

**PUTNAM COUNTY  
BOARD OF COUNTY COMMISSIONERS,  
CLERK OF THE CIRCUIT COURT,  
AND SHERIFF'S OFFICE**

Prior Audit Follow-Up



Sherrill F. Norman, CPA  
Auditor General

## Board of County Commissioners, Clerk of the Court, and Sheriff

The following individuals served on the Putnam County Board of County Commissioners during the period October 2017 through December 2018:

	<u>District No.</u>
Bill Pickens, Chair from 11-27-18, Vice Chair from 11-28-17 through 11-26-18	1
Chip Laibl through 11-19-18	2
Jeff Rawls from 11-20-18	2
Terry Turner, Vice Chair from 11-27-18	3
Larry Harvey, Chair through 11-27-17	4
Buddy Goddard, Chair from 11-28-17 through 11-26-18, Vice Chair through 11-27-17	5

Also, during the period October 2017 through December 2018, Tim Smith served as the Putnam County Clerk of the Circuit Court and H.D. "Gator" DeLoach III served as Putnam County Sheriff.

The team leader was David T. Ward, CPA, and the audit was supervised by Derek H. Noonan, CPA.

Please address inquiries regarding this report to Michael J. Gomez, CPA, Audit Manager, by e-mail at [mikegomez@aud.state.fl.us](mailto:mikegomez@aud.state.fl.us) or by telephone at (850) 412-2881.

This report and other reports prepared by the Auditor General are available at:

[FLAuditor.gov](http://FLAuditor.gov)

Printed copies of our reports may be requested by contacting us at:

**State of Florida Auditor General**

**Claude Pepper Building, Suite G74 · 111 West Madison Street · Tallahassee, FL 32399-1450 · (850) 412-2722**

# PUTNAM COUNTY BOARD OF COUNTY COMMISSIONERS, CLERK OF CIRCUIT COURT, AND SHERIFF'S OFFICE

## Prior Audit Follow-Up

### **SUMMARY**

---

In our operational audit report No. 2017-198 of the Putnam County Board of County Commissioners (BCC), Clerk of the Circuit Court (CCC), and Sheriff's Office, we noted ten findings related to various BCC functions and activities. This operational audit focused on the progress that the BCC had made, or was in the process of making, in addressing the findings and recommendations in report No. 2017-198.

Our audit disclosed that the BCC had:

- Corrected 4 findings (Findings 6, 8, 9, and 10).
- Partially corrected 4 findings (Findings 1, 3, 4, and 5).
- Not corrected Finding 2.
- No occasion to correct Finding 7.

### **BACKGROUND**

---

The Board of County Commissioners (BCC) is the chief legislative body in Putnam County (County) and its general duties and responsibilities are outlined in State law.<sup>1</sup> The BCC is composed of five County Commissioners, each elected to a 4-year term by the voters in the geographical district in which he or she resides. The BCC approves the County budget, adopts local ordinances and resolutions, and establishes policies and procedures that govern the County and protect the health, safety, and welfare of the citizens. The County is a non-charter county located in north central Florida east of Gainesville and has an estimated population of 73,723.<sup>2</sup> Approximately 80 percent of County citizens reside in unincorporated areas, while the remaining citizens reside in one of five municipalities, the largest of which is the City of Palatka.<sup>3</sup>

The BCC, the Putnam County Clerk of the Circuit Court, and Sheriff's Offices are headquartered in Palatka, the Putnam County seat. The Clerk of the Circuit Court serves County government by acting as accountant and auditor for the BCC, collector and distributor of statutory assessments, and guardian of public records, public funds, and public property. The Putnam County Sheriff is the elected official responsible for law enforcement within the County and is an executive officer of the courts.

---

<sup>1</sup> Chapter 125, Part I, Florida Statutes.

<sup>2</sup> Office of Economic and Demographic Research, Population and Demographic Data, Florida County Population Estimates: April 1, 2020.

# ***FINDINGS AND RECOMMENDATIONS***

---

## **Finding 1: Procurement – Competitive Selection and Contracting**

### **Previously Reported**

The Putnam County Board of County Commissioners (BCC) did not always follow required competitive procurement procedures for purchases of applicable goods and services or make purchases based on valid written contracts.

We recommended that the BCC ensure that:

- Purchases of applicable goods and services are competitively procured in accordance with BCC ordinances.
- When waiving the competitive selection process, the public purpose served by such waiver is documented in the public record.
- When utilizing another organization's competitively procured contract, the purchases of goods and services conform to the contract provisions.
- Pursuant to BCC ordinances, formal written contracts are used to protect the interests and identify the responsibilities of the contracting parties, define the services to be performed, and provide a basis for payments.

