



CITY OF DELRAY BEACH

OFFICE OF THE CITY MANAGER

100 N.W. 1ST AVENUE • DELRAY BEACH • FLORIDA 33444 • (561) 243-7015



City Commission Information Letter

May 17, 2024

Engagement Involving the Office of the State Auditor General Regarding Time and Attendance Implementation

As the City of Delray Beach's commitment to advise the State of Florida regarding our organization's progress, relative to its current time and attendance automated payroll administrative practices is a function of engaging with the Office of the Auditor General, please be advised that such was actually accomplished via the City's official response through its external auditing firm, Markham, LLP.

As referenced in the attached excerpts from the City of Delray Beach Fiscal Year 2023 Annual Comprehensive Financial Report, the current status of the City's efforts to this effect are well highlighted, consistent with applicable State of Florida rules and regulations regarding external financial reporting, and timely responses on matters affecting internal control processes. Guidance to this effect likewise includes the continuation of progress updates on a periodic basis, as time and attendance implementation will continue via a phased approach for all departments (currently now being finalized).

The Department of Finance has likewise already transmitted the City's responses to previous findings, as outlined to the Office of the State Auditor General for their records. Meanwhile, all involved at the Executive Leadership Team level are extremely pleased with the productive experiences achieved to date accordingly.

Current Trajectory and Focus Regarding Disparity Study

With the Office of the City Manager having experienced a fair degree of feedback from area community members and business interests concerning Delray Beach's disparity study and pending recommendations for City Commission review, please be advised that considerations are now being offered to expand

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community engagement activities to help better clarify purpose and intent accordingly.

As referenced in the attached electronic mail message from Assistant City Manager Jeff Oris, guidance to this effect likewise involves an additional public outreach session that better defines the role and function of this disparity study, as well as anticipated potential outcomes to help expand women and minority owned business participation in both City and Delray Beach Community Redevelopment Agency (CRA) supported external contracts.

Arrangements will therefore be made to schedule an event as outlined, to take place in the next few months. Meanwhile, Mr. Oris, CRA Executive Director Renee Jadusingh, and I will visit with representatives of Keen Independent Research (the consulting firm hired to work with us for this purpose) to help develop specific educational and clarification points that will be discernibly shared with all participants during the next outreach session.

Clarity Regarding Caron Foundation Grant Award Compliance

In response to issues, concerns, and observations raised during last week's regular meeting regarding the City's agreement involving the Caron Foundation, and its abilities to administer funding opportunities via external partnerships and collaborations, please be advised that I've asked both Assistant City Manager Jeff Oris and Education and Workforce Development Coordinator Janai Bowens to review and evaluate specific provisions and administrative practices to help ensure that applicable fiduciary responsibilities have in fact been executed.

As referenced in the attached electronic mail message from Ms. Bowens, clarity to this effect includes abilities relative to educational programming in the Delray Beach Corporate Limits, as well as associated requirements for grant award recipients. In this case, all public schools having received financial support as outlined have been determined to be eligible as noted, with the proviso that biannual reports are delivered to the City of Delray Beach that summarize project outcomes and respective contributions to advance the cause of education in our community.

As committed during the end of the May 7th regular meeting, both Ms. Bowens and Delray Beach Education Board Chair Dr. Raiko Knight will provide a

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presentation during the June 4th regular meeting that outlines recommended education goals and priorities for the coming academic year. This dialogue will likewise provide an opportunity for the City Commission to offer respective direction and guidance accordingly.

Meanwhile, please also be aware that the recently announced grant awards to Delray Beach public schools (via resources from the Caron Foundation) have been tabled until at least the conclusion of the June 4th discussion as outlined.

Implementation of Searchable Features for Individual Departmental Online Services

In response to merits relative to searchable features for various departmental online services, such as those pertaining to Code Enforcement and Development Services related inquiries (i.e., Planning, Business Tax, Permitting, etc.), please be advised that direction is currently imminent to enable functionality as noted via the launch of the EnerGov cloud-based software solutions platform.

Via discussions to this effect with Chief Technology Officer Jay Stacy, including current guidance to eventually transition from the City's AS 400 mainframe system, EnerGov will likewise incorporate functionality to enable both residents and stakeholders to enjoy access to information as noted via the City's website.

With EnerGov anticipated to begin integration into municipal operations circa late 2024, specific platform programming and data conversion activities necessary to support aforementioned capabilities will therefore become a hallmark priority.

