

TOWN OF PALM BEACH

FIRE DEPARTMENT

For the Twelve Months Ended
January 31, 2011

March 2011

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**TOWN OF PALM BEACH
FIRE DEPARTMENT
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Appendix A - Town of Palm Beach, Fire Department Receipt Process Flows

EXECUTIVE SUMMARY

Background and Objective

Crowe Horwath, LLP (“Crowe” or “we”) performed an internal audit on the Town of Palm Beach’s Fire Department (“Fire Department” or “Department”) as of January 2011. The overall objective was to review controls over the Fire Department’s accounting functions and documented processes. We reviewed policies and procedures, interviewed Fire Department personnel, and performed testing on certain detail records related to processing of receipts and payroll.

There are several types of incidents that the Department responds to:

1. Fires
2. Overpressure Rupture, Explosion, Overheat
3. Rescue & Emergency Medical Services (EMS)
4. Hazardous Conditions (No Fire)
5. Service Calls
6. Good Intent Calls
7. False Alarm & False Calls
8. Severe Weather & Natural Disasters
9. Other Types of Incident

Per the NFRIS 5.0 Reference Guide, fires include “fires out on arrival and gas vapor explosions (with extremely rapid combustion)”. From January 1, 2010 – December 31, 2010 there were twenty-four (24) fire incidents where the Department responded.

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 EMS transport revenues.
- Procedures are implemented to ensure billing and collections of “Special Detail” revenues.
- Procedures are implemented to ensure minimum staffing in accordance with OSHA and NFPA and/or other applicable standards.
- Procedures are implemented to ensure the accurate preparation of the budget in accordance with the actual fiscal requirements of the public safety departments.
- Procedures are implemented to identify and report ethic violations in accordance with Town Policies.
- Procedures are implemented to ensure billing and collection of fire prevention and inspection fees.

EXECUTIVE SUMMARY

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 not 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.

Summary of Results:

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

EXECUTIVE SUMMARY

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 13 of this report:

AUDIT PROCEDURE	OPPORTUNITY FOR IMPROVEMENT	OPPORTUNITY FOR IMPROVEMENT SUMMARY	RISK RATING
Excessive Overtime and Administration of Benefits	1	Incorrect Use of TeleStaff Work Code for Overtime Work Performed	LOW RISK
Excessive Overtime and Administration of Benefits	2	Payroll Verification Limitations	MEDIUM RISK
Billing and Collection of EMS Transport Revenues	3	Irregular EMS Pro to PMX3 Reconciliations	HIGH RISK
Billing and Collection of Special Detail Revenues	4	Exceptions Noted During Special Assignment Testing	HIGH RISK
Billing and Collection of Fire Prevention and Inspection Fees	5	Lack of Segregation of Duties and Review in Fire Prevention/Inspection Process	HIGH RISK
Billing and Collection of Fire Prevention and Inspection Fees	6	Exceptions Noted During Fire Prevention/Inspection Testing	HIGH RISK
Minimum Staffing in Accordance with OSHA "2 in/2 out" and NFPA 1710 Standards	7	Exceptions Noted During OSHA and NFPA 1710 Testing	LOW RISK
General Testing	8	Best Practices for Deposits	MEDIUM RISK
General Testing	9	Acceptance of Favors and Gratuities Policy	HIGH RISK

EXECUTIVE SUMMARY

Crowe also obtained information on the Palm Beach Firefighters & Paramedics Education Fund, Inc., and below is a summary of our results:

Palm Beach Firefighters & Paramedics Education Fund, Inc. was created and incorporated on January 28, 2006 with the purpose to receive and administer funds for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954. At a Board of Trustees meeting held on November 14th, 2007, it was approved that the name of the corporation would be changed from Children of Palm Beach Firefighters and Paramedics, Inc. Educational Assistance Fund to Palm Beach Firefighters & Paramedics Education Fund, Inc. (hereafter referred to as the Fund)

The primary goal of the corporation is to create a Fund for qualified dependents of Palm Beach Fire Rescue employees. The primary fund raiser for the Fund is the annual Fireman's Ball. Every child that's eligible at each time of disbursement. The amount is taken by totaling the number of people eligible dividing the amount among the qualifying children. Currently there are 106 qualified children and each child receives \$273.

At its annual meeting or meetings in early June of each year, the Board of Trustees will make a determination of the amount of money to be disbursed for that year, and the number of qualified dependents receiving a disbursement. The amount of money to be disbursed will be divided equally among the number of qualified dependents

An accounting firm chosen by the Board of Trustees has the responsibility for filing all necessary forms and reports to the IRS including Form 990 and its relations. The accounting firm is also responsible for all local, state, and federal compliance for the Fund. 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 Trustees for review and to be kept in a central file.

