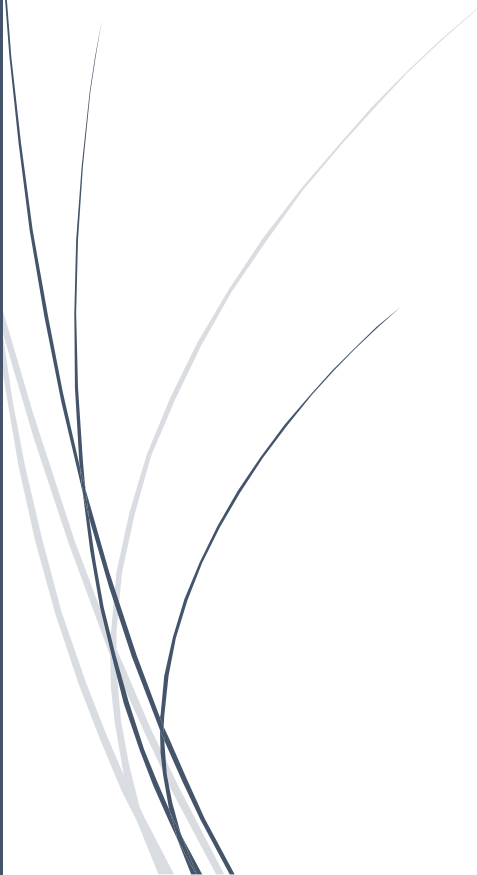




9/29/2023

# OPERATIONAL AUDIT

Town of Jupiter Inlet Colony  
Final Report



Michelle Berger, MPA  
MICHELLE LEE BERGER, LLC. DBA - AWARE

## **Operational Audit Report**

### **To the Town of Jupiter Inlet Colony**

Prepared by Michelle Lee Berger, M.P.A.  
Founder and Managing Director  
Michelle Lee Berger, LLC dba AWARE  
Local Government Executive Leadership Coaching & Consulting Services

Date: September 29, 2023

### **Executive Summary**

The purpose of this operational audit was to assess the efficiency, transparency, and compliance of the Town of Jupiter Inlet Colony's operations.

The original scope of work of the audit covered organizational structure, financial management, procurement and contracting practices, human resources policies, IT systems, revenue generation methods, compliance with laws, environmental efforts, and infrastructure development. Key stakeholders were identified to gain insights into various town functions.

An in-depth financial review was not required as the Mayor contracted with a CPA firm to conduct a financial audit separately. Additionally, the Town has been involved in multiple human resource investigations during my time here. As a result, I did not engage in-depth with human resource reviews or interviews for specific reporting.

While on-site, practical, and actionable recommendations were provided, addressing identified issues, and ensuring sustainable improvements. Some of these were minimal.

This Operational Audit Report presents the findings and recommendations from the comprehensive audit conducted at the Town of Jupiter Inlet Colony. The audit, conducted from August 1, 2023, to September 22, 2023, aimed to provide a detailed analysis of the town's organizational structure, financial management, procurement and contracting processes, human resource policies, compliance with applicable laws, website functionality, and operational performance metrics.

#### **1. Organizational Structure**

The town's organizational structure was assessed to identify hierarchical clarity and transparency.

Finding: The town lacks a visual representation of its organizational structure.

Recommendation: Develop and publish an organizational flow chart reflecting the current governance structure. This chart should be made available on the town's website for public transparency.

## **2. Financial Management**

Financial management processes were evaluated, including policies, budget adherence, and expenditure controls.

Finding: The town follows financial policies, but there are discrepancies in the implementation of certain procedures.

Recommendation: Conduct a mid-year true-up for financial transparency. Ensure alignment between budgetary allocations and actual expenses.

## **3. Procurement and Contracting**

Procurement and contracting practices were analyzed for compliance and efficiency.

Finding: Lack of visibility and accessibility of procurement documents.

Recommendation: Contract bid opportunities posted on website. Initiate training for staff regarding public records retention. Utilize services like Social Archive to maintain social media records for compliance.

Finding: Inconsistency in ratification of contracts by the commission.

Recommendation: Place contracts on commission public meeting agendas for collective approval and/or ratification.

## **4. Compliance with Applicable Laws**

Compliance with applicable laws and regulations, including TRIM regulations, comprehensive plan and resiliency plan regulations, and public records regulations, was thoroughly examined.

Finding: Inconsistencies in compliance with TRIM regulations.

Recommendation: Adhere to state statutes regarding meeting timings and advertising.