### **Results of Follow-Up Procedures**

***The BCC partially corrected this finding.*** Our examination of BCC records and discussions with BCC personnel disclosed that, during the period October 2017 through August 2018, BCC ordinances required a minimum of three written quotes for purchases exceeding \$3,000 up to \$25,000 and purchases exceeding \$25,000 for supplies and contractual services with estimated costs exceeding \$25,000 to be by formal written contract with the lowest and best bidder after due notice inviting proposals. Effective September 2018, BCC ordinances<sup>4</sup> were revised for purchases exceeding \$25,000 up to \$50,000 to require two written quotes or a continuing services contract, County Administrator approval, and BCC Chair signature.

In addition, the revised ordinances:

- Require formal bids and BCC authorization for purchases exceeding \$50,000 except for bids waived by the BCC and certain exemptions that do not conflict with State law for items such as insurance renewals and legal services.<sup>5</sup>
- Require waivers and exceptions to the bid requirement to be expressly stated in a public record via Board agenda item and the public purpose for the waivers and exceptions to be documented.
- Specify that the BCC is not precluded from purchasing through competitive solicitation.
- When using another organization's competitively procured contract, the purchases of goods and services conform to the contract provisions.

---

<sup>4</sup> Chapter 2, Article IV, Division 2, Sections 2-100 through 2-104, Putnam County Code of Ordinances.

<sup>5</sup> Subsequent to September 2018, BCC ordinances exempted insurance and legal services from competitive procurement, to the extent that such exemptions do not conflict with State law, although Section 112.08(2)(a), Florida Statutes, required competitive procurement of certain insurance services.

- Contracts shall include provisions necessary to define the responsibilities and rights of the parties to the contract.

If properly implemented and monitored for compliance, the revised ordinances should enhance the BCC's procurement practices. However, initiation or renewal of a continuing services contract without consideration of written quotes may cause the BCC to pay a service provider more than the costs charged by other providers that offer comparable or better services.

To evaluate BCC competitive procurement and contracting practices during the period October 2017 through December 2018, from the 159 vendors paid at least \$25,000 with total payments of \$49 million, we requested for examination BCC records supporting selected payments totaling \$21.4 million to 29 vendors. In addition, we requested for examination BCC records supporting interim attorney services and the six related payments totaling \$54,912 for the period March 2019 through August 2019. The 29 vendors selected for our examination included 5 vendors from which 11 expenditures totaling \$272,150 were made utilizing another organization's competitively procured contract. We reviewed the contracts against the goods and services quoted and invoiced to the BCC and noted that the terms of these procurements conformed to the other organizations' contract terms. However, we also noted that BCC records did not always demonstrate compliance with required competitive procurement procedures and BCC approval of contract extensions was not always documented. Specifically:

- State law<sup>6</sup> requires a county seeking to construct or improve a public building, structure, or other public construction works to competitively award each construction project that is estimated to cost more than \$300,000 unless the funding source of the project will be diminished or lost because the time required to competitively award the project after the funds become available exceeds the time within which the funding source must be spent. Our discussions with BCC personnel and examination of BCC meeting minutes and other records related to a BCC water and sewer project disclosed the following sequence of events:
  - In April 2017, the BCC applied for a \$2 million grant to help fund the project and specified in the application the anticipated contractor and start date of December 2017.
  - In June 2017, the BCC was notified that the grant application was approved.
  - In July 2017, the BCC awarded a \$2.5 million project contract to the contractor specified in the grant application and waived use of a competitive procurement process to award the contract as the BCC cited diminished or lost funding because of the time required to competitively award the project. In addition, BCC personnel indicated that the grant application would be given higher priority<sup>7</sup> by the grantor if the construction was to begin before January 30, 2018.
  - In November 2017, the BCC entered into a cost-sharing agreement with the grantor.
  - According to BCC personnel, the project was substantially completed in January 2020.

As the 7 month-period from the June 2017 grant notification to the grantor-specified January 30, 2018, projected construction commencement date provided ample opportunity for the BCC to competitively award the project, it is not apparent that the project funding source would have been diminished or lost because of the time required to competitively award the project.

---

<sup>6</sup> Section 255.20(1), Florida Statutes.

<sup>7</sup> According to grantor funding guidance, applicants would receive favorable award points if a projected construction project was commenced or completed by certain dates. For example, applicants received 20 of 100 total award points for a projected construction commencement before January 30, 2018, or completion by June 30, 2018.

Consequently, the justification cited by the BCC for waiving the competitive procurement requirement for the \$2.5 million construction contract is not substantiated.