Palm Beach Firefighters & Paramedics Education Fund, Inc. 2011 Board Members:

Don Taylor	President	Fire Rescue Employee,	Susan Markin	Trustee	Palm Beach Resident
Marc Bortot	Trustee	Fire Rescue Employee,	Michael Messner	Trustee	Fire Rescue Employee
Susan Gibson	Trustee	Palm Beach Resident,	Richard Pollock	Trustee	Palm Beach Resident
Tony Marino	Trustee	Non-resident, Independent CPA			

EXECUTIVE SUMMARY

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:

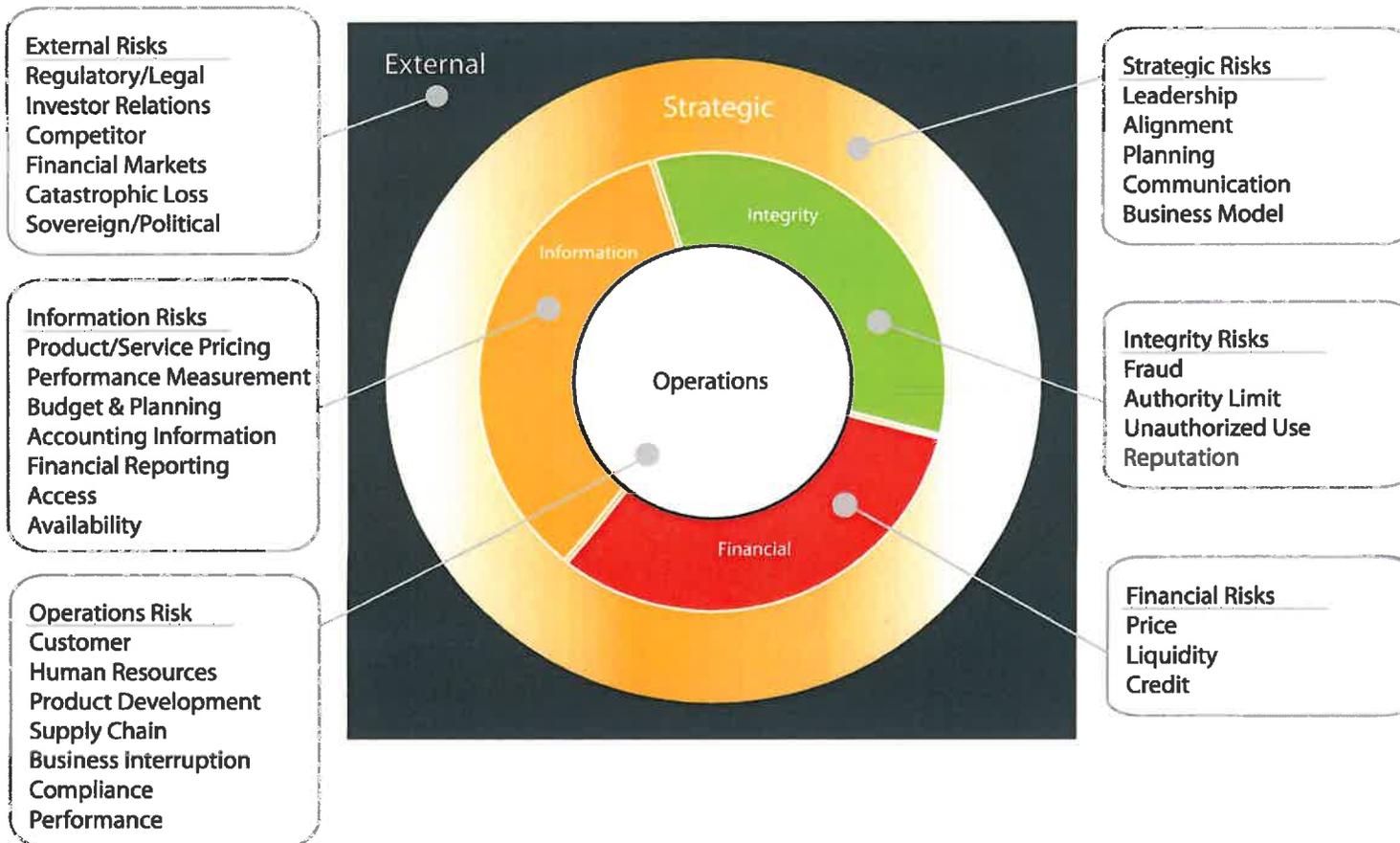


EXECUTIVE SUMMARY

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

PROCEDURE	RESULTS
A. Excessive Overtime and Administration of Benefits:	
1. Through interviews with Management and review of documented policies and procedures, document the procedures over assigning overtime. Document the process. Specifically focus on the utilization of the TeleStaff system and managements use of it.	<p>Crowe interviewed the Office Manager about the payroll process.</p> <p>No issues were noted; however. Crowe did identify a need for improvement; see Opportunity for Improvement 2.</p>
2. Obtain Staffing reports from TeleStaff and payroll reports from Eden for the period of January 1, 2010 through December 31, 2010.	<p>Crowe obtained and analyzed the TeleStaff reports and Payroll reports for the calendar year related to Overtime.</p> <p>No issues noted.</p>
3. Choose a sample of 40 individuals from September 2010 to January 2011. <ol style="list-style-type: none"> a. For each individual, document whether overtime was assigned based on the documented policy and through the TeleStaff system by ensuring the 17 minimum staff number was not exceeded for the day. b. For each individual, agree the amount of overtime reported in TeleStaff to the amount actually paid in the Eden System. Document differences. 	<p>Crowe selected and tested 40 overtime samples from September 2010 through January 2011.</p> <p>Observation noted, see Opportunity for Improvement 1.</p>
B. Billing and Collection of EMS Transport Revenues:	
1. Through interviews with Management and review of documented policies and procedures, document the procedures over Billing and Collection of EMS Transport Fees. Document the process through preparation of a flow chart.	<p>Crowe interviewed the Medical Billings Technician about the EMS Billing process, see Appendix A for detail.</p> <p>No issues were noted; however Crowe did identify opportunity for improvement; see Opportunity for Improvement 3</p>
2. Obtain reports from PMX3 and Emergency Pro reports for the period of January 1, 2010 through December 31, 2010.	<p>Crowe obtained and compared the PMX3 and EMS Pro reports for November and December 2010. No issues noted.</p>
3. Choose a sample of 40 EMS Transport incidents from calendar year 2010. <ol style="list-style-type: none"> a. For each incident, document the incident date on the EMS Pro report and Invoice Date (date invoice was sent to insurance copy) on the PMX3 report to determine when it was entered into the system and whether it was complete and timely b. Determine, based on documentation available, whether information was properly and accurately entered into the PMX3 Software, based on the information provided by the Paramedics, which is entered into Emergency Pro. c. For payments made, related to sample, trace payment amount to deposit. 	<p>Crowe tested 40 EMS Billings sampled from September 2010 through January 2011. All sample items appeared reasonable and were adequately supported. No issues noted.</p>