Efforts related to environmental resiliency were assessed, focusing on sustainability initiatives.

Findings: Outside consultant (Kimley-Horn) facilitates National Pollutant Discharge Elimination System (NPDES) permit program.

Recommendations: Copy of most recent findings (audit) should be kept on premises for public review. Grant opportunities should be pursued.

Findings: Inconsistent availability of public records when requested.

Recommendation: Initiate a public records policy. A refresher course on public records retention for administration class, with annual continuing education budgeted for all employees who own a portion of the records custodian responsibilities.

Findings: Comprehensive planning document (comp plan) out of compliance – expired just outside of thirty days. Consultant(s) working to appropriately update for over a year.

Recommendation: Monitor and follow up on work in-progress by outside consultants or agencies. Updates on late entries or non-compliance should be provided to the commission at a properly advertised public meeting.

## **5. IT Systems / Website Functionality**

IT systems and data management protocols were reviewed.

Finding: Several issues with the town website, including broken links and missing documents.

Recommendation: Regularly update the website.

- Post meeting minutes under their respective dates for ease of access.
- Post the building department budget.
- Post any budget amendments, including historical.
- Post any requests for proposals (RFPs), invitations to bid (ITB), including historical.

Finding: The 2022 audit's annual document provided in March 2023, spoke about future subscription-based IT arrangements (SBITAs). Page 31 – "The Town's management has not yet determined the effect these statements will have on the Town's financial statements."

Recommendation: Consider cyber security, subscription-based services, licensing, etc. when planning the annual capital improvement plan and long-range forecasting for the budget. Create a policy to set aside a specified amount of money annual for the evolutionary needs of IT.

## **6. Review of Operational Performance Metrics**

Operational performance metrics and existing policies and procedures were reviewed to identify gaps and areas needing improvement.

Finding: The town lacks Key Performance Indicators (KPIs) for performance evaluation.

Recommendation: Develop KPIs for departments to track performance, including turnaround times, employee retention, revenue generation, project implementation, and efficiency through automation.

## **7. Human Resources**

Human resources policies and practices were reviewed, focusing on documentation, employee handbooks, and performance evaluations.

Finding: The Town lacks an identified annual performance review process, job descriptions, and alignment of roles to the Town Charter.

Recommendation: Create job descriptions, design an annual performance review process with annual written expectations per role, and reviews that employees can see and understand. Continue working with the charter amendment discussions and consider changes of identified roles that match with the current (working / in place) organizational structure.

Future recommendations: Review and realign the handbook after any future Charter amendments.

## **8. Analysis of Revenue Generation and Collection Methods**

Revenue generation and collection methods were analyzed for accuracy, completeness, and compliance.

Findings: Building and construction revenue are a significant part of the town budget. Policy exists for collection methods and rates, including late fees (accelerating fee with time). Much of the duties of the administrative personnel are dedicated to building tasks.

Recommendation: Establish allocation of time spent toward building department actions on job descriptions, which will match the working document used by the finance department (for budgeting) for consistency.

Recommendation: Establish clear guidelines for the acceptance of variances that administrative staff can follow. Establish authorizations needed for variances by policy.

Recommendation: A review of open permits should be conducted monthly with a close loop methodology for tracking proceeds, certificates of occupancy or other close outs.

## Conclusion

This operational audit highlights the strengths and areas for improvement within the Town of Jupiter Inlet Colony's operations. Implementing the recommendations outlined in this report will enhance transparency, compliance, and efficiency. The Town is encouraged to take prompt actions to address the identified issues and create a more accountable and responsive local government.

## Acknowledgments

I would like to express my gratitude to the Mayor, Town Administrator, and all town staff for their cooperation and assistance throughout this audit process. Your commitment to the improvement of the Town of Jupiter Inlet Colony is commendable.

This report is based on observations made during the operational audit conducted by Michelle Lee Berger, M.P.A., from August 1, 2023, to September 15, 2023. Along the way, I provided documented updates. The recommendations provided are aimed at enhancing the town's operational efficiency and compliance with applicable regulations.



Michelle Lee Berger, M.P.A.  
Founder and Managing Director  
Michelle Lee Berger, LLC dba AWARE  
Local Government Executive Leadership Coaching & Consulting Services

## Deliverable # 1 – Submitted

As a matter of memorializing the Consultant’s observations, findings and recommendations, this memo is being created as a milestone of the project: Operational Audit.

Below is a summary of learnings from August 1, 2023 through August 11, 2023, crafted in an easy to read outline form. More information may be gathered on these subjects in the upcoming weeks and will be added to the final deliverable.

