed management and documented results, see **Appendix B** for detail. No issues noted.
2. Document the type of documentation, reviews and sign-offs that are included in the process. Obtain reports from CSEU personnel for the period of January 1, 2010 through December 31, 2010.	We reviewed 25 days worth of cash activity and noted no issues. See **Opportunity for Improvement 5.**
a. Choose a sample of 25 internal cash items from calendar year 2010 for revenues collected for items such as police IDs, confiscated monies, fingerprinting, etc	No issues noted.
b. For each incident, document whether the cash received was handled in compliance with the II-86 Fiscal Controls policies and procedures.	No issues noted. See **Opportunity for Improvement 5.**
c. Determine and document whether each amount of cash received agrees to amounts included on supporting documentation.	No issues noted.
Procedures established to maintain internal control over evidence handling and confiscated property	
1. Through interviews with Management and review of policies and procedures, document the procedures over evidence handling and confiscated property.	Interviewed management and documented results. No issues noted.

PROCEDURES PERFORMED

PROCEDURES	RESULTS
Procedures established to maintain internal control over evidence handling and confiscated property continued	
a. Review the procedures and determine whether appropriate internal controls are implemented to ensure that evidence and property are appropriately handled, tracked, and maintained. Document the security clearances and the individuals involved and the personnel who have access to this property.	Reviewed documented internal controls. No issues noted.
b. Obtain any audit reports or inspection reports prepared internally by the Department. Based on discussions with those involved in preparing the audit reports, determine how the audit was performed and the type of information reviewed. Document our understanding and summarize the results of the reports.	Obtained reports and documented results, see **Appendix B** for detail. No issues noted.
2. Document the type of documentation, reviews and sign-offs that are included in the Confiscated Property process. Obtain reports from the Department Manager for the period of January 1, 2010, through December 31, 2010, including additions, deletions, and any available inventories.	Obtained reports from the Department. No issues noted.
3. Obtain the listing of all confiscated property (Regular, State, and Federal) for the calendar year 2010 (per discussion with Police Department Sergeant there was no Confiscated Property in 2010)	For 2010, there were no confiscated property transactions during the year. Crowe also performed an inventory of confiscated items. No issues noted.
a. For each item on the listing trace monies obtained to the supporting documentation.	No issues noted.
b. Recalculate the State and Federal Forfeiture Assets revenue percentages allocated to the Police Department and trace to the revenue amount recognized (General Ledger) to ensure the proper amount was recorded.	No issues noted.
4. Select a sample of 25 evidence items maintained by the CSEU. For each item selected for testing, verify/document the following:	We selected 25 evidence items for testing. No issues noted.
a. The property receipt contains the following information:	No issues noted.
i. Incident number/citation number	No issues noted.
ii. Date and time of receipt	No issues noted.
iii. Location of where item was found	No issues noted.
iv. Discovering party (source)	No issues noted.
v. Complete description of item (make, model, model number, serial number, if available)	No issues noted.
vi. Name and signature of person submitting the item	No issues noted.
b. The submitting officer used their initials on marking the evidence.	No issues noted.
c. Randomly select 5 sample items and physically locate the item in the Evidence room. Ensure the item matches the description on the corresponding receipt.	No issues noted.

OBSERVATION SUMMARY

Overall, Police Department has adequate internal control measures in place to ensure that the Police Department is operating as intended. However, the following observations were noted during our audit procedures:

1. **OPPORTUNITY FOR IMPROVEMENT 1 - Use of TeleStaff and Manual Time Cards: LOW RISK**

   Per discussion with the Police Department's management, we noted that the Department inputs their payroll time (regular, overtime, etc...) via a manual time card system as well as through TeleStaff. This process has been in place for over six months due to issues encountered in the TeleStaff system. The Department is currently utilizing both methods to gain more confidence in TeleStaff before phasing out the manual time card system.

   Recommendation:
   We recommend the Police Department work to transition to the TeleStaff time system completely during calendar year 2011. Having two processes in place creates inefficiencies and could lead to errors during input, etc.

   Management Response / Action Plan:
   Management Response/Action Plan: Management will continue to evaluate its concerns regarding the use of TeleStaff as its sole payroll/attendance tracking program and will either implement new procedures/policy to address these concerns or eliminate TeleStaff and return to the prior system of manually processing payroll and daily attendance.

   Individual(s) Responsible: Chief and Majors

   Due Date: Prior to end of calendar year 2011

2. **OPPORTUNITY FOR IMPROVEMENT 2 – Incorrect Approval/Entry for Overtime Work Performed: MEDIUM RISK**

   During Crowe's e testing of forty (40) overtime entries, selected from the 2010 EdenPay Report, we identified the following:
   - For one (1) of the forty (40) sample items tested, we noted that the Overtime request was not submitted on the following work day, as required in the Department's Overtime policy.
   - For one (1) of the forty (40) sample items tested, we noted that the Tele-Communication Supervisor approved her own overtime time card.

   Recommendation:
   Per the General Order (GO) II-36, The Support Services Unit managers or supervisors will initial and forward all support services unit overtime cards to the Support Services Major for review and approval by the following work day. The Major will, upon review and approval, forward the card to the Administrative Coordinator for payroll processing prior to the end of the pay period.

We recommend the Department ensures that proper approval and internal controls remain a part of the process. This would include a policy whereby no employee can approve their own time card.

Management Response / Action Plan:
The department's current overtime slip form will be revised to eliminate the Division Commander signature line which is not required by policy. The revised form will retain signature lines for the officer/employee and a supervisor which is required by current policy. Overtime slips will be reviewed by the Division Commander when one is available.

If management determines that TeleStaff is the sole method that will be used for payroll/attendance tracking, then the related policy will be revised to reflect the new electronic procedure which still requires a supervisor's approval via TeleStaff.

Individual(s) Responsible: Chief, Majors, Planner and Patrol Office Assistant

Due Date: Slip Form will be revised by May 31, 2011. Telestaff related matter will be addressed prior to end of calendar year 2011.

