



Association of Inspectors General
524 West 59th Street, 3532N
New York, New York 10018

April 12, 2016

Mr. Lung Chiu
Inspector General
Office of the Inspector General
The School District of Palm Beach County
3318 Forest Hill Blvd., C-306
West Palm Beach, Florida 33406

Re: AIG Peer Review Management Letter

Dear Inspector General Chiu:

On behalf of the Association of Inspectors General's (AIG's) Peer Review Team (Team), I am writing to share some observations made during our visit to your offices from March 14, 2016 through March 16, 2016. Your office invited the Peer Review Team to conduct a Peer Review of your Audit and Investigations Divisions. **The Team unanimously concluded that your office, the Office of the Inspector General for the School District of Palm Beach County (OIG), complied with the AIG's Principles and Standards for Offices of Inspector General, and the United States Government Accountability Office's (GAO) Government Auditing Standards. An earlier letter to you dated April 11, 2016 provided you with this unqualified opinion.** The purpose of the present letter is to provide a summary of the comments previously shared with you and your executive staff during the March 16, 2016 exit conference.

During the exit conference, the Team provided you with our conclusions regarding compliance, offered our opinions on current operations, noted several areas of distinction, and offered some recommendations for your further review and consideration. The following is a summary of this information. Please note that nothing in this management letter diminishes the Team's unanimous conclusion that your office complied with appropriate AIG and GAO standards for the review period of July 1, 2012 through June 30, 2015.

Areas of Distinction

Your Audit Division impressed the Team with its production level, work paper quality, and audit report quality. We believe this is a testament to the hard work and professionalism of your staff. The Team also recognizes, as do many stakeholders we spoke with, that your office has a long history of producing quality audits. Although the OIG, as it is currently constituted, is only four years old, its predecessor organization, the Office of the District Auditor for the Palm Beach County School District, had often been recognized for its audit work.

In addition to your office's audit work, the Team also recognized the following areas of distinction:

- Having an in-house legal counsel with relevant experience in oversight and litigation is a significant added-value to the OIG. The Team believes that the OIG's legal counsel (Elizabeth McBride) will play a vital role in the growth of the OIG including assisting with investigations, coordinating with stakeholders, and ensuring OIG compliance with law, regulation, policies, and professional standards.
- The OIG is preparing to apply for credentialing from the Commission for Florida Law Enforcement Accreditation. The Team understands that this accreditation has stringent application and compliance requirements and commends this effort.
- The Team noted that the OIG's policy and procedures manual and its policies may have needed updating. However, OIG staff informed the Team that this revision process is well underway. The Team commends the OIG for recognizing this need and for taking the necessary proactive steps.
- The OIG is actively considering hiring administrative support or an entry-level investigator to coordinate the hotline intake and complaint process and to assist with pre-investigatory functions. The OIG recognizes that its limited investigative resources would be better allocated to pursuing active cases than performing routine administrative, intake and research functions. The Team commends the OIG for recognizing the importance of the hotline process and the growing resource demands of the Investigations Division.
- The OIG has started working with other local inspectors general in Florida to research and identify case management and electronic work paper software systems that may enhance what is now a highly paper dependent work process. The Team commends the OIG for recognizing that these types of enhancements could improve the OIG's efficiency and effectiveness which, in turn positively impacts district operations.

Areas for Consideration

- Stakeholder Relationships - Team members met with key external stakeholders. Most stakeholders commended OIG staff for their professionalism and work products and stressed their continuing commitment to maintaining strong working relationships with the OIG. Some school district stakeholders who work closely with the OIG expressed an interest in enhancing these relationships through greater communication. For example, stakeholders suggested having more frequent case meetings and topical discussions with OIG staff and trying to identify opportunities for working more closely with the OIG. The OIG should take advantage of this stakeholder interest to enhance communications. Moreover, the stakeholders would like to work with the OIG to improve the flow and format of OIG final report referrals to their respective offices. For example, one stakeholder expressed an interest in having the OIG notarize its interview notes for investigative cases. If notarizing documents improves stakeholder ability to address OIG

findings and recommendations and to initiate action against offending employees, then the OIG should consider it.