- During the period October 2017 through December 2018, the BCC paid \$181,454 for security services. Since October 2003, the contract with the vendor providing those services had been renewed and extended several times without use of a competitive selection process. Our review of BCC minutes from January 2006 through December 2018 did not evidence BCC approval of contract extensions or consideration of alternative providers, contrary to County ordinances.

In response to our inquiry, BCC personnel indicated that the contract extensions provided consistency and continuity of security services and that the rates afforded in the contract were lower than State contract rates. In addition, BCC personnel provided additional documentation from the vendor disclosing that the security service levels and hourly rates were comparable to those available on State contract. Notwithstanding, periodic competitive selection of security services would provide additional assurance that the BCC receives the best value for the security service payments.

- During the period October 2017 through December 2018, the BCC paid \$785,388 for general liability insurance, excess worker's compensation insurance, and workers' compensation claims administrator services. The BCC did not competitively procure the insurance coverages for the 2017-18 fiscal year, although the ordinances in effect at the time did not exempt insurance renewals from competitive selection and did not provide authority for the BCC to waive such competitive selection.<sup>8</sup> According to BCC records, the last BCC bid request for these insurance and insurance-related services was for the 2001-02 fiscal year. By periodically seeking competitive bids for insurance and insurance-related services and negotiating with qualified bidders, the BCC may gain additional assurance and demonstrate that the services are obtained at the lowest cost consistent with acceptable quality.
- Contrary to BCC ordinances, in October 2018, the BCC paid \$194,458 to install, support, and monitor hardware and software for the County Emergency 911 call center without entering into a formal contract with the vendor. The use of a formal written contract protects the interests and identifies the responsibilities of the contracting parties, defines the goods to be provided and services to be performed, and provides a basis for payment.

**Recommendation: We recommend that the BCC:**

- **Comply with BCC ordinances by competitively procuring and approving all applicable purchases.**
- **Document the public purpose in the public record whenever the BCC decides to waive competitive procurement or when a decision is made to use a continuing contract rather than obtain written quotes or proposals.**
- **Periodically subject the purchases of insurance and insurance-related services to competitive procurement.**
- **Pursuant to BCC ordinances, use formal written contracts to protect the interests and identify the responsibilities of the contracting parties, define the services to be performed, and provide a basis for payments.**

---

<sup>8</sup> Section 2-100, Putnam County Code of Ordinances, prior to September 2018, provided that contractual services with estimated costs exceeds \$25,000 shall be purchased by formal written contract and/or purchase order from the lowest and best bidder, after due notice inviting proposals, and the BCC had the authority to waive execution of a formal contract in cases it deemed appropriate. Section 2-95, Putnam County Code of Ordinances clarified that "contracted services" included insurance.

## Finding 2: Procurement – Public Purpose

### Previously Reported

BCC records did not evidence the public purpose served for 19 culvert installations with expenditures totaling \$54,295 and 52 picture frame purchases totaling \$14,300.

We recommended that the BCC document the public purpose for all expenditures. We also recommended that the BCC develop and implement procedures that require the BCC Department of Public Works personnel to identify of record the exact locations for all culvert installations and to document that the culverts were installed on public land or, if installed on privately owned land, the specific BCC actions that contributed to the need for the culvert, that an easement was obtained, and the public purpose served for the culvert installations.

### Results of Follow-Up Procedures

***The BCC had not corrected this finding.*** During the period October 2017 through December 2018, the BCC made payments totaling \$83.4 million to 800 vendors. As part of our audit, we examined BCC records supporting selected 40 payments totaling \$180,165 to 25 vendors during that period and found that the public purpose for expenditures was not always documented. Specifically, the BCC paid:

- \$30,000 in May 2018 pursuant to a BCC-approved contract to a nonprofit entity that conducted litter clean-up and environmental education programs throughout the County. However, the contract did not require the nonprofit entity to account for the use of the funds and, although we requested, BCC records were not provided to evidence how the nonprofit entity used the funds. The Attorney General's Office has opined<sup>9</sup> that a public purpose may be carried out through donations to external entities provided the local governmental entity determines that a public purpose is served by such donations and proper safeguards are implemented to assure the accomplishment of that purpose. In response to our inquiries, BCC personnel indicated that the BCC monitored the nonprofit entity activities through BCC meeting presentations; however, BCC meeting minutes for the 2017 and 2018 calendar years only contained discussions at two meetings about the nonprofit entity's planned events, and neither the meeting minutes nor other BCC records demonstrated that the events met a public purpose.
- 16 monthly payments of \$1,200 totaling \$19,200 for ferry services during the period October 2017 through December 2018. However, the ferry was inoperable during that period due to damage sustained by Hurricane Irma in September 2017. According to BCC personnel, the ferry landings, which the BCC was responsible for maintaining, were also damaged and under repair.