### Organizational Structure

Organizational flow charts are a good visual reference for any employee, resident, or stakeholder to quickly identify the organizational structure. A visual of this kind is not readily available. In researching, the Consultant looked in the following areas, but none provided a chart:

- ⇒ Town website
- ⇒ Town employee handbook
- ⇒ Town budget document
- ⇒ Town fiscal policy document
- ⇒ Town annual financial report

Future considerations should be given to the crafting of a document that matches the actual structure used for governance. At this point, since the Strong Mayor form of government is in place, it may be labeled “As delegated and/or assigned by the Mayor”. However, if the Charter changes in the future, the organizational flow chart, a.k.a. org-chart, should align with the structure as amended in the Charter.

### Financial Management

On August 8, 2023, the Consultant received a printed copy of the Town of Jupiter Inlet Colony – Accounting Policies and Procedures Manual, revised as of 01-01-2020. A verification needs to occur as to when the Commission approved and adopted this policy.

Just as an employee handbook offers the policies and procedure for dealing with employees, the financial handbook offers the policies and procedures for handling cash and finances.

This document, along with the Town Charter, is a reference used by the auditors in determining whether procedures are in place and followed.

Annually, the Town undergoes an audit procedure to ensure it abides by its Charter, financial policies and procedures, grant and dept requirements, state statutes, and overall, that the Town’s financial statements were prepared in accordance with Governmental Accounting Standards Board (GASB) Statements. The auditing firm, Mauldin & Jenkins, (Auditors), provided their annual report March 8, 2023. While it adheres to all mandated control reporting standards, the Auditors state repeatedly they do not provide an opinion on management’s responsibility of the internal controls. Prior audit findings also provided no recommendations or items requiring correction.

After reading the annual document provided in March 2023, two areas were worth noting in this Consultant's opinion:

1. Page 31 – “The Town’s management has not yet determined the effect these statements will have on the Town’s financial statements.” Regarding future subscription-based IT arrangements (SBITAs).
2. Page 33 – Budgetary Controls (paragraph 2) “Any budget amendments that increase the aggregate budgeted appropriations must be approved by the Town Commission. The General Fund budget for the fiscal year ended September 30, 2022 was not amended.”

#### Procurement and Contracting

No current nor previous documents were readily viewable on the Town website nor bulletin board.

On August 8<sup>th</sup>, 2023, the Town Clerk was not present as she was on (approved) vacation. The Consultant inquired about procurement and contracting, and specifically about any previous contracts, requests for proposals (RFPs), invitations to bid (ITBs), however, staff present were unaware of their (the documents) location.

#### Human Resource Policies and Practices

Received a printed copy of the Jupiter Inlet Colony Employee Handbook on Tuesday, August 8<sup>th</sup>, 2023 from the Town Administrator.

An appropriate Employee Handbook has been created and published for general circulation amongst employees. The document shows conflicting revised dates, but that may be a scribe's error.

- ⇒ The footnote of page #2 reads, “Revised 4/28/2021, whereas the balance of the handbook has footnotes that read “Revised 8/3/2023. Verification as to when the policy handbook was approved and adopted by the Commission needs to occur.
- ⇒ There does not appear to be an employee sign off page. The handbook copy received ends at page 56. Each employee file should have a copy of a signed page to reflect they received the handbook.
- ⇒ Understanding that the Charter may be deemed in transition and understanding that the Mayor and Chief of Police may delegate the administrative duties, the document assigns authority to the Town Administrator.
- ⇒ Future recommendations: review and realign the handbook after any future Charter amendments.



## Compliance with Applicable Laws (with most immediate deadlines approaching)

### TRIM – Truth in Millage Process

The most immediate deadlines within this process are in preparation for the first public meeting to ensure the utmost transparency and participation with the public.

<u>Action</u>	<u>Status</u>
• Property Appraiser / DR-420 Certificate of Taxable Value	Complete
• Taxing Authority (Town) determines proposed millage	Complete
• Taxing Authority (Town) determines Budget Hearing(s)	Complete
▪ September 11, 2023 at 5:01 PM	
▪ September 25, 2023 at 5:01 PM	
▪	

Pending is the creation of the advertisement and scheduling for placing the advertisement.