3. **OPPORTUNITY FOR IMPROVEMENT 3 – Incorrect Date Entry for Special Assignment Overtime Work Performed: LOW RISK**

During Crowe's Special Assignment Overtime (SAO) testing of twenty-five (25) SAO entries, selected from the 2010 Eden Pay Report, we noted one (1) instance where overtime was input into the Eden Financial System on January 8, 2010, but was incurred during the previous month. The entry was recorded in the proper pay period, but not on the date in which the overtime was worked. Based on discussions with the Department, a process has been implemented whereby all overtime worked is now input on the date in which the overtime occurred.

Emp #	Date	Hours	Rate	Amount	Observation
0288XXX	01/08/2010	10.00	58.66	586.58	Worked performed 12/31/2009 but overtime recorded in Eden on 01/08/2010

Recommendation:
This observation was noted as an isolated incident in our testing; however, we recommend all time entries (SAO, overtime, and regular time) indicate the date in which the work is actually performed in order to properly reflect hours worked on a particular date.

Management Response / Action Plan:
Prior to the audit, staff realized that Eden provided the capability for itemized entry of Special Assignment Overtime (SAO) details and that practice was implemented. Prior to this change, SAO details were entered using the total number of hours of one arbitrary day within the associated payroll period. The new procedure provided more accurate documentation of each SAO worked.

TeleStaff has been used for some time to assign SAO details to officers. However, as part of the continuing implementation of the system, staff is now able to transfer data in TeleStaff as part of the Eden payroll process, eliminating the need for manual keying of SAO.

If management determines TeleStaff is the sole method that will be used for payroll/attendance tracking, then related SAO policy will be revised to reflect the new electronic procedure.

Individual(s) Responsible: Planner

Due Date: Prior to the end of calendar year 2011.

4. **OPPORTUNITY FOR IMPROVEMENT 4 – Inadequate Support for Voided Citations:** MEDIUM RISK

Crowe tested thirty-seven (37) voided citations. During this testing we noted that for two (2) of the thirty-seven (37) voided citations, the Department was unable to provide us with a copy of the original citation. Additionally, we noted that for thirty-three (33) of the thirty-seven (37) voided citations tested there was no documentation indicating that the citations were reviewed by a supervisor.

Based on discussions with Management, we learned that most of the issues presented above are due to technical issues related to the printing of citations within the OSSI software which creates and tracks citations. Therefore, when a technical issue arises, it is possible that a hard copy of a citation is never produced. These citations were not citations actually given to violators. Additionally, we also noted that the Department performs an Annual Audit of Citations in accordance with Florida State Statute 316.650 and Palm Beach Police Department Patrol Standard Operating Procedure II-15.

Recommendation:
We recommend that the Department implement a process whereby, documentation is maintained to ensure that all citations are accounted for, including the reason for a void. The Department should continue to work with the Vendor to try and correct the issues with the software.

Management Response / Action Plan:
The noted issues resulted from user error or technical/programming problems. These were related to the conversion to new citation tracking software and equipment. Known issues have been rectified. Staff will continue to coordinate with the vendor to address any future issues.

Individual(s) Responsible: Major Howe, Support Services

Due Date: Completed

5. **OPPORTUNITY FOR IMPROVEMENT 5 – Documented Cash Handling Policy: LOW RISK**

Per the General Order (GO) II-86 Fiscal Control Policies and Procedures for Cash Handling we noted the following "The unit will prepare a Finance Department form #12 (PBFD #12) and transfer all unit receipt copies and monies to the Finance Department. The unit will return a copy of the PBFD #12 after it has been validated by the Finance Department." Per our testing results and discussion with the Department, this is not the current practice. The Police Department does not obtain the PBFD #12, but instead obtains a physical receipt from the PBFD for each cash transaction processed. This process was implemented during the first quarter of calendar year 2011.

Recommendation:
We recommend that the Police Department update their policies and procedures to reflect the current practices. We also noted that the Police Department is currently undergoing many changes and plans to update all their policies and procedures in mid to late 2011.

Management Response / Action Plan:
In the months prior to the audit, management implemented a new procedure which eliminated the need for Crime Scene Evidence Unit (CSEU) personnel to accept payment for designated services. The new procedures require a person to obtain a paid receipt from the Finance Department prior to receiving requested service (e.g.. Identification Card) from CSEU personnel. The written policy will be changed to reflect the newly implemented procedure.

Individual(s) Responsible: Criminal Investigation Unit Captain and CSEU Manager

Due Date: May 31, 2011

6. **OPPORTUNITY FOR IMPROVEMENT 6 – Best Practices for Crimewatch: MEDIUM RISK**

Per discussion with the Department and Crimewatch personnel we observed that various Department employees are performing Crimewatch activities for approximately 30%-40% of the time during a typical work week. These employees are paid from the Town of Palm Beach budget for salaries & expenses.

Recommendation:
The Department and Town of Palm Beach management should agree upon an appropriate allocation for these employees who on working on Crimewatch activities for which the Town should be reimbursed by the Crimewatch budget.

Management Response / Action Plan:
As part of the process of preparing the FY12 proposed budget, Town staff has already begun a review of this matter.

Individual(s) Responsible: Town Manager and Chief of Police

Due Date: Staff will offer a recommendation to the Mayor and Town Council when we present the proposed FY12 budget in June 2011.

7. OPPORTUNITY FOR IMPROVEMENT 7 – Acceptance of Favors and Gratuities: HIGH RISK

Per Section 7-14.3 of the Town's Personnel Manual, no Town employee shall solicit or accept anything of value based upon any understanding that the action or judgment of the employee would be influenced. Additionally, any employee, including dependents, who does receive anything of value that is greater than or equal to $100, is required to disclose the amount received within seven days of receipt. Disclosure should be provided on the Acceptance of Favors and Gratuities Disclosure and include a description of the item received, date of receipt, the individual, business, or organization the item was received from, and its value.