According to BCC records, there was a risk of protracted litigation if the BCC attempted to terminate the ferry services contract<sup>10</sup> as the BCC had not repaired the landings. Accordingly, although ferry services were unavailable, BCC personnel continued the \$1,200 monthly payments rather than risk litigation and the associated costs. In October 2019 and April 2021, the BCC obtained permits to repair the landings from the Florida Department of Environmental Protection and the U.S. Army Corps of Engineers, respectively. In April 2021, BCC personnel indicated that they had obtained all the permissions necessary to begin the procurement process for ferry landing repairs.

---

<sup>9</sup> Attorney General Opinion No. 2002-18.

<sup>10</sup> On June 4, 2014, the BCC and the services contractor agreed to renew the ferry services contract through September 24, 2024.

In addition, we noted that the BCC made a duplicate payment for ferry services in October 2017. According to BCC personnel, the duplicate payment was made under an incorrect purchase order and, as of April 2021, the BCC had not made any efforts to recover the \$1,200 overpayment from the ferry operator.

- Grants and aids expenditures of \$10,000 in October 2018 to a health and fitness center and \$9,612 in August 2018 to a shelter for domestic abuse. According to BCC personnel, the payment to the health and fitness center provided a gym and other amenities to County residents and the payment to the domestic abuse shelter enhanced the shelter's security to ensure that victims of domestic violence had a safe place to stay. Although we requested, BCC records were not provided to evidence the basis for selecting these recipients of the grants and aids, executed agreements with the recipients, or detailed invoices or other documentation supporting use of the funds provided.
- \$19,335 in August 2018 for tote bags with the County's logo to be distributed to visitors to promote County tourism. Although we requested, BCC records were not provided to evidence procedures for distributing the bags to intended recipients.
- \$9,500 to sponsor various sporting events<sup>11</sup> during the period December 2017 through June 2018. Although the County uses public funds to provide grants and sponsorships through its Tourist Development Council (TDC),<sup>12</sup> the BCC did not provide upon our request, support for the specific use of the funds or demonstrate that the TDC requirements for reimbursement, such as completion of an economic impact statement for each sponsorship and proof of Putnam County TDC advertising, were met.

We also examined BCC records and inquired of Department of Public Works (DPW) employees regarding culvert installations during the period October 2017 through December 2018. According to BCC records, the DPW installed 52 culverts and expended \$143,312 for salaries and materials related to the culvert installations during that period. In response to our inquiries, DPW personnel indicated that, for an intrusive process, such as a culvert replacement, a survey is done to establish County right-of-way or determine if an easement is required. If a nonpublic road, the BCC must determine whether there is a public purpose and either a temporary construction easement or a permissive use agreement will be obtained. Notwithstanding, the Florida Attorney General has opined that granting a temporary easement to transfer private land to a county would not constitute a public purpose if the expenditures of such funds is not otherwise permissible.<sup>13</sup>

We selected for examination BCC records supporting \$74,427 spent for the installation of 20 of the 52 culverts to determine whether the BCC implemented procedures that require DPW personnel to identify the exact locations for all culvert installations and document County right-of-way. We found that project files for the 20 culvert installations did not include the exact location of the culvert or evidence of a survey documenting County right-of-way. In response to our inquiries, DPW personnel identified on maps the 20 culvert installation locations, which indicated that the culverts were all installed along

---

<sup>11</sup> The BCC paid \$1,000 in December 2017 to sponsor a racing event; \$5,000 in January 2018 to sponsor a high school basketball tournament; \$2,000 in September 2018 to sponsor a golf tournament; and \$1,500 in June 2018 to sponsor a racing event.

<sup>12</sup> The County uses tourist development tax revenues to sponsor various entertainment, sporting, and exhibition events meant to promote visitation to the County, enhance local business, and generate sales and bed taxes pursuant to Section 125.0104(5)(a)3, Florida Statutes. To collect the approved funding, the TDC requires the organizer to recognize the TDC as a sponsor and submit a formal request. The request is to include a registration and room list and a completed economic impact statement. The economic impact statement reports the quantity of participation in the event, an estimate of hotel bed nights, and a summary of event-related expenditures.

<sup>13</sup> Florida Attorney General Opinion No. 94-89.

County-maintained roads. However, insofar as the maps did not specifically identify whether the culverts were located on public or private property or that BCC actions contributed to the need for the culvert work, BCC records did not demonstrate that the 20 culvert projects served a valid public purpose.