- Training - The Team recognizes that the OIG appreciates the need for staff training and the earning of various professional certifications and continuing professional education credits. The OIG has fully supported these development and training efforts. The Team has recommended that the OIG research additional training opportunities including working with state-level and other local inspectors general to leverage training resources and opportunities. The Team also recommended that the OIG identify and provide additional training in the core areas of investigative functions, including interviewing skills. Staff members identified interview training as a current training need. The Team recommends that the OIG make obtaining interview training for staff a priority.
- Investigative Reports - The Team suggested that the OIG reconsider excluding employee names from its investigative reports. Some stakeholders suggested that the reports would have greater utility if the reports included these names. The Team understands and appreciates the OIG's decision to exclude the names. However, in light of stakeholder requests and concerns raised by some Team members, the Team suggests that the OIG revisit its practice of excluding names from investigative reports. Also, the Team suggested that the OIG consider varying its reporting formats depending on the issue being addressed. The OIG currently uses a single OIG report format for audit and one for investigations. However, the scope and nature of some investigative matters, especially some of the more sensitive and/or more policy-related matters, may be better suited for a letter or narrative format rather than formal report format. The Team realizes the need for reporting consistency and efficiency. But, the OIG needs to consider varying its reporting if this will assist with the communication of salient points to the OIG's stakeholders and effectuate implementation of the OIG's recommended actions.
- Outreach and Prevention – Although the school district created the OIG nearly four years ago, there still appears to be uncertainty amongst school district stakeholders about the OIG's role and authority. This leads to stakeholder concerns that certain OIG activity simply duplicates functions provided by other school district offices. The Team emphatically disagrees with this stakeholder assessment. In our opinion, the OIG functions are not redundant with other district functions. However, the perception exists. To help remedy this misperception amongst stakeholders and district employees, the Team recommends that the OIG consider instituting an outreach and education campaign. This effort could consist of:
 - 1) Issuing more of the helpful IG Advisories or issuing other publications may illustrate to district employees that the OIG does more than investigate and audit district offices. District employees and departments should also see the OIG as providing assistance to and working with them to help prevent and deter wrongdoing which, is ultimately in the best interests of the students.

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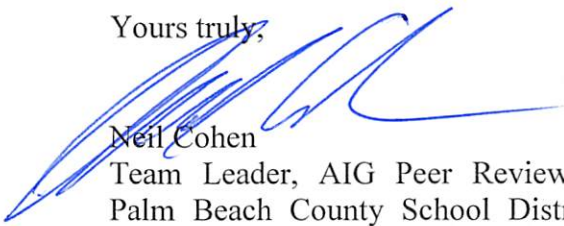
- 2) Conducting education sessions between OIG staff and school district departments to explain the duties and authority of the OIG, to put a "face" on the OIG, and to market the OIG hotline and other services the OIG provides.
- 3) Providing anti-fraud, waste and abuse awareness or other relevant training for district employees. The following link is to a report that you might find instructive concerning the education and outreach efforts conducted by New York City's Department of Investigation:

http://www.nyc.gov/html/ia/gprb/downloads/pdf/NYC_Anti-corruption%20Educational%20Campaign.pdf.

- Competitiveness of Staff Pay - During the review period, the OIG has seen a fair amount of staff turnover. According to OIG managers, staff members often leave for higher paying positions elsewhere in government, including other inspectors general offices. The OIG believes that its pay-scale may not be competitive with other local OIGs. The Team believes that staff turnover can have a detrimental impact on a new OIG. The OIG is making a significant investment in staff and office development and turnover can severely diminish the return on this investment. The OIG's ability to meet its mandate and to develop a robust investigative function can be severely inhibited by staff turnover. The Team recommends that a salary survey of other inspectors general offices in South Florida be conducted, to determine whether the district offers competitive salaries. The OIG and the School Board should work together to ensure that the OIG remains competitive and can obtain and keep talented employees for the benefit of the district.

Lastly, we would like to commend the Inspector General on leading a professional and productive organization. The scope of your office's jurisdiction (providing oversight for one of the largest school districts in the nation) and your office's mandate and responsibility are fairly unique as one of the few school district OIG's in the nation. Moreover, there are distinct challenges in transitioning from primarily an audit operation to an inspector general's office that encompasses more investigations and other oversight functions. Although your office continues its transition process, it should be recognized for the positive and hard work that has been done to date. We hope that you and your staff find our comments helpful and we look forward to continuing to support your organization's needs in the future. Please feel free to contact me or any member of the Peer Review Team if you have any questions.

Yours truly,



Neil Cohen

Team Leader, AIG Peer Review for the
Palm Beach County School District OIG,
March 2016

cc: Lita McHugh, Team Member, AIG Peer Review
Rick Bodnar, Jr., Team Member, AIG Peer Review