Calendar of Meetings, Activities and Functions

Today marked the conclusion of individual departmental revenue,

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expenditure review, and analysis that will ultimately support recommendations for the Fiscal Year 2024-2025 Proposed Budget.

Remaining exercises to this effect likewise include property valuation forecasts (to be delivered in the coming days by the Office of the Palm Beach County Property Appraiser Dorothy Jacks), as well as compilation of scenarios based several millage rate policy options. This will entail such for maintaining the existing rate, an overview based on a rollback consideration, as well as an opportunity to consider a slight reduction in the current property tax. Considerations to this effect will also provide a sense relative to level of service impacts, as well as any resulting adjustments to the City's fund balance.

Completion of applicable tasks and functions will therefore serve as the basis for the June 11th preliminary budget workshop meeting.

Enclosures:

Electronic Mail Message from Hugh Dunkley – Status of Fiscal Year 2023 Audit Finding (Corrective Action)

Excerpts from Fiscal Year 2023 ACFR – Internal Controls Over Payroll Process

Electronic Mail Message from Jeff Oris – Disposition of the Disparity Study

Electronic Mail Message from Janai Bowens – Education Grant Clarification

Calendar for Business Week of May 13, 2024

CM/Documents/City Commission Information Letter 107

Terrence R. Moore

From: Dunkley, Hugh
Sent: Thursday, May 16, 2024 6:12 PM
To: Terrence R. Moore
Subject: Status of FY2023 Audit Findings
Attachments: ACFR FY 2023 Finding and Corrective Action.pdf

Mr. Moore –

Pursuant to state law, the City has 45 days from the date of receipt of the audit report to submit the report to the Florida Auditor General. The audit report must include a written statement describing corrective actions to be taken in response to each auditor's recommendations included in the report. Please find attached excerpts of the City's audit report for the year ended September 30, 2023. The City's external auditors, Marcum LLP, have outlined their recommendations for the findings that are outlined in the report, and the City's corrective action plan is likewise included. Please advise if you have any questions.



Hugh B. Dunkley, CPA, CPFO, CGFO
Chief Financial Officer
City of Delray Beach
100 N.W. 1st Avenue
Delray Beach, FL 33444
(561) 243-6204
DunkleyH@mydelraybeach.com

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PLEASE NOTE: Pursuant to Florida's Government in the Sunshine Act (a.k.a. "Sunshine Law"), e-mails containing city business should be directed to either: all City Commissioners or only 1 City Commissioner at a time and should not include prior responses from other Commissioners in order to avoid the perception that a third party is acting as a liaison between Commissioners. "

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II - FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS (REPEAT FINDING)

Criteria

An accurate time and attendance system should be in place so complete and accurate time sheets are submitted for all employees and controls should be in place to automate the payroll process and provide a proper audit trail.

Condition

The City's external auditor randomly selected 40 employees and pay periods for testing payroll expenditures during fiscal years 2019 and 2020. In fiscal year 2020, it was noted that the hours reported on one timesheet did not agree to the hours paid as recorded in the payroll register. The timesheet reported six hours of overtime, which were not recorded on the payroll register and were not paid. In addition, two employee timesheets were not signed by supervisors to document their review and approval as required by City policy, and two additional employee timesheets were missing and could not be provided for our review. This condition was reported as Management Letter Comment 2019-001 (Payroll Processing) in both fiscal years 2019 and 2020. Subsequently, an Internal Audit Report was released by the City's Internal Auditor on May 12, 2022 that reported findings and recommendations to improve payroll processing. The payroll software ERP system as currently configured for payroll, is lacking the adequate audit trail and automation of many sub-processes within payroll are manual processes which increases the possibility of errors. The City utilizes a manual (Excel) timesheets for some employees which require manual input by the various City departments. There was also a lack of formal policies and procedures manuals for payroll processing.

Cause

It appears that inaccurate or incomplete timesheets are being submitted by employees in various City departments for processing. After the payroll is processed, revised or corrected timesheets are submitted and the reported hours for the subsequent pay period are modified to make the corrections. The financial software system as currently configured for payroll, is lacking the adequate audit trail and automation of many sub-processes within payroll, which are in turn defaulted to manual processing and review by staff. Another cause could be the lack of formal policies and procedures for payroll processing.

CITY OF DELRAY BEACH, FLORIDA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS (CONTINUED)

SIGNIFICANT DEFICIENCY (CONTINUED)

SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS (REPEAT FINDING) (CONTINUED)

Effect

Payroll payments could be incorrectly calculated based on incorrect timesheets. Significant documentation and effort are required by the finance department to reconcile and process payroll entered by the various departments which increases the risk of errors in the City's payroll.