During the previous two years, approximately $138,000 was reported as distributed to the families of twenty-three Police Department employees, according to the records provided by the Town's Human Resources Department, and discussions with the Palm Beach Police Foundation.

Recommendation:
We recommend that the Town consider a legal review of policies and practices for the acceptance and disclosure of gifts and contributions received by Town Employees to determine compliance with Florida Statute 112.313 as well as other state statutes, local laws, ordinances or policies and in addition to determine if the acceptance of such gifts and contributions could be deemed to be a conflict of interest under existing laws and rules. Acceptance of anything of value could influence an employee, or could appear to influence an employee.

Management Response / Action Plan:
Town staff will conduct the thorough review recommended by Crowe. In doing so, we will confer with the Town Attorney, with the Palm Beach County Commission on Ethics, and with other appropriate authorities. We also will discuss this matter directly with representatives of the Palm Beach Police Foundation. At the conclusion of this review, we will take any necessary actions that are within the Town Manager's authority to act administratively and will recommend to the Town Council any actions that we believe require policy consideration by the governing body.

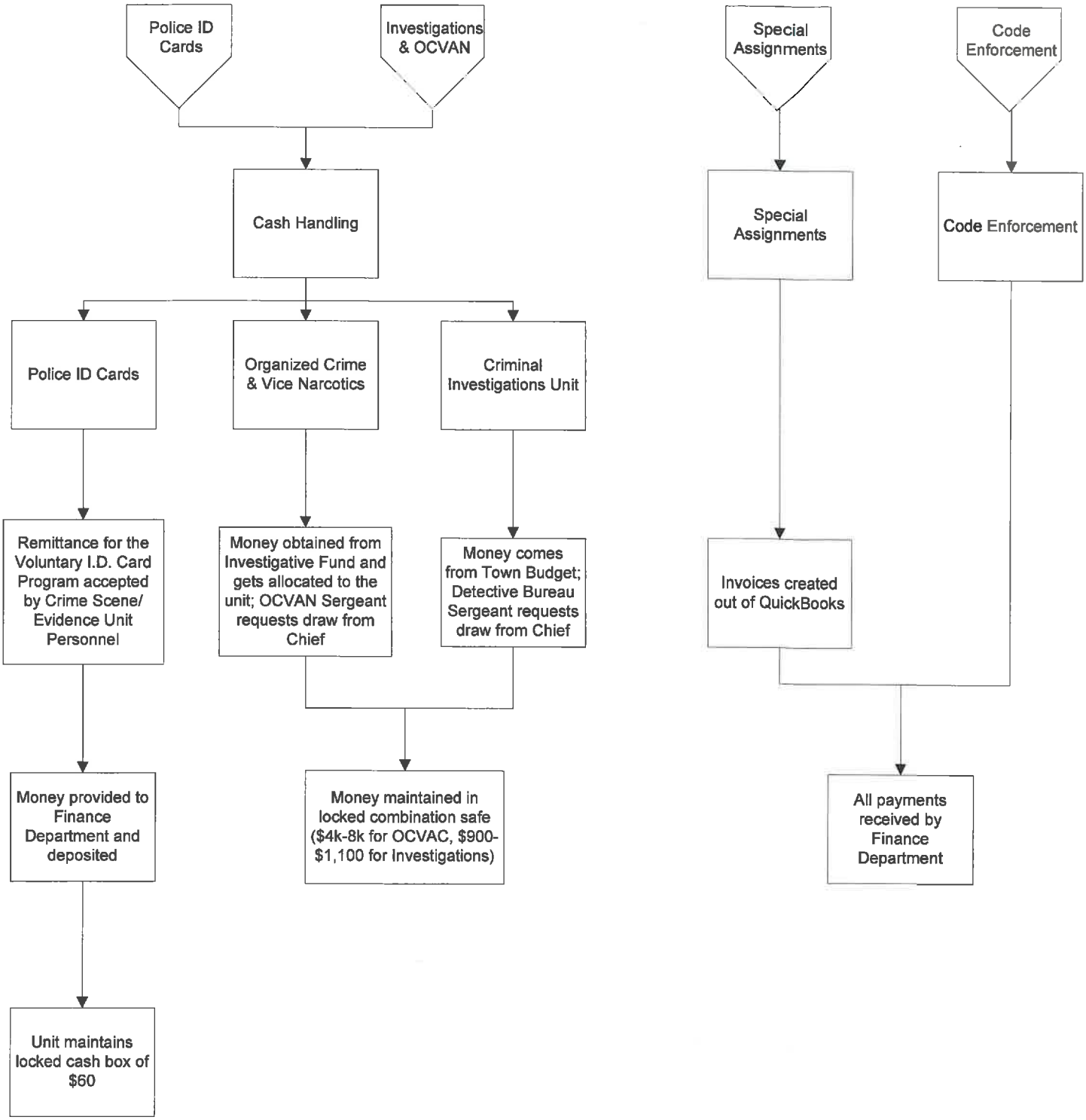
Individual(s) Responsible: Town Manager

OBSERVATION SUMMARY

Due Date: By June 30, 2011, staff will take action under the Town Manager's authority and will formulate recommendations for any actions that require Town Council policy consideration. NOTE: Two variables beyond the Town's control in addressing this matter will be the adoption of the applicable Countywide ethics ordinance by the Palm Beach County Board of County Commissioners (expected in early June) and the related assistance of the Palm Beach County Commission on Ethics in conducting this review. If for any reason this matter is not completed as indicated herein by June 30, 2011, then the Town Manager will provide a written update to the Mayor and Town Council by that date and will complete work on this matter as soon as possible thereafter.