When expenditures are approved without adequate supporting documentation, there is limited assurance that BCC funds are used only for authorized public purposes.

**Recommendation:** We continue to recommend that the BCC document the public purpose for all expenditures. Additionally, we continue to recommend that the BCC enhance procedures to ensure that project files include the exact location of culvert installations. The enhanced procedures should also require that, should culverts be installed on private land, the project files either document the specific BCC actions that contributed to the need for a culvert and that a temporary easement was obtained or, if County actions did not contribute to the need for a culvert, that a permanent easement was obtained. The BCC should also take appropriate action to recover from the ferry operator the \$1,200 overpayment and take action to either expedite landing repairs or resolve the ongoing contractual relationship with the ferry operator to mitigate the financial obligation.

### **Finding 3: Construction Site and Construction Management Entity Selection**

#### **Previously Reported**

In January 2015, the BCC approved a \$670,350 guaranteed maximum price (GMP) contract with a construction management entity (CME) to construct a fire station; however, BCC records did not demonstrate that the most effective process was utilized for selecting the construction site or for soliciting and negotiating the CME services to construct the fire station.

We recommended that the BCC establish policies and procedures for evaluating the suitability of proposed construction sites and preparing information to be included in public announcements for CME services. We also recommended that such policies and procedures require that:

- Whenever possible and economically feasible, before proposed construction sites are selected and public announcements for CME services are made, geotechnical reports be obtained and considered in both the site selection and CME selection processes. Such reports should be considered when evaluating whether prospective CMEs have the necessary capabilities, adequate personnel, past record, and experience necessary for the project based on specific complexities associated with the proposed construction site.
- To assist with site selection recommendations, a site selection committee composed of knowledgeable individuals with expertise in land development, such as real estate brokers, design professionals, contractors, and other stakeholders be established.
- In accordance with State law, public announcements for CME services include a general description of the project, including information such as the results of geotechnical reports; instructions on how interested CMEs may apply for consideration; and exclude reference to a GMP amount.

#### **Results of Follow-Up Procedures**

***The BCC partially corrected this finding.*** Our examination of BCC records and discussions with BCC personnel indicated that the BCC, on occasion, used a site selection committee and evaluated the suitability of land for intended purposes prior to construction. However, the BCC had not established

policies and procedures for evaluating the suitability of proposed construction sites and preparing public announcements for CME services that include consideration of geotechnical report results and do not disclose the expected GMP contract amounts.

During the period October 2017 through December 2019, the BCC considered construction of an animal services facility (animal shelter) and a new fire station on BCC-owned land. Our examination of BCC records and discussions with BCC personnel related to the animal shelter and new fire station found that:

- The BCC budgeted \$750,000 to build the animal shelter, and BCC personnel indicated that the BCC obtained a geotechnical report to evaluate the land initially selected for construction and the report cited wetland mitigation concerns. Since that land was unsuitable and other alternative BCC-owned sites needed to be evaluated, a site selection committee was established. According to November 2019 BCC meeting minutes, the committee identified and ranked eight potential sites, five of which were BCC-owned sites. In December 2019, the committee-ranked sites were presented to the BCC and the BCC selected the second-ranked site. According to the December 2019 meeting minutes, reasons cited for selecting the second-ranked site included its proximity to the Sheriff's administrative facilities, which would result in less effort to provide security for the shelter, and one Commissioner's suggestion to use jail inmate labor at the animal shelter. As the BCC had not established policies and procedures for evaluating the suitability of proposed construction sites, the circumstances under which the BCC could deviate from selection committee recommendations, and what constitutes sufficient documentation to evidence the basis for such deviation, was not established.

As of September 2020, the BCC had requested but not received the results of a geotechnical report for the site selected for the animal shelter. Should the geotechnical report indicate that the site is unsuitable, BCC personnel indicated that the BCC intends to direct the site selection committee to recommend another site for the animal shelter and obtain a geotechnical report for that site.

- The BCC budgeted approximately \$1.3 million for the new fire station and, according to BCC personnel, the BCC did not establish a site selection committee to evaluate the most suitable location for the station and did not obtain a geotechnical report from an engineering firm until July 2018. In April 2018, approximately 3 months before obtaining the geotechnical report, the BCC publicly announced a request for qualifications (RFQ) for CME services indicating a \$900,000 GMP to construct the station on BCC-owned land. After receiving responses from five firms, in May 2018, the BCC selected a firm and approved a GMP contract for \$1,175,098. In response to our inquiry, BCC personnel indicated that the GMP contract amount was \$275,098 more than the RFQ amount as the contract required the CME to develop a GMP based on the final approval and acceptance of design. Consequently, the BCC did not obtain the geotechnical report before selecting the new fire station site, selecting the CME, and entering into the GMP contract with the CME and, although we requested, BCC records were not provided to demonstrate how, without such a report, the BCC determined that the selected CME had the necessary capabilities, adequate personnel, past record, and experience necessary for the project. In addition, the BCC's new fire station public announcement, indicating a GMP amount of \$900,000, potentially limited the number of CMEs interested in responding to the RFQ as CME compensation should be determined during negotiations with the CME determined most qualified.