PROCEDURES PERFORMED

PROCEDURE	RESULTS
C. Billing and Collection of Special Detail Revenues:	
1. Through interviews with Management and review of documented policies and procedures, document the procedures over Billing and Collection of Special Detail Fees. Document the process through preparation of a flow chart.	<p>Crowe interviewed the Fire Prevention Office Assistant about the Special Assignment process, see Appendix A for detail.</p> <p>No issues were noted.</p>
2. Document what 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.	<p>Crowe obtained and analyzed the TeleStaff reports and payroll reports for the calendar year related Special Assignments.</p> <p>No issues noted.</p>
<p>3. Choose a sample of 40 individuals from calendar year 2010 who worked Special Detail assignments.</p> <ul style="list-style-type: none"> 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 Fire staff). b. For each individual, agree the amount of overtime reported in TeleStaff to the amount invoiced to the vendor. Document differences. 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. d. Document whether a signed Special Assignment Overtime (SAO) agreement is on file for each incident. 	<p>Crowe tested 24 Special Assignment sample items from February 2010 through January 2011. The following observations were noted during testing:</p> <ul style="list-style-type: none"> - For eight (8) of the twenty-four (24) sample items tested, no Special Assignment Overtime (SAO) agreement was provided. - For one (1) of twenty-four (24) sample items tested, total hours per time log did not match hours invoiced, for a difference of .75 hours - For one (1) of twenty-four (24) sample items tested, the Mobileyes assignment Type field stated "Special Assignment"; however should have been "Fire Inspection/Prevention" based on the supporting documentation provided <p>See Opportunity for Improvement 4</p>
D. Billing and Collection of Fire Prevention and Inspection Fees:	
1. Through interviews with Management and review of documented policies and procedures, document the procedures over Billing and Collection of Fire Prevention and Inspection Fees. Document the process through preparation of a flow chart.	<p>Crowe interviewed the Fire Prevention Office Assistant about the Special Assignment process, see Appendix A for detail.</p> <p>See Opportunity for Improvement 5 and 8</p>

PROCEDURES PERFORMED

PROCEDURE	RESULTS
D. Billing and Collection of Fire Prevention and Inspection Fees: (continued)	
<p>2. Choose a sample of 40 incidents from calendar year 2010 where a report that presents all Fire Prevention and Inspections.</p> <p>a. For each incident, document the type of fee as noted on the documentation.</p> <p>b. Compare the amounts billed to the amounts presented in Article III of the Town's Code</p> <p>c. Document differences in amounts billed and determine the reason for the difference.</p>	<p>Crowe tested 40 Fire Prevention/Inspection samples items between August 2010 and January 2011. The following observations were noted during testing:</p> <ul style="list-style-type: none"> - For one (1) of forty (40) sample items tested, the Mobileyes description field stated "Bus/Merc/Prof Inspection"; however, should have been "Apart/Condo/Hotel/Motel Inspection" based on the supporting documentation provided. - Per discussion with the Fire Prevention Office Assistant, there is a 10% late fee charged for invoices not paid within 30 days, an additional 10% for invoices not paid within 60 days, and then follow-up performed by the Department for any invoices not paid after 60 days. During our testing we noted that the invoice late fee was waived in many instances totaling \$136.50 for selected sample items tested. We also noted that invoice late fees need to be assessed / collected for two (2) invoices not paid as of 01/21/2011 totaling \$20 <p>See Opportunity for Improvement 6</p>
E. Minimum Staffing in Accordance with OSHA "2 in/2 out" and NFPA 1710 Standards	
<p>1. Through interview with Management and review of documented policies and procedures, document the procedures over monitoring compliance of OSHA "2in/2out" requirements and NFPA requirements. Document the process through preparation of a flow chart.</p>	<p>Crowe interviewed the Office Manager about the OSHA and NFPA Standard procedure(s) see Appendix A for detail.</p> <p>No issues were noted.</p>
<p>2. Document who maintains the requirements in TeleStaff in this area, and the type of documentation, review sand sign-offs are include in the process and whether they are sufficient and in accordance with the requirements.</p>	<p>Crowe was informed that the Division Chief of Training was accountable for the OSHA and NFPA Standard compliance.</p> <p>No issues were noted.</p>
<p>3. Choose a sample of 40 fire incidents from calendar year 2010 from a report that presents all Fire incidents during the year.</p> <p>- Prepare a testing spreadsheet for all sample fire incidents based on the type of incident. Include attributes from OSHA and NFPA requirements.</p>	<p>Crowe tested 40 OSHA/NFPA 1710 samples items between September 2010 and January 2011. The following observation was noted during testing:</p> <p>Per our discussion with Department Personnel, the NFPA 1710 guidance states that the fire fighters are to reach the scene within 4 minutes of the "In Route" or wheels rolling time. This is guidance and not a requirement. During testing we noted that two (2) of the forty (40) samples tested did not meet the NFPA 1710 guidance. However, based on our discussions, Police officers are normally the first responders and reach the scene within 4 minutes or less.</p> <p>See Opportunity for Improvement 7</p>