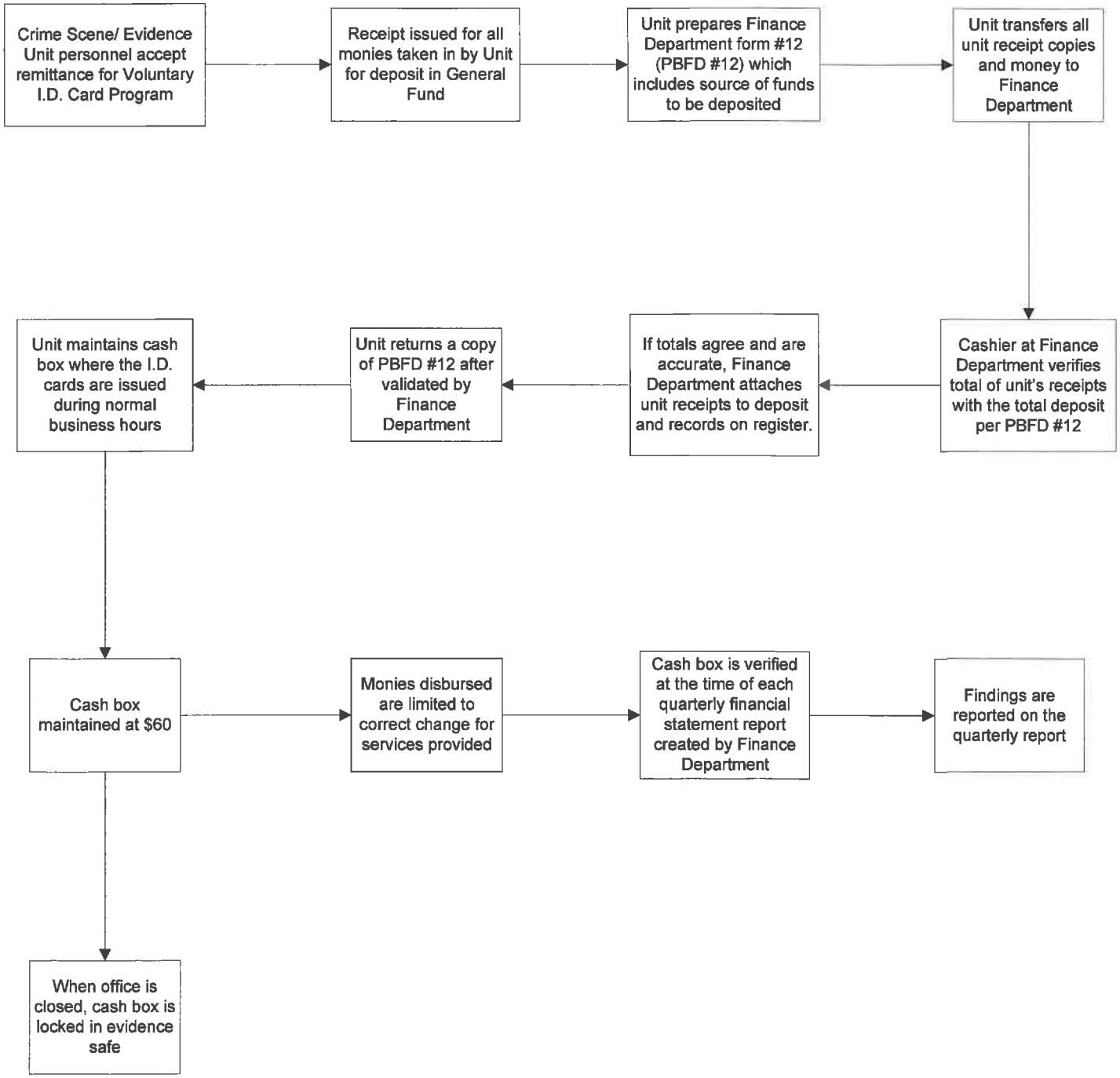
APPENDIX A

Town of Palm Beach Police Department
Receipts Process Flow



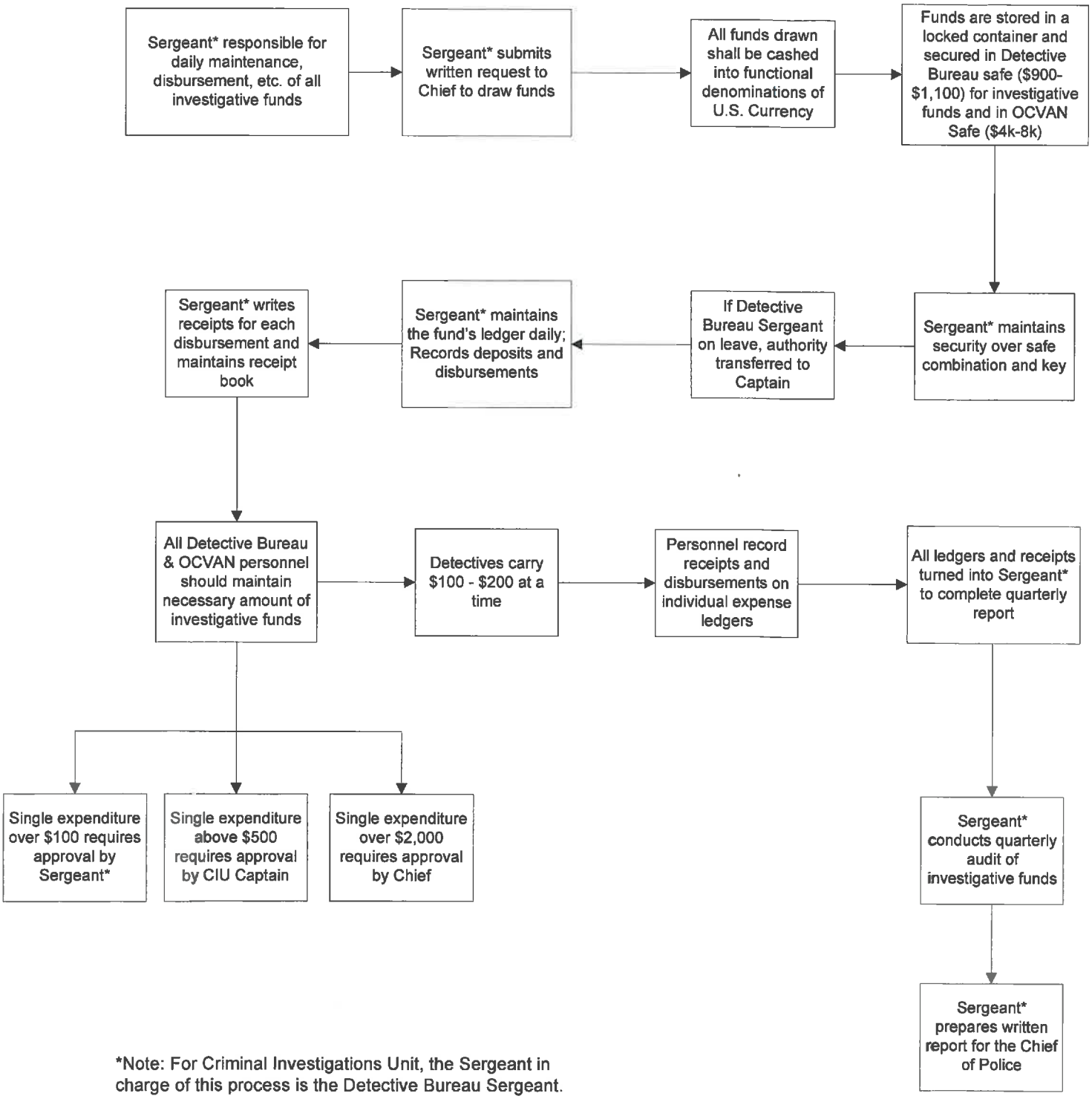
APPENDIX A

Town of Palm Beach Police Department
Police ID Cards Process Flow



APPENDIX A

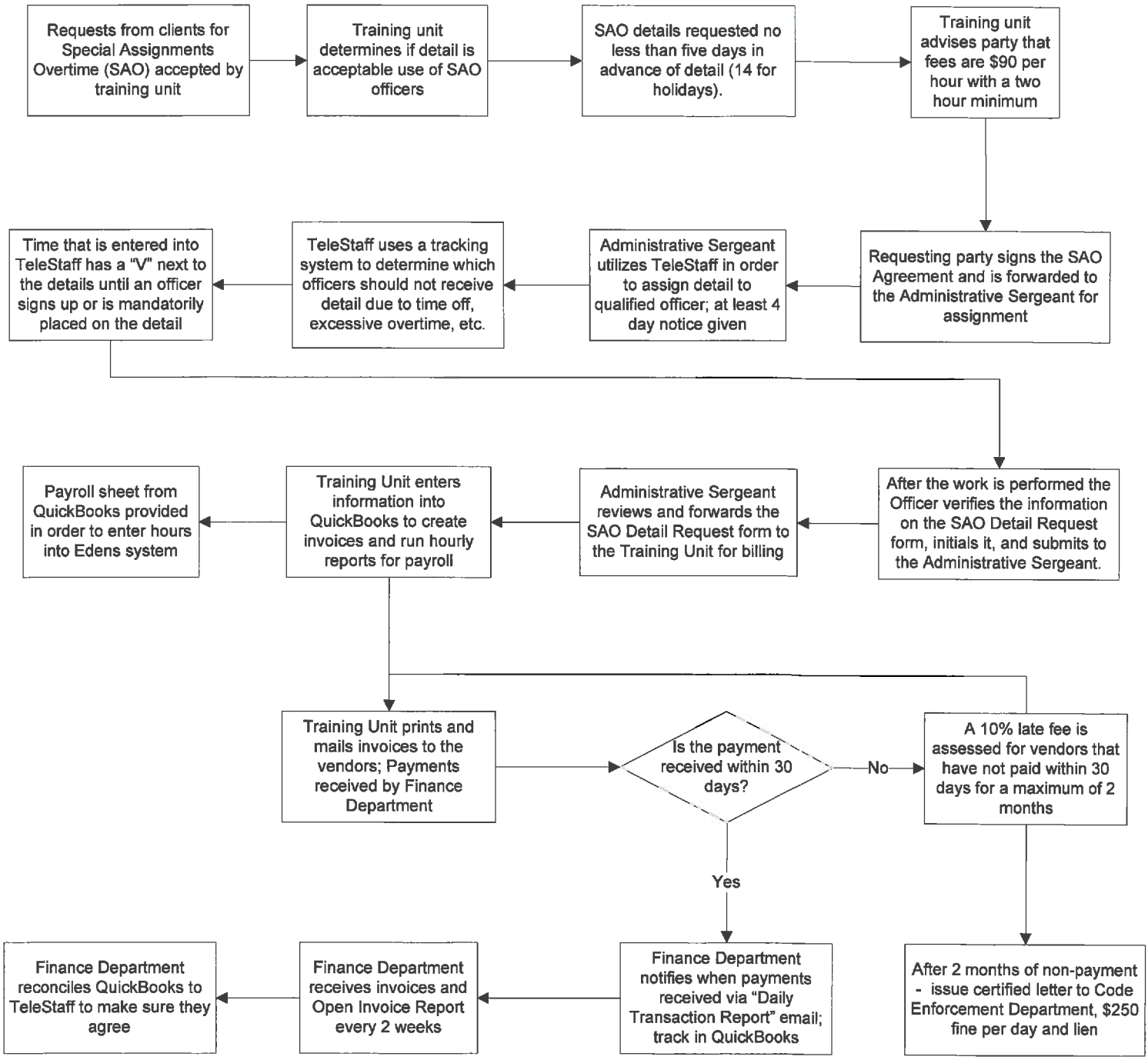
Town of Palm Beach Police Department
Criminal Investigations Unit & Organized Crime Vice and Narcotics (OCVAN) Process Flow



*Note: For Criminal Investigations Unit, the Sergeant in charge of this process is the Detective Bureau Sergeant. For Organized Crime Vice & Narcotics, it is the OCVAN Sergeant.