⇒ Action Items (next steps) to get through the Tentative Budget Public Hearing:

- Tentative millage rate and budget to be adopted on September 11, 2023
- Advertise using a Notice of Proposed Tax Increase Ad - FSS 200.065(3)(a)
- After September 11<sup>th</sup> meeting, advertise:
  - If this year's proposed expenditures are greater than previous year's expenditures, then use the Notice of Proposed Tax increase Ad (1/4 page) as prescribed in section 200.065(3)(a). This should have an adjacent advertisement with a Budget Summary WITH a Statement of Increase as prescribed in section 200.065(3)(l).
  - If this year's proposed expenditures are not greater than previous year's expenditures, then use the Notice of Proposed Tax increase Ad (1/4 page) as prescribed in section 200.065(3)(a), with the adjacent advertisement of the Budget Summary WITHOUT a Statement of Increase. S.200.065(3)(l)
  - Advertisement should be scheduled for September 21<sup>st</sup>, 22<sup>nd</sup> or 23<sup>rd</sup> of 2023 to follow the regulated state schedule.

### Website

The website has recently been updated and may still need attention as the following notes were made on August 8, 2023:

- ⇒ Building department budget not posted – per state statute.
- ⇒ No current or historical budget amendments posted.
- ⇒ Audits: fiscal years labeled incorrectly and/or missing the 21/22 audit.
- ⇒ No current or historical RFPs or ITBs
- ⇒ Budget links broken for fiscal years 21/22 and 22/23
  - Proposed 23/34 budget needs to be provided.

## Deliverable # 2 – Submitted

### Finance – Meeting with Key Stakeholders

On August 15, 2023, I had a chance to discuss the Building Department’s budget as it relates to Florida State Statutes with Kevin and the Town accountant. I learned that the Town was previously involved in a lawsuit which created a governing document for how the accountant allocates building expenses (indirect costs). The standing formulas are utilized, in the simplest terms, in a true-up fashion at the end of the year.

- ⇒ Recommendation: To show a good faith effort in transparency and compliance, I would recommend, at minimum, a mid-year true-up, offering an updated budget or budget summary that can be placed on the website for public inspection.

It is my understanding that a meeting will be occurring with the accountant, the attorney and the planning and zoning board to discuss the building department budget. Specifically, the revenue proceeds versus the expenses. It is very important to accurately capture all the building department expenses (allocation of salaries, facilities, utilities, etc.) with a reflection of today’s (most current) staff / facilities. Additionally, the meeting should address the late fees that are established in six-month increments, variances that may occur, and how the math compounds or should be adjusted when the estimated home construction values get adjusted after the fact.

- ⇒ Recommendation: Establish allocation of time spent toward building department actions on job descriptions. There’s a cross-over human resource element that is worth mentioning. The job descriptions of those employee roles that contribute to the building department should entail their allocation of time, which should match the working document used by the finance department for consistency.

### Review of Open Permits

On August 15, 2023 at 1:29 pm, the following information was gathered from the Town’s building permit software program:

- 142 Open Permits
- 40 were posted as expired (28%) without “last inspections” noted
- Of those 40
  - 1 > 6 months expired
  - 4 > 9 months expired
  - 5 > 14 months expired
  - 4 > 20 months expired
  - 15 > 24 months expired
  - 3 > 30 months expired

I suspect a majority of these just need to be closed out with the Building Officials authorization.

- ⇒ Recommendation: A review of open permits should be conducted monthly with a close loop methodology for tracking proceeds, certificates of occupancy or other close outs. This option should exist within the software.

A review of the open permits highlighted the complications of the current policy and enforcement. As new single family home permits remain open beyond 6 months, an additional fee of 3% must be added by the administration. There are multiple locations that have remained open beyond an additional 6 months (now 12 months past original expiration dates) and it becomes problematic when administrative staff must inform contractors that there is an additional 3%. These percentages get compounded as well when you consider that most new construction homes have to amend their original construction value affidavits because of the cost of goods. I was not able to find any cases that the late fees were applied to the additional, amended construction costs.

From a policy standpoint, there is nothing in the resolution that states that administration can alter the collection schedules. I would venture to assume that even the Mayor cannot adjust without the support and consent of the Commission, since, in essence, this would constitute a variance of the Town's law.

- ⇒ Recommendation: The Town should consider memorializing when/how/why staff administration may accept a variance. For instance, "Administration may provide a one-week grace period to any expiration date. Beyond this timeline, the full late fee will be applied."

## Public Records

As I requested various contracts or documents, they were inconsistently available for review.