Recommendation

We recommend that management review the current payroll processes and consider actions to ensure that employee timesheets are complete, accurate and timely when submitted to Finance for processing. City's Management is also encouraged to implement a time and attendance system to eliminate the manual timesheets currently in place. The City should consider implementing the same timesheet template for all employees to facilitate the processing of payroll (ex: some departments use TeleStaff, others use Call-Out forms but the hours marked on these forms are not shown on the timesheets, etc.).

Current Year Status

On August 16, 2022, the City Commission approved an agreement with a third-party vendor for time and attendance solutions and services for effective workforce management. Implementation of the time and attendance software will allow the City to eliminate the manual timesheets that are currently in place. Furthermore, the City also intends to integrate Telestaff with the time and attendance software system which will eliminate the manual entry of payroll data for the Police and Fire departments. The City went live in Dimensions UKG with the implementation of Phase 1 (administrative and non-shift personnel) in January 2024 and Phase 2 (employees utilizing time clocks) in February 2024. The City is in the process of implementing Phase 3 (Public Works, Utilities, Development Services) which is currently in the testing stage and expected to go live on May 18, 2024. The final phase (Phase 4 - Police and Fire departments) is currently testing and tentatively schedule to go live in June 2024.

Views Responsible Officials and Planned Corrective Action

See accompanying Corrective Action Plan.

SECTION III – FEDERAL AND STATE AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

CITY OF DELRAY BEACH, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2023

NOTE I – PRIOR YEAR FINANCIAL FINDINGS

SD 2021-001 – Internal Controls Over Payroll Process has not been addressed and is repeated.

NOTE II – PRIOR YEAR FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

CORRECTIVE ACTION PLAN

SD 2021-001 – INTERNAL CONTROLS OVER PAYROLL PROCESS

Management concurs with the finding. City has signed an agreement with a third party provider for a time and attendance software. Implementation is ongoing and most departments are already using the software. Final phase (Police and Fire) which includes Telestaff integration is expected to be implemented before the end of the year.

Terrence R. Moore

From: Oris, Jeff
Sent: Wednesday, May 15, 2024 9:05 PM
To: Terrence R. Moore
Subject: Disposition of the Disparity Study

Mr. Moore,

This email is to update you on the current disposition of the Disparity Study. As you are aware, Keen Independent Research, LLC (Keen) has been engaged and has been working on a disparity study for the City for about a year. On October 10, 2023, Keen presented the results of Phase I of the Study which showed a potential disparity in the number of contracts for goods and services awarded to certain minority and woman-owned businesses or enterprises (MWBE) versus those awarded to majority-owned businesses. It was at this time the City Commission authorized Keen to continue to Phase 2 of the Study to include a disparity analysis, qualitative and quantitative analysis of marketplace conditions, and recommendations based on the findings.

As we are in the analysis phase, the City held a public input meeting at the Delray Beach Municipal Golf Course on Thursday, May 9th. Approximately 28 non-staff persons were in attendance. Representatives of Keen presented to the attendees via Zoom and both Hugh Dunkley and myself represented the City. The meeting was designed to obtain input from MWBE businesses as to what obstacles they have faced either in doing business with the City of Delray Beach or their experiences with other cities. Attendees were also provided an email address and telephone hotline, as well as comment cards they could turn in at the end of the meeting, as method for further input.

Unfortunately, as the meeting progressed, the questions focused more on the methods used in undertaking the Study and ones that showed the public has some unrealistic expectations of what the study and the potential outcomes that might come from having the Study. Of particular concern to the attendees was that Keen reached out to MWBE's identified through a list of such firms in the three-county study area (Miami-Dade, Broward, Palm Beach), garnered from a reputable source, to determine what businesses were available and desired to do business with the City of Delray Beach. Unfortunately, none of the business owners in the room had been contacted during this portion and thus they expressed concern about the validity of this portion of the study. The attendees further expressed concerns about how the City would ensure that contracted businesses would utilize minority/women employees and how and the City would insure the hiring of "local" firms, neither of which would be a conditions that would result from this study. There was also some questions regarding the contracting/purchasing by the Community Redevelopment Agency (CRA) which is not currently a part of the study but is statutorily subject to any purchasing regulations the City adopts.