PROCEDURES PERFORMED

PROCEDURE	RESULTS
F. Budget Preparation in Accordance with Actual Fiscal Requirements of the Department	
<p>1. Through interview with Management and review of documented policies and procedures, document the procedures over preparation and monitoring related to the budget process.</p>	<p>Crowe interviewed the Office Manager about the annual budget process and monthly budget monitoring.</p> <p>No issues were noted.</p>
<p>2. Document who from the Fire Department initiates the process and is the process owner. Documents the department heads, or other individuals involved and the types of documentation included in determining budget amounts.</p> <p>-Choose three months throughout calendar year 2010 and review any available documentation showing monitoring of budget versus actual reports.</p>	<p>Crowe noted the Office Manager was in charge of the budget process at the Department. Crowe obtained October, November, and December 2010 budget reports and reviewed the reports for accuracy in identifying variances/ issues.</p> <p>No issues were noted.</p>
G. Identification and Reporting of Ethics Violations in Accordance with Town Policies (controls over the cars being used for personal purposes, etc...)	
<p>1. Through interviews with Management and review of documented policies and procedures, document the procedures over not identifying and reporting ethics concerns.</p>	<p>Crowe interviewed the Office Manager regarding ethics policies and procedures at the Department. We were informed that the Department follows the Town's ethics policies and procedures.</p> <p>No issues were noted; however. Crowe did identify a need for improvement; see Opportunity for Improvement 9</p>

OBSERVATIONS AND RECOMMENDATIONS

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

1. OPPORTUNITY FOR IMPROVEMENT 1 - Incorrect Use of TeleStaff Work Code for Overtime Work Performed: LOW RISK

For one (1) of forty (40) sample items tested, the TeleStaff Work Code stated "OT Special Assignment"; however, should have been "OT Shift Work" based on the support provided. See below for detail:

Position	Unit	Station	Start Date / Time	End Date / Time	Hours	Work Code	Exception
Lifeguard #4	Tower	Main Beach	12/16/2010 11:30:00 AM	12/16/2010 2:30:00 PM	3:00:00	OT - Special Assignment	Incorrect Code should be OT Shift Work

Recommendation:

We recommend that the Department implement a process whereby the shift Supervisor reviews all Overtime entries in TeleStaff to ensure the proper Work Code is used. We understand the Overtime Work Code does not affect the work performed or costs incurred/billed; however, it is useful to have the proper Work Code for current and future operational analysis of the Department.

Management Response / Action Plan:

Fire-Rescue concurs with the recommendation of Crowe to have all Overtime entries in Telestaff reviewed to ensure the proper Work Code is used. An official Fire-Rescue Bulletin (B11-26) has been issued directing all Battalion Chiefs, Step-up Battalion Chiefs, Fire-Rescue support staff personnel, and Ocean Rescue Assistant Supervisors who enter overtime work codes within Telestaff to review these work codes for accuracy and that they include a note attachment within Telestaff stating the reason for the overtime. In addition, Fire-Rescue will recommend that the Town purchase the Telestaff "Custom Reporting" module to allow Telestaff to send a generated report to the Assistant Chief of Operations on a scheduled basis so that he may closely monitor work code entries and overtime use.

Individual(s) Responsible: Assistant Chief of Operations

Due Date: Completed

OBSERVATIONS AND RECOMMENDATIONS

2. OPPORTUNITY FOR IMPROVEMENT 2 – Payroll Verification Limitations: **MEDIUM RISK**

Per our discussion with the Office Manager, we noted that once payroll information is verified in TeleStaff, anyone with access can still change information for that pay period. Based on our review, all Battalion Chiefs have access to the system.

Recommendation:

We recommend that the Department implement a process whereby once Payroll is completed, TeleStaff should be locked for that pay period to ensure the verified payroll remains unchanged.

Management Response / Action Plan:

Fire-Rescue concurs with the recommendation of Crowe to lock the information within Telestaff for pay periods that have been completed. Because TeleStaff is a valuable source of historical and statistical data, there will be instances where information that is corrected within Payroll must also be corrected within TeleStaff to ensure future accuracy for these reports. This ability will be restricted to the department's Officer Manager and the Department's TeleStaff coordinators.

Individual(s) Responsible: EMS Division Chief (TeleStaff coordinator)

Due Date: Completed

3. OPPORTUNITY FOR IMPROVEMENT 3 – Irregular EMS Pro to PMX3 Reconciliations: **HIGH RISK**

Per discussion with the Medical Billings Technician, we noted that a semi-annual reconciliation is performed between EMS Pro and PMX3 to ensure that all services were billed.