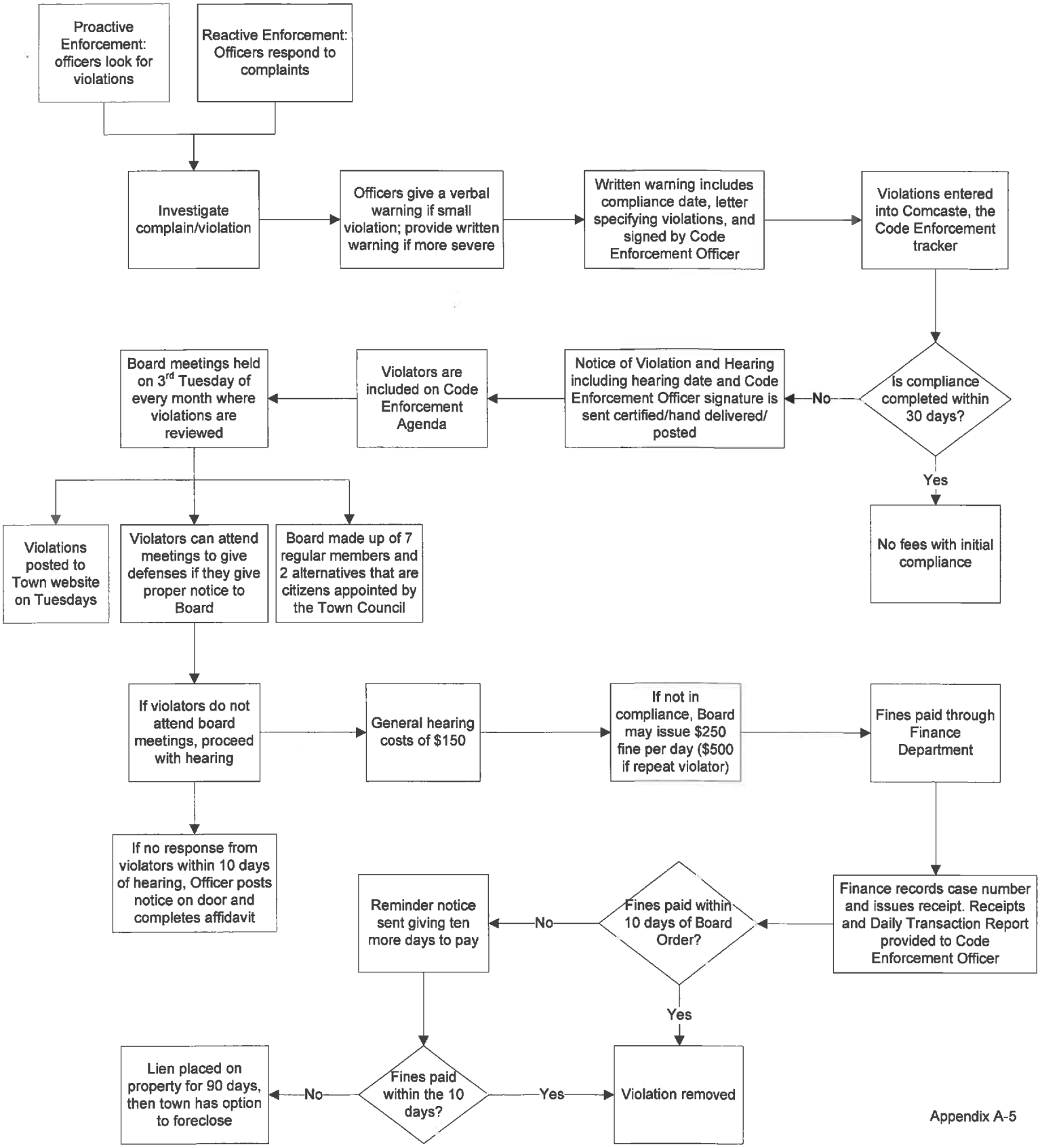
APPENDIX A

Town of Palm Beach Police Department
Special Assignments Process Flow



APPENDIX A

Town of Palm Beach Police Department
Code Enforcement Process Flow



APPENDIX B
Town of Palm Beach
Police Department Overtime and Cash Handling Statistics

Regular Overtime per Quarter:

Overtime Summary - 2010	Hours	Amount
Quarter 1	812.50	27,088.75
Quarter 2	833.75	26,907.69
Quarter 3	673.75	21,331.18
Quarter 4	502.25	15,095.71
Total	2,822.25	90,423.33

Special Assignment Overtime per Quarter:

Special Assignment Overtime Summary - 2010	Hours	Amount
Quarter 1	1,746.00	94,532.33
Quarter 2	1,505.00	84,759.96
Quarter 3	1,399.25	79,090.92
Quarter 4	1,685.00	95,381.14
Total	6,335.25	$353,764.35

Cash Handing:

2010 POLICE DEPARTMENT FUND DISBURSEMENTS	Criminal Investigations Unit Fund Disbursements	Organized Crime Vice & Narcotics Fund Disbursements	Total
Quarter 1	200.00	1,300.00	1,500.00
Quarter 2	350.00	500.00	850.00
Quarter 3	250.00	1,500.00	1,750.00
Quarter 4	-	-	$ -
TOTAL	800.00	3,300.00	4,100.00

2010 POLICE DEPARTMENT FUND DRAWS/REVENUES	Criminal Investigations Unit Fund Draws	rganized Crime Vice & Narcotics Fund Dra	Police ID Cards & Other Revenue	Total
Quarter 1	-	2,000.00	3,353.46	5,353.46
Quarter 2	-	-	6,586.00	6,586.00
Quarter 3	-	-	8,978.00	8,978.00
Quarter 4	-	-	2,090.00	2,090.00
TOTAL	-	2,000.00	21,007.46	23,007.46

APPENDIX C
Town of Palm Beach
Violation Summary Report
(Provided by Client)
Date Range 1/1/2010 To: 12/31/2010