A request to Kimley-Horn is pending for the RFP information in November 2022. It appears the outsourced consultant Kimley-Horn facilitated the review and award ranking, and the Town Attorney crafted the RFP document. According to the document, there was a mandatory pre-bid meeting, however, there is no record online of the meeting, nor are there minutes available at this time. The Clerk does not recall advertising and my assumption is that Kimley-Horn will provide all documentation when they respond.

- ⇒ Recommendation: A refresher course on public records retention for administration class, with annual continuing education budgeted for all employees who own a portion of the records custodian responsibilities. If not budgeted to physically attend a class or virtually access webinars, then the Town Attorney should offer the refresher as they deem necessary.

- ⇒ Recommendation: Social Archive is a company that specializes in capturing social media posts and content. I recommend contracting with them to ensure compliance with the social media accounts.

## Human Resources

There are human resource issues being addressed by multiple people, including outside consultants and/or counsel, so I am not addressing compliance issues or conducting interviews in this arena.

“Break Room Bulletin Board Posters” were checked and verified that the proper information for Workmen’s’ Compensation and Labor Laws are posted and visible to all employees.

During interviewing for understanding of human resource documentation implementation:

- It was discovered that there are no current job descriptions for the roles established currently on administrative payroll.
- Annual performance evaluations are not consistently occurring.

- ⇒ Recommendation: Create job descriptions for all active positions, future positions that may be advertised, as well as positions established by Town Charter.

## Website - Various

A review on August 15<sup>th</sup> 2023 noted:

- The time for the Tentative TRIM / Millage / Budget Public Hearing was not accurate. State statute mandates the meetings to be held and advertised for after 5:00 pm.
- The Final Public Hearing was not scheduled on the calendar.
- The proposed budget summary is not accompanied by a memo from the Mayor nor the Administrator, which is a best practice to provide an executive summary explanation to the public.
- Minutest to meetings are not attached to the date of the original meeting but rather placed with the meeting that they are approved.

- ⇒ Recommendation: For ease of recovery and transparency to the public, a best practice is to have the draft meeting minutes that are getting approved under the meeting backup information for the meeting that they are getting approved. Once approved, the approved minutes should be posted under their original meeting date.

## Deliverable # 3 – Submitted

### Review Operational Performance Metrics

Currently, the Town does not use or track metrics for performance. The Police Department is beginning to craft a methodology to incorporate all the individual data used.

Key Performance Indicators (KPIs) in local government play a significant role in analyzing the overall health of a municipality. Regardless of how large a municipality is or whether or not it is urban or rural, having a defined set of performance metrics are critical in determining growth and sustainability. The figures represent a quantifiable measure to evaluate performance. The overall performance is important to analyze and report to the public. The values provide two valuable insights:

#### **1. Transparency to constituents**

#### **2. Report on municipal activities**

⇒ Recommendation: Create simple metrics to track performance for each department and review annually when determining budget expenditures.

### Example of Potential Administrative Metrics

#### 1. What Are Turnaround Times for Getting Paperwork Approved?

- Building Department
- Meeting Agenda
- Payroll
- Invoices

#### 2. Employee Retention: Are Employees Sticking Around?

Tenure:

- Administrator – 6 years
- Clerk - \_\_\_\_\_
- Deputy Clerk - \_\_\_\_\_
- Other - \_\_\_\_\_

#### 3. How Much Proceeds / Revenue (Money) is Being Made via Application Fees, Fines, etc.?

{ Or use a year over year on millage rates and property values. }

4. How Long Are Infrastructure Projects Taking to Implement? Are They Coming In Under Budget?

**Why projects? These metrics will make clear how efficient your local government is when it comes to getting projects done and spending taxpayers funds.**

5. How

Much Time and Money Are Government Employees Saving Via Automation?

- I am unaware of any automation – perhaps this can be an opportunity to support future automation.

### **Other Potential Key Indicators and Metrics to Consider**

Examples of statistical ratios and data that can be used to measure outputs and effectiveness of various municipal government services include:

#### **Code Enforcement**

- Open cases a month
- From the time a case is opened to when its closed
- Public comments
- Time frame from case initiation to first inspection
- Total number of confirmed violations
- Violations resolved voluntarily
- Violations resolved via forced compliance
- Average Fines Collected
- Total Amount of Fines Collected
- Violations Remedied Without Court
- Violations that Require Court Proceedings

#### **Police**

- Call response time
- Department clearance rate for open cases
- Crime index, number and type of crimes reported
- Number of patrol hours

#### **Fire-Rescue/EMS**

- Call response time
- Ratio fire loss/potential fire loss
- Resuscitation success rate
- Number of education programs/participants