In response to our inquiries, BCC personnel indicated that a site selection committee and geotechnical report were not used in the new fire station site selection because the Fire Chief had recommended the site believed to provide the most impact to Insurance Services Office ratings<sup>14</sup> for residents in the East Palatka area of the County. Notwithstanding this response, a site

---

<sup>14</sup> The Insurance Services Office is an independent, for-profit organization that scores fire departments based on organization standards for property insurance costs.

selection committee and geotechnical report would assist in evaluating the suitability of proposed construction sites. The geotechnical report would also assist the BCC in determining whether prospective CMEs have the necessary capabilities, adequate personnel, past record, and experience necessary for the project.

**Recommendation:** We again recommend that the BCC establish policies and procedures for evaluating the suitability of proposed construction sites and preparing information to be included in public announcements for CME services. Such policies and procedures should:

- Whenever possible and economically feasible, require geotechnical reports be obtained and considered in both the site selection and CME selection processes before construction sites are selected and public announcements for CME services are made.
- Require that the specific complexities associated with the proposed construction site, as identified by the geotechnical reports, be considered when evaluating whether prospective CMEs have the necessary capabilities, adequate personnel, past record, and necessary experience.
- In accordance with State law, require that public announcements for CME services include a general description of the project, including information such as the results of geotechnical reports, and not disclose a GMP amount.
- To assist with site selection recommendations, require the establishment of a site selection committee that includes at least one member with expertise in land development.
- Specify the circumstances under which the BCC may deviate from selection committee recommendations and, should the BCC decide to select a site other than the site ranked highest by the selection committee, require specific documentation be maintained to support the BCC's decision.

#### **Finding 4: Monitoring of Vehicle Usage**

##### **Previously Reported**

The BCC had not adopted policies and procedures for effectively monitoring vehicle usage and fuel consumption.

We recommended that the BCC develop policies and procedures to better monitor vehicle usage and fuel consumption. We also recommended that such controls include a daily usage log, supervisory review of such logs, and periodic analysis of fuel consumption and mileage.

##### **Results of Follow-Up Procedures**

***The BCC partially corrected this finding.*** In March 2017, the BCC Human Resources Director sent an e-mail to department heads requiring the use of a vehicle usage log for County vehicles unless the department utilizes other means to track vehicle mileage, location, dates, and times. Additionally, in May 2017, the BCC purchased and implemented software for monitoring vehicle and fuel usage. Vehicle usage logs are maintained at the department level, and the Fleet Maintenance Department provides each department with monthly fuel reports for comparison with the logs. However, according to the BCC Web site, as of March 2021, the BCC vehicle use policies<sup>15</sup> had not been updated since December 2012 and,

---

<sup>15</sup> Section 4.10, *Putnam County Personnel Policies and Procedures Manual*.

therefore, did not include a requirement for completing vehicle usage logs, supervisory review of the logs, comparison of logs to fuel usage, or the use of the vehicle monitoring and fuel usage software.

In response to our inquiries, BCC personnel indicated that, generally, individual departments perform comparisons of fuel usage to vehicle usage. However, our inquiries with department personnel disclosed that two selected departments with 16 vehicles performed, but did not document, the comparisons, while the heads of the departments with the remaining 68 vehicles indicated either that they believed the comparisons were made within the Fleet Maintenance Department or were unsure what comparisons were performed due to employee turnover.

As part of our audit, we requested, and the BCC provided, a list of the 84 vehicles in service during the period April 2017 through December 2018. Additionally, we requested for examination the associated monthly vehicle usage logs for 11 months of that 21-month period to determine whether vehicle usage logs were complete, reviewed by a supervisor, and if the vehicle usage logs were compared to fuel reports to identify potential non-County-business use of vehicles. We found that:

- 679 monthly vehicle usage logs, or 73 percent of the logs requested, were not available for our review. In response to our inquiry, BCC personnel indicated the logs were not consistently utilized due to employee oversight and turnover.
- 216 monthly vehicle usage logs, or 23 percent of the logs requested, were not complete. For example, the logs did not always identify vehicle use dates, trip purposes, trip start and end times, trip start and end mileage, driver's name, or vehicle identification information. In response to our inquiry, BCC personnel indicated that the then Human Resources Director did not effectively communicate BCC procedures or ensure that all divisions and departments had a sufficient understanding of procedural guidance related to the vehicle usage log. In June 2020, the BCC hired an executive director of human resources who was tasked with revising and updating BCC policies and implementing effective training procedures.
- Of the 245 monthly vehicle usage logs available for review, 227 logs, or 93 percent of the logs reviewed, had no evidence of supervisory review. In response to our inquiries, BCC personnel indicated that a supervisory review was performed for 126 vehicle usage logs, but not documented, and, due to employee turnover, they were unsure whether the remaining logs lacking evidence of supervisory review had been reviewed.

Absent the use and proper completion of the vehicle usage log, including appropriate supervisory review, and routine monitoring and investigation of significant fluctuations in fuel usage, the BCC is limited in its ability to demonstrate that motor vehicles are used primarily for a public purpose and used only incidentally for the personal benefit of the employee using the vehicle.

**Recommendation: To better monitor vehicle usage and fuel consumption, the BCC should continue efforts to ensure that policies and procedures are updated and that effective staff training is provided. The updated policies and procedures should require completion of vehicle usage logs, documentation of supervisory review of the logs, documentation of the performance of periodic fuel consumption and mileage comparisons, and use of the vehicle monitoring and fuel usage software.**

## Finding 5: Park Development Grant Agreement Compliance

### Previously Reported

During the 2010-11 fiscal year, the BCC received two State grants totaling \$3.6 million and a Federal grant of \$163,527 based on representations made by the BCC in the grant applications to provide site enhancements at two parks. Although the BCC used the grant funds to purchase the parks during the 2010-11 fiscal year, as of January 2017, the BCC had not complied with the grants by completing the site enhancements.

We recommended that, prior to applying for State and Federal grants, the BCC ensure the availability of adequate resources to comply with all grant requirements. Additionally, we recommended that the BCC contact the State and Federal grantors to determine the appropriate remedy for noncompliance with the grant agreement terms and then timely take the required actions.

### Results of Follow-Up Procedures

***The BCC partially corrected this finding.*** The two 2010-11 fiscal year State grants required the BCC to provide trails, picnic pavilions, boat landings, observation decks, parking, and other site enhancements at Nine-Mile Swamp Park and Georgetown Park. In addition, the Federal grant required completion of the enhancements within 3 years from the property purchase. Our examination of BCC records, such as BCC meeting minutes, and discussions with BCC personnel disclosed that, although the BCC had taken some required actions related to the parks, the BCC had not fully complied with the terms and conditions of the grants. Specifically, we noted:

- In February 2017, the BCC discussed intentions to convey the Nine-Mile Swamp Park to the Florida Communities Trust (Trust) pursuant to State law,<sup>16</sup> rather than incur the costs necessary to provide the required site enhancements at that park. However, the Nine-Mile Swamp Park had not been conveyed to the Trust because the Trust would not accept responsibility for removing one of three condemned structures at the Park. At its February 9, 2021, meeting, the BCC approved the demolition of the structure and, in April 2021, the BCC provided us a vendor quote for the demolition and indicated that the structure would be demolished within 30 days.
- In April 2019, the BCC installed playground equipment costing \$32,557 at the Georgetown Park, which may have constituted a site enhancement but was not specifically required by any grant. Then, in October 2019, the BCC completed construction of the grant-required picnic pavilion costing \$41,753 at the Georgetown Park. As of December 2020, the BCC had conducted a wetland survey for possible stormwater drainage and additional amenities at Georgetown Park and was consulting with the St. Johns River Water Management District regarding construction of a double launch boat ramp.

In response to our inquiries, BCC personnel confirmed that the BCC had not completed all the grant-required site enhancements for Georgetown Park. At its March 9, 2021, meeting, the BCC authorized BCC personnel to discuss with the grantor and the Trust alternative recreational enhancements for the Park that would have less impact on the Park's wetlands.

During the period October 2017 through December 2018, the BCC expended approximately \$21 million related to 30 grants. Four of those grants, with award amounts totaling \$455,000 (2 Federal grants

---

<sup>16</sup> Section 380.508(4)(g), Florida Statutes, provides that the Trust shall cooperate with local governments in ensuring the reservation of lands for parks.

totaling \$305,000 and 2 State grants totaling \$150,000), were for improvements on public lands. To determine whether the BCC properly matched or otherwise used non-grant resources in accordance with the requirements of those 4 grants, we examined BCC records and found that the BCC properly complied with the requirements.