Offense	Offense Description	Warning	Fine Amount	Valid Count	% of Total Valids	Total Fines	% of Total Fines	Void Count	% of Total Voids
118-124	Marking to Designated Space	Y	-	8	0.07%	-	0.00%	1	0.05%
118-124	Marking to Designated Space	N	35.00	36	0.30%	1,260.00	0.32%	3	0.15%
118-127	Overtime	Y	-	80	0.67%	-	0.00%	9	0.46%
118-127	Overtime	N	35.00	2847	23.79%	99,645.00	25.32%	340	17.46%
118-129	Expired Meter	N	-	1	0.01%	-	0.00%	-	0.00%
118-129	Expired Meter	Y	-	241	2.01%	-	0.00%	41	2.11%
118-129	Expired Meter	N	35.00	3500	29.25%	122,500.00	31.13%	838	43.04%
118-4	Obstructing Traffic	Y	-	5	0.04%	-	0.00%	-	0.00%
118-4	Obstructing Traffic	N	35.00	17	0.14%	595.00	0.15%	5	0.26%
118-5	Trespassing By Vehicle	Y	-	16	0.13%	-	0.00%	2	0.10%
118-5	Trespassing By Vehicle	N	35.00	291	2.43%	10,185.00	2.59%	55	2.82%
118-86	Parking Out of Lines Designated	Y	-	4	0.03%	-	0.00%	1	0.05%
118-86	Parking Out of Lines Designated	N	35.00	47	0.39%	1,645.00	0.42%	5	0.26%
118-88	Parking of Boat Trailers	Y	-	0	0.00%	-	0.00%	1	0.05%
118-90	Parking Commercial Veh. On Ocean	N	35.00	1	0.01%	35.00	0.01%	-	0.00%
118-91	Disabled Parking Only	Y	-	1	0.01%	-	0.00%	-	0.00%
118-91	Disabled Parking Only	N	250.00	1	0.01%	250.00	0.06%	7	0.36%
118-92	Blocking Driveway	Y	-	2	0.02%	-	0.00%	-	0.00%
118-92	Blocking Driveway	N	35.00	10	0.08%	350.00	0.09%	-	0.00%
118-92	Double Parking	Y	-	1	0.01%	-	0.00%	-	0.00%
118-92	Double Parking	N	35.00	3	0.03%	105.00	0.03%	1	0.05%
118-92	Fire Hydrant	Y	-	1	0.01%	-	0.00%	-	0.00%
118-92	Fire Hydrant	N	40.00	12	0.10%	480.00	0.12%	1	0.05%
118-92	Loading Zone	Y	-	41	0.34%	-	0.00%	1	0.05%
118-92	Loading Zone	N	35.00	609	5.09%	21,315.00	5.42%	85	4.37%
118-92	No Parking (Designated Hours)	Y	-	75	0.63%	-	0.00%	1	0.05%
118-92	No Parking (Designated Hours)	N	35.00	649	5.42%	22,715.00	5.77%	66	3.39%
118-92	No Parking Anytime	Y	-	15	0.13%	-	0.00%	-	0.00%
118-92	No Parking Anytime	N	35.00	44	0.37%	1,540.00	0.39%	7	0.36%
118-92	Official Parking	Y	-	7	0.06%	-	0.00%	-	0.00%
118-92	Official Parking	N	35.00	58	0.48%	2,030.00	0.52%	9	0.46%
118-92	Other	Y	-	13	0.11%	-	0.00%	2	0.10%
118-92	Other	N	35.00	21	0.18%	735.00	0.19%	3	0.15%
118-92	Oversized Vehicle	Y	-	22	0.18%	-	0.00%	2	0.10%
118-92	Oversized Vehicle	N	35.00	93	0.78%	3,255.00	0.83%	16	0.82%
118-92	Parking on Sidewalk	Y	-	10	0.08%	-	0.00%	-	0.00%
118-92	Parking on Sidewalk	N	35.00	10	0.08%	350.00	0.09%	2	0.10%
118-92	Parking Wrong Direction - One Way	Y	-	2	0.02%	-	0.00%	-	0.00%
118-92	Parking Wrong Direction - One Way	N	35.00	21	0.18%	735.00	0.19%	2	0.10%
118-92	Passenger Loading Zone	Y	-	4	0.03%	-	0.00%	5	0.26%
118-92	Passenger Loading Zone	N	35.00	206	1.72%	7,210.00	1.83%	33	1.69%
118-92	Permit Parking	Y	-	119	0.99%	-	0.00%	8	0.41%
118-92	Permit Parking	N	35.00	2185	18.26%	76,475.00	19.43%	309	15.87%
118-92	Wrong Side of Street	Y	-	12	0.10%	-	0.00%	1	0.05%
118-92	Wrong Side of Street	N	35.00	125	1.04%	4,375.00	1.11%	16	0.82%
118-92	Yellow Curb	Y	-	31	0.26%	-	0.00%	3	0.15%
118-92	Yellow Curb	N	35.00	269	2.25%	9,415.00	2.39%	40	2.05%
316.1945	Parked on Crosswalk	Y	-	1	0.01%	-	0.00%	-	0.00%
316.1945	Parked on Crosswalk	N	35.00	8	0.07%	280.00	0.07%	1	0.05%
316.605	Expired License Tag	Y	-	17	0.14%	-	0.00%	6	0.31%
316.605	Expired License Tag	N	35.00	169	1.41%	5,915.00	1.50%	18	0.92%
316.605	No Tag	N	35.00	4	0.03%	140.00	0.04%	1	0.05%
	TOTALS			11,965		$393,535.00		1,947	

APPENDIX D

Town of Palm Beach Police Department and Affiliated Organizations

PALM BEACH POLICE FOUNDATION, Inc:

The Palm Beach Police Foundation, Inc. ("The Foundation") is a charitable organization which underwrites programs and accepts and manages tax deductible gifts and donations for the benefit of the Palm Beach Police Department and its employees. The organization awards college scholarships to qualified children of police officers and employees of the Town of Palm Beach Police Department. The organization aids police officers and employees of the town of Palm Beach Police Department in financial need. The Palm Beach Police Foundation, Inc. is a not-for-profit, 501 (C)(3) established in 2006 by members of the Fraternal Order of the Police (FOP), PB Lodge #19 (FOB), and its civilian arm, the Fraternal Order of the Police Associates (FOPA).