Since the meeting, CRA Executive Director Renee Jadusingh and I have been in contact with Keen and will discuss with them how we may be able to incorporate the CRA and its purchasing history into the study if appropriate. Additionally, we will be discussing with Keen the particulars of hosting another public meeting in the upcoming weeks to clarify why the Disparity Study is being undertaken, what the study will and will not potentially say and/or recommend, and what sort of programs may or may not result based on the recommendations.

In the meantime, Keen Independent Research is still moving forward with their efforts to complete the Study. It is anticipated to be completed and presented to the City Commission in late summer.

Please let me know if you require any additional information.

Jeff Oris, CEcD
Assistant City Manager
City of Delray Beach

Terrence R. Moore

From: Bowens, Janai
Sent: Thursday, May 16, 2024 11:21 AM
To: Terrence R. Moore
Cc: Oris, Jeff
Subject: Education Grant Clarification

Good Afternoon,

This email serves as a basis to offer further clarification on the approval of the Education Grant using funds from the Caron Foundation Settlement. The genesis of the Education Grant began after surveying the priorities and needs of Delray Beach Public Schools. After engaging with school leaders and District staff members, there was a primary focus on opportunities to receive support for educational programming aligned to student performance data and mental health initiatives. Each school leader in Delray Beach were diligent in advocating for the needs of their students in terms of academic performance, literacy, positive behavior support, and mental health initiatives that could positively impact student outcomes.

Responding to the feedback received from this continuous engagement process, I worked with the finance and legal department to identify a funding source for a future education grant that would provide an annual provision to fund educational efforts in high- priority areas. After identifying the Caron Foundation allocation, I went through the extensive legal review process with City Attorney Lawanda Warren to review the terms and conditions of the funding source. The Caron Settlement Agreement provided \$55,159.92 to the City in 2014, \$59,112.51 in 2015, and additional annual funding for substance abuse training. However, the 2015 City Commission amended the agreement to include the disbursement of funds to other educational areas within the municipal limits. A funding structure for the use of funds was never created for the Caron Settlement; allocation for substance abuse training remains in the budget.

Aligning the allowable uses of funds with the intended discretion of the amended settlement was a priority while developing the funding structure. As stated in the funding agreement signed between the School Board of Palm Beach County and the City of Delray Beach, allowable uses for the funding through the Education Grant, are the following:

- a) To benefit students scoring below grade level in reading, math, and/or science as demonstrated through end-of-year assessments.
- b) To benefit school safety and positive behavior interventions that support character development and a positive learning environment.
- c) To benefit students in need of mental and/or behavioral health support
- d) To enhance family engagement and participation
- e) To increase access to workforce programming and career readiness

Many of the applying schools proposed initiatives that intersected multiple projects, with most requesting funding for positive behavior support initiatives and literacy programs that will impact student performance data.

Also included in the funding agreement are measures for reporting and compliance, which includes a biannual reporting process for each of the recipients to provide information to the City regarding programming, purchases, and impact. Furthermore, there is a retention clause which allows the City to recover funds if any participating school is out of compliance. A compliance meeting has been scheduled on May 20th, 2024, with all school officials, the South Region Superintendent, Rachel Capitano, and City staff.

If any additional clarification regarding the grant, its use, or the function of the settlement is needed, please reach out directly. I wish to engage with respective staff regarding the creation of an additional funding structure to support substance abuse training and education in the City of Delray Beach. Have a wonderful day.

Janai Bowens, MBA M.Ed
Education and Workforce Coordinator
City of Delray Beach

May 13, 2024 - May 19, 2024

| May 2024 | | | | | | | June 2024 | | | | | | | |
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Monday, May 13

- 12:00am D. D'Andrea - Out →
 - H. Hadjimiry - Out
 - J. Oris - Out (1/2 day Morn)
 - K. Edwards - Out
 - 7:30am - 8:30am Begin CIL (CM Office) ↻
 - 8:30am - 9:00am Process FPL; SWMC; HEL
 - 9:00am - 9:30am Missie Barletto Bi-Weekly Meeting (Office of the
 - 10:00am - 11:00am Mayor Meeting w/CM Moore Re: Agenda &
 - 10:00am - 10:30am Various Follow-Up (CM Office) - Terrence R.
 - 11:00am - 12:30pm Various (Various)
 - 2:00pm - 2:30pm Duane D'Andrea Bi-Weekly Meeting (CM's Office)
 - 2:30pm - 3:00pm Wells Fargo (Wells Fargo)
 - 3:00pm - 4:00pm Kent Edwards Annual Performance Review (CM
- More Items...