Recommendation:

We recommend this reconciliation be completed monthly in conjunction with the Open Invoice follow-up/reconciliation which is currently performed on a monthly basis. This reconciliation should be documented and reviewed.

Management Response / Action Plan:

The Medical Billing Technician is currently doing "on screen" report comparisons between EMS Pro and PMX3. These reports, however, were not being printed for documentation. Starting with the months of March and April 2011, reports have been printed and reviewed by the Office Manager. Note: As these documents contain HIPAA protected information, they may not be distributed outside the Department.

OBSERVATIONS AND RECOMMENDATIONS

Individual(s) Responsible: Medical Billing Technician and Office Manager

Due Date: Completed

4. **OPPORTUNITY FOR IMPROVEMENT 4 – Exceptions Noted During Special Assignment Testing: HIGH RISK**

Crowe tested 24 Special Assignment samples items from February 2010 through January 2011. The following observations were noted during testing:

- For eight (8) of the twenty-four (24) sample items tested, no Special Assignment Overtime (SAO) agreement was provided during testing.
- For one (1) of twenty-four (24) sample items tested, total hours per time log did not match hours invoiced, difference of .75 hours.
- For one (1) of twenty-four (24) sample items tested, the Mobileyes assignments Type field stated "Special Assignment"; however should have been "Fire Inspection/Prevention" based on the supported provided.

Recommendation:

We recommend that all Special Assignments have the required SAO to support the work performed. We understand that some vendors send email or letters to support the Special Assignment arrangement but there is not a consistent process in practice. The Department's policy is that a SAO is required for all Special Assignment work performed.

We also recommend that all timesheets prepared by the employees are reconciled to the vendor invoice prior to submission of the invoices to vendor. A checklist can be prepared, implemented, and utilized to ensure all hours are accounted for at the proper billing rate. This will strengthen the internal controls over these processes.

Furthermore, we recommend another employee be granted access to Mobileyes in order to provide assistance and verification of worked performed/inputted by Fire Prevention Office Assistant.

Management Response / Action Plan:

One time vendors will complete SAO contracts for each event. Regular vendors who have monthly SAOs throughout the season will complete an SAO contract on a monthly basis.

All timesheets are currently being reconciled to the vendor invoice by the Office Assistant. Any hours above the contracted time must be signed by the vendor on the timesheet at the time of the SAO. Invoices reflect time listed for actual SAO. Hours are also verified in Telestaff. Future timesheets and vendor invoices will be reviewed by the Office Manger prior to mailing.

OBSERVATIONS AND RECOMMENDATIONS

As of March 2011, the Office Manager has access to Mobileyes.

Individual(s) Responsible: Fire Prevention Office Assistant and Officer Manager

Due Date: July 31, 2011

5. **OPPORTUNITY FOR IMPROVEMENT 5 – Lack of Segregation of Duties and Review in Fire Prevention/Inspection Process :**
HIGH RISK

Per our discussion with the Fire Prevention Office Assistant and the Office Manager, there is only one computer that has Mobileyes which is the system used to record all Fire Prevention/Inspection and Special Assignment activity and billings. Furthermore, there is no review/verification of the work performed/inputted by Fire Prevention Office Assistant into Mobileyes regarding Fire Prevention/Inspection and Special Assignments.

Recommendation:

As stated above, we recommend another employee be granted access to Mobileyes in order to provide assistance and verification of worked performed/inputted by Fire Prevention Office Assistant. This will strengthen the internal controls over these processes. Currently, there is a segregation of duties issue that needs to be addressed.

Management Response / Action Plan:

Assistant Fire Marshal reviews the description field for all fire inspections prior to invoicing by the Office Assistant. As of March 2011, the Office Manager has access to Mobileyes and can provide assistance and verification of work performed. All payments are posted by the Office Manager.

Individual(s) Responsible: Office Manager

Due Date: Access to Mobileyes completed. Policy updates to be completed by July 31, 2011.

OBSERVATIONS AND RECOMMENDATIONS

6. OPPORTUNITY FOR IMPROVEMENT 6 - Exceptions Noted During Fire Prevention/Inspection Testing: HIGH RISK

Crowe tested 40 Fire Prevention/Inspection samples items from August 2010 through January 2011. The following observations were noted during testing:

- For one (1) of forty (40) sample items tested the Mobileyes Description field stated "Bus/Merc/Prof Inspection"; however, should have been "Apart/Condo/Hotel/Motel Inspection" based on the support provided.
- Per discussion with the Fire Prevention Office Assistant there is a 10% late fee charged for invoices not paid within 30 days, an additional 10% for invoices not paid within 60 days, and then follow-up performed by the Department for any invoices not paid after 60 days. During our testing we noted that the invoice late fee was waived in many instances totaling \$136.50 for selected sample items tested. We also noted that invoice late fees need to be assessed / collected for two (2) invoices not paid as of 01/21/2011 totaling \$20.

Recommendation:

As stated previously, we recommend another employee be granted access to Mobileyes in order to provide assistance and verification of worked performed/inpitted by Fire Prevention Office Assistant.

Furthermore the Department should enforce the current policy and collect all fees associated with late payment of invoices. A formal late fee policy should be developed, implemented, and followed for all customers. The policy should state and limit circumstances in which customer's late fees can be forgiven. The policy should be followed for all customers' late fees.