#### **Streets**

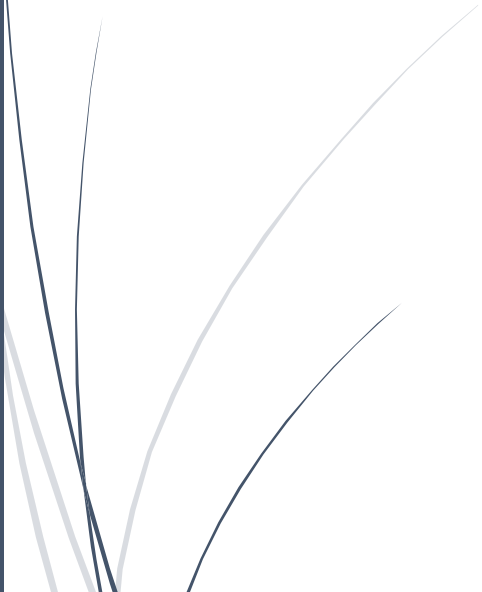
- Number of miles of streets serviced
- Miles of street resurfaced
- Maintenance/repair costs per mile
- Response time to emergency

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9/29/2023

# SUMMARY OF RECOMMENDATIONS

Town of Jupiter Inlet Colony  
Operations Audit  
Final Report

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## ***Summary of Recommendations***

Using the Town Charter's definition and description of the organizational structure, create an organizational flow chart.

Develop and publish an organizational flow chart reflecting the current governance structure.

Provide a copy of the organizational flow chart within the annual budget to create a nexus to the personnel costs.

Post the organizational flow chart on the Town website for public transparency.

Conduct a mid-year true-up for financial transparency. Ensure alignment between budgetary allocations and actual expenses.

Initiate training for staff regarding public records retention. Utilize services like Social Archive to maintain social media records for compliance.

Place contracts on commission public meeting agendas for collective approval and/or ratification.

Partner with town attorney to ensure adherence to state statutes regarding meeting timings and advertising.

Copy of most recent NPDES findings (audit) should be kept on premises for public review.

Pursue grant opportunities for resiliency issues, stormwater, wastewater.

Initiate a public records policy.

Regularly update the website.

- Post meeting minutes under their respective dates for ease of access.
- Post the building department budget.
- Post any budget amendments, including historical.
- Post any requests for proposals (RFPs), invitations to bid (ITB), including historical.

Consider cyber security, subscription-based services, licensing, etc. when planning the annual capital improvement plan and long-range forecasting for the budget. Create a policy to set aside a specified amount of money annual for the evolutionary needs of IT.

Develop KPIs for departments to track performance, including turnaround times, employee retention, revenue generation, project implementation, and efficiency through automation.



### ***Summary of Recommendations - continued***

Create job descriptions, design an annual performance review process with annual written expectations per role, and reviews that employees can see and understand. Continue working with the charter amendment discussions and consider changes of identified roles that match with the current (working / in place) organizational structure.

Review and realign the handbook after any future Charter amendments.

Establish allocation of time spent toward building department actions on job descriptions, which will match the working document used by the finance department (for budgeting) for consistency.

Establish clear guidelines for the acceptance of variances that administrative staff can follow. Establish authorizations needed for variances by policy.

A review of open permits should be conducted monthly with a close loop methodology for tracking proceeds, certificates of occupancy or other close outs.

Ensure all budget amendments are approved by the commission during a properly advertised public meeting.

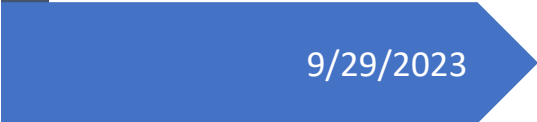
Create an employee sign off page for when employees receive the employee handbook. Once signed, place that document inside the employee's file.

Create policy and/or officially identify and approve the tasks that are delegated to administration versus the tasks the Mayor is undertaking. Understanding that the charter may be deemed in transition and understanding that the Mayor and Chief of Police may delegate the administrative duties, the document should assign authority to the Town Administrator.

Monitor and follow up on work in-progress by outside consultants or agencies. Updates on late entries or non-compliance should be provided to the commission at a properly advertised public meeting.

For ease of recovery and transparency to the public, a best practice is to have the draft meeting minutes that are getting approved under the meeting backup information for the meeting that they are getting approved. Once approved, the approved minutes should be posted under their original meeting date.

Create simple metrics to track performance for each department and review annually when determining budget expenditures.



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