Wednesday, May 15

- H. Dunkley - Out
- 7:30am - 8:30am Kiwanis Club of Delray (Delray Beach Golf Club (2200 Highland Ave, Delray Beach, FL 33445)) ↻
- 9:00am - 10:00am Compile Information Letter Report - Engagement Involving the Office of the State Auditor General
- 10:00am - 11:00am Budget Meeting w/ City Manager's Office (CM Conference) - Terrence R. Moore
- 11:00am - 11:30am Follow-Up Clarity and Potential Guidance Regarding Energy Usage Information Gathering (CM Office) -
- 11:00am - 11:30am Kent Edwards Bi-Weekly Meeting (CM's Office) - Vega, Brenda ↻
- 2:00pm - 3:00pm Compile Information Letter Report - Clarity
- 3:00pm - 3:30pm Hugh Dunkley Bi-Weekly Meeting (CM's Office) -
- 4:00pm - 5:00pm Commissioner Markert Meeting w/CM Moore
- 4:00pm - 4:30pm Various Follow-Up (CM Office) - Terrence R. Moore

Friday, May 17

- ← 12:00am G. Carter - Conference
- 7:30am - 9:00am Finalize CIL (CM Office) ↻
- 9:00am - 9:30am Anthea Gianniotis Bi-Weekly Meeting (City Manager's Office) - Vega, Brenda ↻
- 9:00am - 9:30am Introductory Remarks at Small Business Expo (Pompey Park (1101 NW 2nd St, Delray Beach, FL 33444))
- 9:00am - 9:30am Law Enforcement Officer Memorial Ceremony (300 W Atlantic Ave, Delray Beach, Florida 33444, United States)
- 11:00am - 11:30am Block (Block)
- 11:30am - 1:30pm Various (Various)
- 1:30pm - 2:00pm Block (Block)
- 2:30pm - 3:30pm Meeting Regarding Haitian Cultural Center (CM Conference) - Terrence R. Moore

Tuesday, May 14

- ← 12:00am D. D'Andrea - Out
- 8:30am - 9:00am Hassan Hadjimiry Bi-Weekly Meeting (Water Treatment Plant (200 SW 6th St, Delray Beach, FL 33444, United States))
- 9:00am - 9:30am Hassan Hadjimiry Bi-Weekly Meeting (CM's Office) - Vega, Brenda ↻
- 9:30am - 10:00am Follow-Up Discussion Regarding City Pump Out Station (Microsoft Teams Meeting) - Terrence R. Moore
- 10:00am - 11:00am Budget Meeting w/ Development Services (Conference Room - PZ Room A) - Terrence R. Moore
- 11:00am - 11:30am Follow-Up Last Chance Agreement (CM
- 12:00pm - 1:00pm Rotary Club of Delray Beach (Aloft Delray Beach
- 2:00pm - 3:00pm Budget Meeting w/ Fire Department (Conference
- 3:30pm - 4:30pm Compile Information Letter Report - Current
- 5:00pm - 9:00pm May 14th Commission Workshop Meeting -
- 5:00pm - 6:00pm Workshop Meeting (Commission Chambers)

Thursday, May 16

- 12:00am G. Carter - Conference →
- K. Edwards - Out
- 8:30am - 9:00am Follow-Up Meeting with Purchasing Candidate (Microsoft Teams Meeting) - Terrence R. Moore
- 9:00am - 10:00am Compile Information Letter Report - Incorporation of Searchable Feature for Code Enforcement
- 10:00am - 11:00am Meeting Regarding Pension Discussion (CM Office) - Terrence R. Moore
- 11:00am - 12:00pm Budget Meeting w/ Police Department (Conference Room - City Hall 1st Floor) - Terrence R. Moore
- 2:00pm - 3:00pm Commissioner Long mtg w/CM Moore Re: Agenda and Updates (CM Office) - Terrence R. Moore ↻
- 2:00pm - 2:30pm Various Follow-up (CM office) - Terrence R. Moore
- 3:00pm - 4:30pm Various (Various) ↻
- 4:00pm - 5:00pm Budget Meeting w/Public Works (CM Conference

Saturday, May 18

- 9:00am - 11:00am The Amazing Delray Beach Challenge
- 10:00am - 11:00am Delray Beach Tennis Center (Hard Court #1) ↻
- 11:30am - 1:30pm Various, CIL Notes, etc. (CM Office) ↻
- 6:00pm - 9:00pm Trivia Night (Delray Beach Public Library)

Sunday, May 19