Management Response / Action Plan:

Previously, the only late fees waived were those assessed within a seven day period prior to receipt of payment. The Mobileyes vendor has been contacted to see if late fees may be programmed to automatically post ten days after due date. No future late fees will be waived once posted.

Individual(s) Responsible: Office Manager

Due Date: July 31, 2011

OBSERVATIONS AND RECOMMENDATIONS

7. OPPORTUNITY FOR IMPROVEMENT 7 - Exceptions Noted During OSHA and NFPA 1710 Testing: **LOW RISK**

Per our discussion with the Department personnel, the NFPA 1710 guidance states that the fire fighters are to reach the scene within 4 minutes of the "In Route" or wheels rolling time. This is guidance and not a requirement. During testing we noted that two (2) of the forty (40) samples tested did not meet the NFPA 1710 guidance. However, based on our discussions, Police officers are normally the first responders and reach the scene within 4 minutes or less.

Recommendation:

We understand that the NFPA 1710 guidance is not a requirement. We also understand that circumstances may prevent the fire fighters from reaching their destination in a timely manner. However, we do recommend that the Department continue to make efforts to be in compliance with the NFPA 1710 4 minute rule. If the rule is unattainable this should be communicated to management for a resolution..

Management Response / Action Plan:

Fire-Rescue closely monitors our performance data, including reaction (turnout) time and overall response time. On a monthly basis, for all calls that exceed a 00:02:00 minute reaction (turnout) time, we have the Battalion Chief review the call with the responsible company officer. Reaction (turnout) time is one of the few factors that we have control over. We have little to no control over the geographic distance between where our units are (generally stations) and where the location of the call is and, thus, travel (wheels rolling) time is generally not a major consideration of our continuous data analysis. For all calls that exceed a total dispatched to arrival time of 00:06:00 minutes, we will have the Battalion Chief review the call with the responsible company officer.

Individual(s) Responsible: Assistant Chief of Operations

Due Date: Completed

8. OPPORTUNITY FOR IMPROVEMENT 8 – Best Practices for Deposits: **MEDIUM RISK**

During our discussions with Department personnel we noted the following issues:

- Fire Prevention/Special Assignments payments are deposited every Monday and EMS Billing/Donations payments are deposited once a week on no particular day.
- Fire Prevention/Inspection payments are maintained in an unlocked drawer during the week, prior to the deposit.

OBSERVATIONS AND RECOMMENDATIONS

Recommendation:

Due to the large deposit amount, we recommend that deposits be made more frequently; at least two times a week. We also recommend all undeposited checks be maintained in a locked drawer or safe until they are deposited.

Management Response / Action Plan:

Deposits for both EMS Billing and Fire Prevention are made once each week. In the future accumulated checks totaling \$10,000 or more will immediately be deposited. EMS Billing deposits are posted by the Administrative Coordinator. Fire Prevention Deposits are now posted by the Office Manager.

Currently, EMS Billing payments are maintained by the Administrative Coordinator in a locked drawer and Fire Prevention payments are maintained by the Office Manager in a locked drawer until deposit. For better security, a small safe will be installed in the Administrative office to hold checks until deposit.

Individual(s) Responsible: Administrative Coordinator and Office Manager

Due Date: July 31, 2011

9. OPPORTUNITY FOR IMPROVEMENT 9 – Acceptance of Favors and Gratuities Policy: 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 2010, approximately \$26,500 was reported as distributed to the families of 54 Fire Department employees, according to the records provided by the Town Human Resources Department, and discussions with the Palm Beach Fire and Paramedic Education Fund. These funds were sent directly to the schools of employee dependents.

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.

OBSERVATIONS AND RECOMMENDATIONS

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 Firefighters & Paramedics Education Fund, Inc. 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:

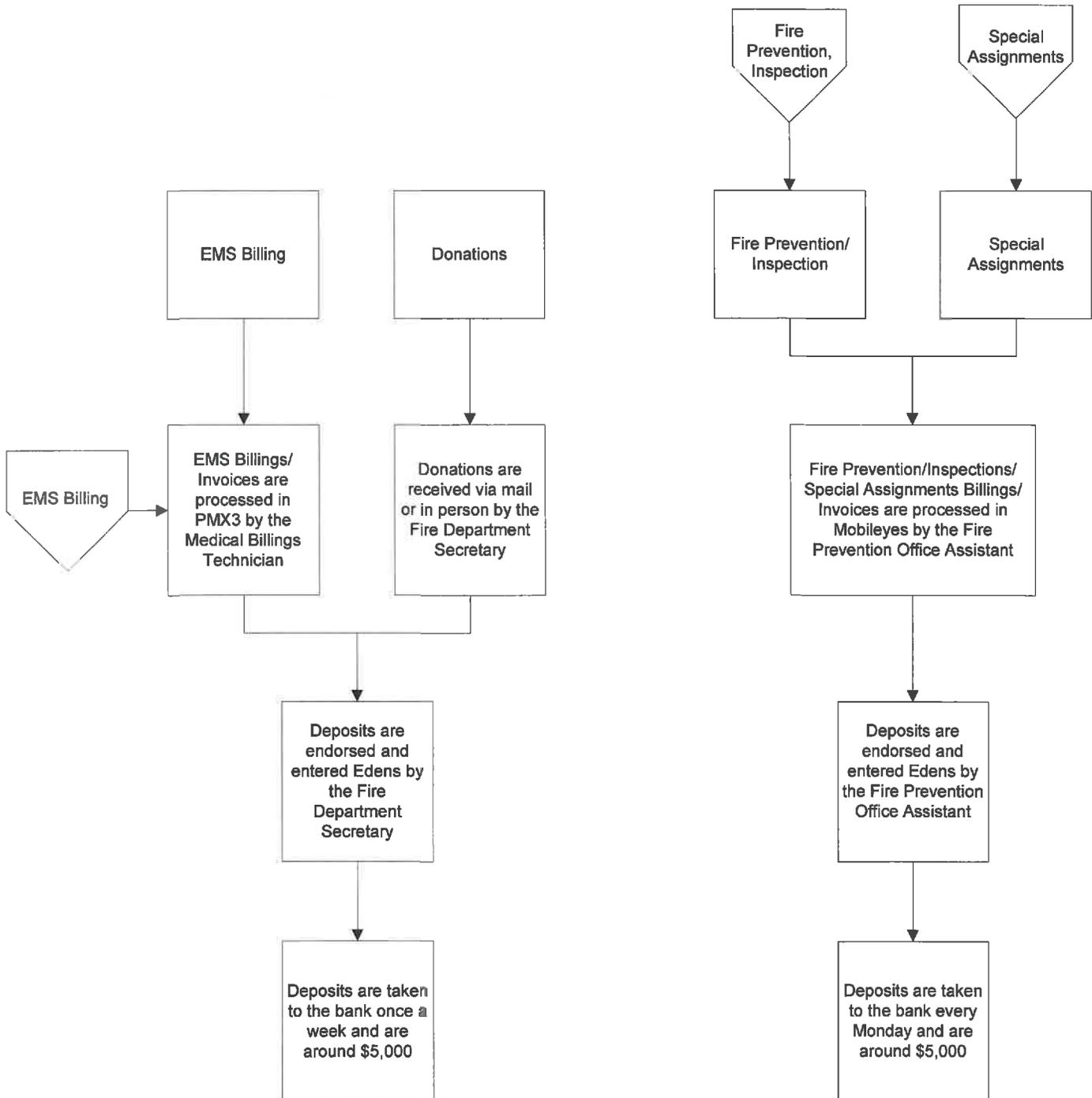
Town Manager

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.