Among the Foundation's goals is providing up to $8,000 annually to qualified children of sworn officers and department employees. During the fiscal year ending 2010, the Foundation awarded scholarships to 23 students totaling more than $130,000. Over the last three years, the Foundation has provided more than $300,000 in scholarship funding to children of the Palm Beach Police Department employees. Additionally, The William I. Koch Foundation has pledged $150,000 to be used for Higher Education Scholarships. Similarly, The Charles Evans Foundation, through Trustee Joel Pashcow, pledged $65,000 to be used for scholarship assistance and special needs. The Foundation also provides police support programs which include purchasing equipment for the Department and providing assistance to officers in distress.

The Board of Directors determines how the money will be used in regard to specific requests made from the Department or police officers. In regard to Scholarships, a committee makes the decisions on which individuals will receive the money and how much will be disbursed.

An accounting firm chosen by the Board of Directors has the responsibility for filing the Form 990 with the IRS. The accounting firm is also responsible for all local, state, and federal compliance. The Treasurer of the Board of Trustees will provide all necessary information to the accounting firm. Copies of all documents prepared by the accounting firm are forwarded to Board of Directors for review and are to be kept in a central file.

The Palm Beach Police Foundation, Inc 2011 Board Members are as follows:

Gerald Frank	*Michael Reiter*
William Koch	*John F. Scarpa*
David Mack	*Lesly Smith*
Tim Moran	*Michael Stein*

APPENDIX D

Town of Palm Beach Police Department and Affiliated Organizations

PALM BEACH CRIMEWATCH, INC.

Neighborhood Watch (Crimewatch) was organized formally in the Town of Palm Beach in 1979 at the time the newly appointed Chief J. L. Terlizzese introduced the program. The Organization was incorporated in the State of Florida as a 501 (C) (3) charitable organization. The operating budget comes from donations from citizens and the business community. The Organization formed Crime Stoppers of Palm Beach County. After, September 11, 2001, the Organization saw the need for strengthening and securing communities and the Organization was reorganized and re-energized with the new mission: Achieving Crime Prevention, Domestic Security and Emergency Preparedness through Community Partnerships.

The goals of the Organization include encouraging community involvement and shared responsibility in crime prevention, educating the public to identify and report suspicious activity, and providing programs and services to address the needs and interests of the community.

In order for citizens to become a member of the Organization, there is a membership charge of $25 for individuals and $50 for families. Contributions from local businesses and the community occur as well. The Board decides on the allocation of funds collected.

An accounting firm chosen by the Board of Directors has the responsibility for filing all necessary forms the Form 990 with the IRS. The accounting firm files and extension and completes the audit over the summer at a reduced rate.

APPENDIX D

Town of Palm Beach Police Department and Affiliated Organizations

The Board of Directors of Palm Beach Crime Watch, Inc is as follows:

Board of Directors:

John J. Brogan - Chairman of the Board Emeritus
Mark Cook - Vice-Chairman
Tom Quick - Vice - Chairman
P. Robert Bale
Bill Bone
Brian P. Burns
John K. Castle
Helen Cluett
Vic Damone
E. Llwyd Ecclestone
Raymond Floyd
Gerald Frank
J. Ira Harris
Edward L. Hennessy, Jr.
Richard Johnson
William Koch
Jack Liggett
John Maus
Craig J. Millard
Dudley L. Moore, Jr.
Brandon Reid
Joyce Reingold
Charlie S. Roberts
Doyle Rogers
John F. Scarpa
Lesly S. Smith
James C. Walsh

Executive Board:

Jennifer Recarey - Secretary/Treasurer
Jean Deyermond
Judge Rex Ford
Chief Kirk W. Blouin - President
Sgt. Curtis Krauel - Executive Director
Alan H. Miller
Claire O'Keefe
Joyce Vaughn

Honorary Board of Directors:

Hon. Robert Wildrick
Hon. Gail Coniglio
Hon. Bill Diamond
Robert M. Grace
Hon. Richard Kleid
Rev. Father Francis Lechaira
Yvelyne deM. Marix
Thomas M. Mettler
Rev. Dr. Robert S. Norris
Hon. David Rosow
Rabbi Moshe Scheiner
Rev. Dwight Stevens
James McC. Wearn

APPENDIX D

Town of Palm Beach Police Department and Affiliated Organizations

PALM BEACH CODE ENFORCEMENT BOARD:

It is the intent of the Code Enforcement Board to promote, protect, and improve the health, safety, and welfare of the citizens of the counties and municipalities of this state by authorizing the creation of administrative boards with authority to impose administrative fines and other noncriminal penalties to provide an equitable, expeditious, effective, and inexpensive method of enforcing any codes and ordinances in force in counties and municipalities, where a pending or repeated violation continues to exist.

The Town Council shall appoint a seven-member code enforcement board and legal counsel for the Board. In addition, the Town Council may appoint two alternate members for the purpose of serving in the absence of any of the board members specified above. The alternate members shall be appointed for a term of three years and shall serve in the absence of any regular member of the enforcement board. Alternate members may be appointed from the general public and need not be selected from any specific category of profession, but must be a resident of the town.

Palm Beach Code Enforcement Board Members:

Timothy Hoffman - Chairman
Harris S. Fried - Vice Chairman
Joel P. Koeppel - Member
Larry Ochstein - Member
Madelyn Greenberg - Member
Cynthia Van Buren - Member
James M. Ballentine - Member
W. Anthony Dowell - Alternate
Scotch Peloso - Alternate