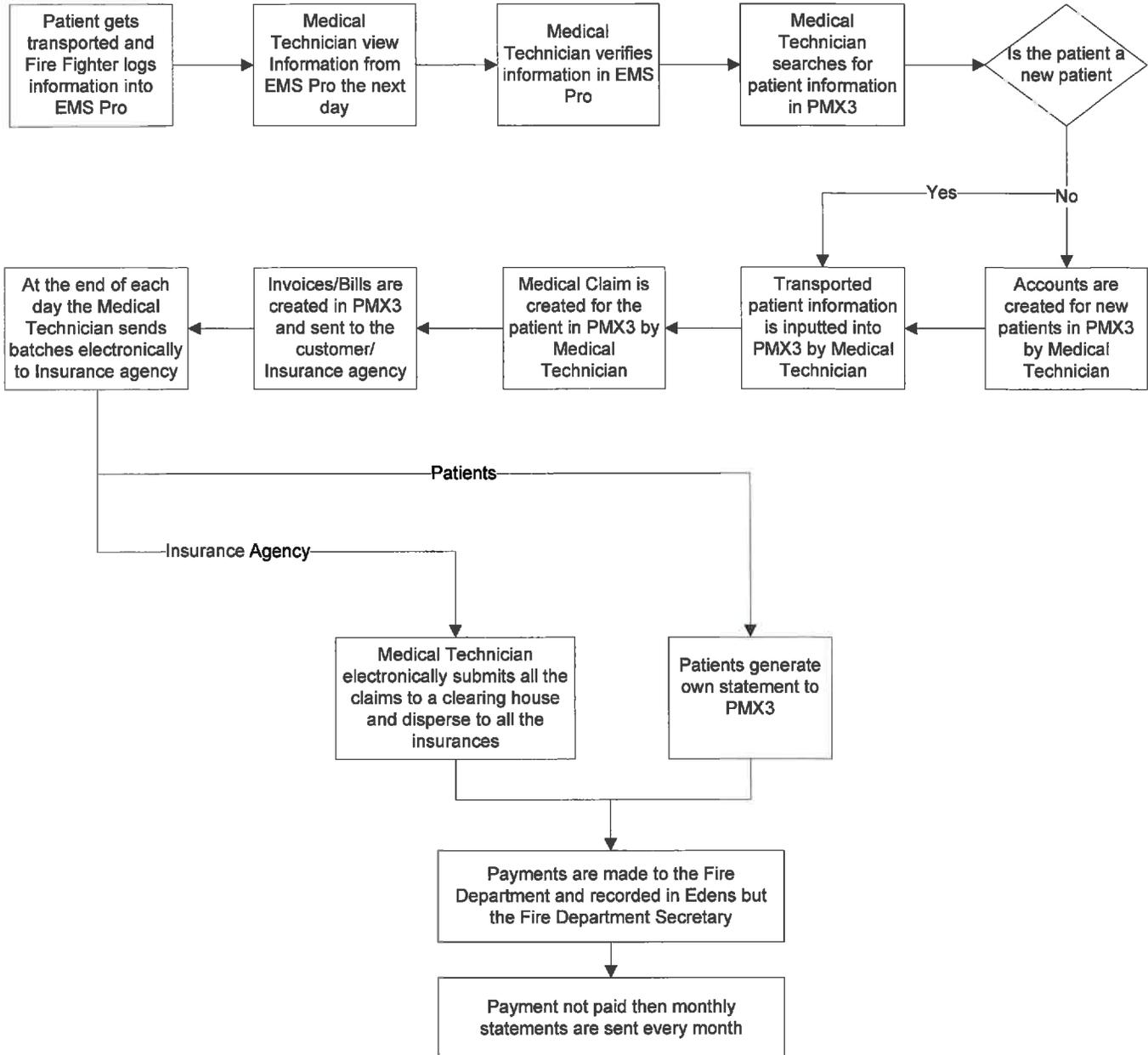
APPENDIX A

Town of Palm Beach Fire Department Receipts Process Flow



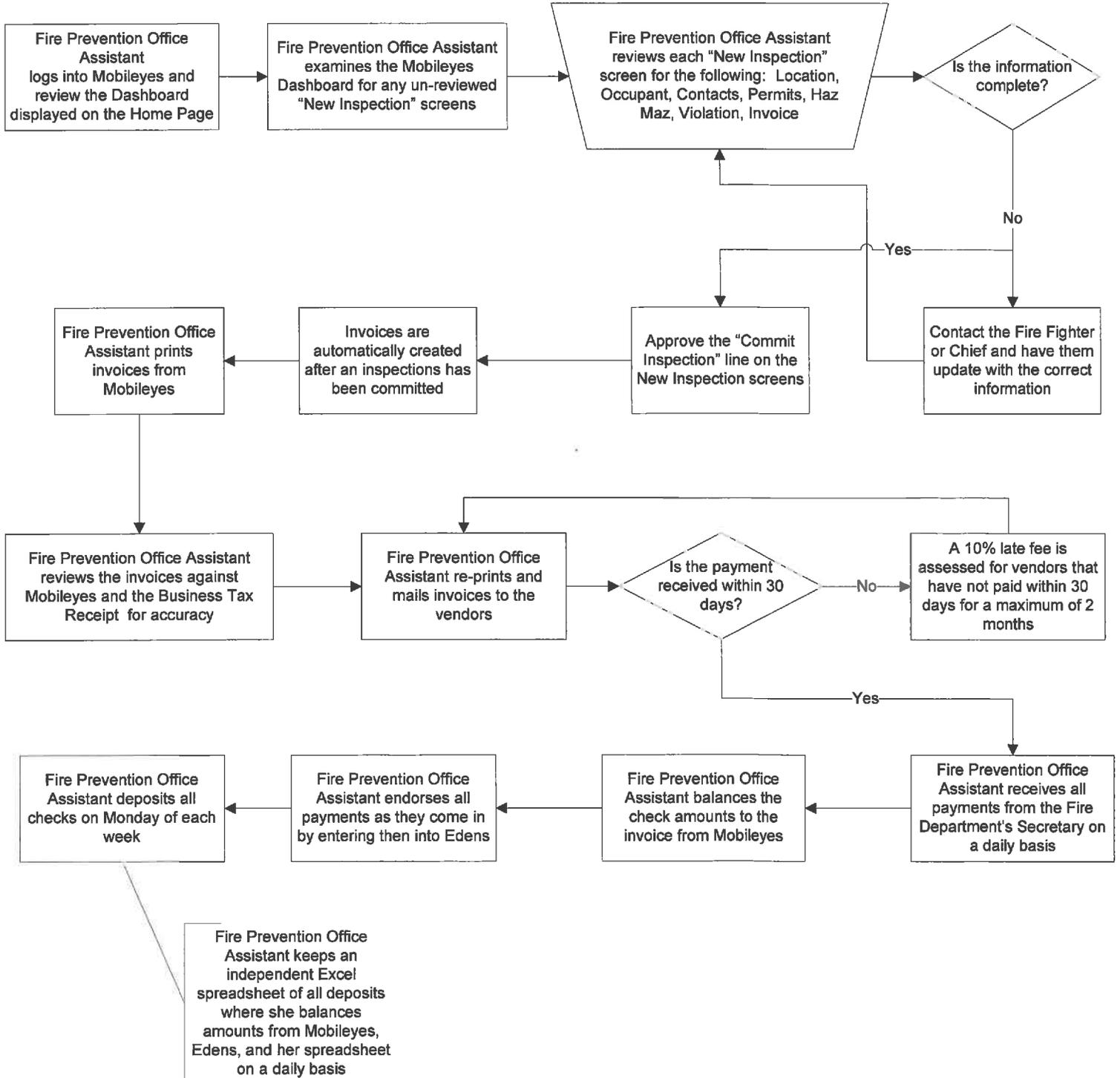
APPENDIX A

Town of Palm Beach Fire Department EMS Billing Process Flow



APPENDIX A

Town of Palm Beach Fire Department Fire Prevention/Inspection Process Flow



APPENDIX A

Town of Palm Beach Fire Department Special Assignments Process Flow