**Recommendation:** We recommend that the BCC continue efforts to remedy noncompliance with the terms of the agreements of the grants used to purchase the Nine-Mile Swamp Park and Georgetown Park.

## **Finding 6: Budget Overexpenditures**

### **Previously Reported**

Contrary to State law,<sup>17</sup> BCC expenditures exceeded budgeted appropriations for four nonmajor governmental funds by a total of \$170,640 for the 2014-15 fiscal year.

We recommended that BCC personnel enhance budgetary controls to ensure that expenditures are limited to BCC-approved budgeted amounts as required by State law.

### **Results of Follow-Up Procedures**

***The BCC corrected this finding.*** Our examination of BCC records and discussions with BCC personnel in December 2018 indicated that the BCC utilizes resolutions at fiscal year-end to amend fund budgets to ensure compliance with State law.<sup>18</sup> As part of our audit procedures, we compared nonmajor governmental fund budgets for the 2016-17 and 2017-18 fiscal years to related expenditures and identified no instances in which BCC expenditures exceeded budgeted appropriations.

## **Finding 7: Sales Surtax Meeting Public Notice**

### **Previously Reported**

The BCC could enhance procedures for providing public meeting notices for special meetings.

We recommended that, to provide more opportunity for public involvement, the BCC better plan meetings regarding the addition of referenda to election ballots to allow for more advanced notice. To this end, the BCC should consult with the Supervisor of Elections regarding any election legal requirements early in the process.

### **Results of Follow-Up Procedures**

***The BCC did not have occasion to correct this finding.*** Our review of BCC records and discussions with BCC personnel disclosed there were no voter referenda initiated by the BCC during the period October 2017 through December 2018.

<sup>17</sup> Sections 129.01(1) and 129.06(1), Florida Statutes.

<sup>18</sup> Section 129.07, Florida Statutes, specifies that the BCC may not expend or enter into a contract requiring expenditures in any fiscal year for more than the amount of appropriations in each fund's budget.

## Finding 8: Debt Maturity and Pledged Revenue Availability

### Previously Reported

The BCC issued two bonds secured by the same two pledged revenue sources. The bond maturity dates extend beyond the expiration date of one of the pledged revenue sources and the other revenue source was insufficient, as of December 2016, to meet the debt service requirements. Additionally, as of that date, the BCC had not adopted a formal plan of record for meeting the debt service requirements in the event that future pledged revenues continue to be insufficient.

We recommended that, for future debt issues, the BCC ensure that projected pledged revenues are adequate to meet debt service requirements and that debt maturities do not extend beyond the expiration dates of such pledged revenues. For the Series 2008A and 2008B bond issues, the BCC should develop a plan of record to ensure that the debt service requirements are met in the event that water system revenues continue to be insufficient and the BPP surtax is not extended by voters beyond December 2032.

### Results of Follow-Up Procedures

**The BCC corrected this finding.** Our examination of BCC records and discussions with BCC personnel disclosed that, as of December 2018, the BCC had not incurred any additional debt requiring pledged revenues to meet debt service requirements. For the Series 2008A and 2008B bond issues, the BCC approved budget appropriations that average \$550,000 per year for the 2017-18, 2018-19, and 2019-20 fiscal years to a Better Place Plan<sup>19</sup> reserve account. According to the BCC's Budget Director, this practice is intended until such time as the reserve is large enough to settle the 2008 bond issues or the water system fund becomes self-sufficient.

## Finding 9: Anti-Fraud Policy

### Previously Reported

The BCC had not established an anti-fraud policy for the mitigation, detection, and reporting of suspected or known fraud.

We recommended that the BCC develop and implement an anti-fraud policy to aid in the mitigation, detection, and prevention of fraud.

### Result of Follow-Up Procedures

**The BCC corrected this finding.** In February 2019, the BCC adopted an anti-fraud policy, included in the *Putnam County Personnel Policies and Procedures Manual (Manual)*, to address:

- Suspected ethics and fraud violation reporting procedures.
- Responsibilities for investigating suspected violations.
- Protections for the reputation of persons suspected but not found guilty of fraud.

---

<sup>19</sup> The Better Place Plan is a County infrastructure improvement program funded through a 1 percent discretionary sales surtax in accordance with Section 212.055(2), Florida Statutes.

- Consequences for fraudulent behavior.

Upon employment, BCC employees are required to sign an acknowledgement form that they will adhere to the policies included within the *Manual*.

## **Finding 10: Mechanism for Addressing Citizen Concerns**

### **Previously Reported**

The BCC had not established an effective mechanism for addressing citizen concerns.

We recommended that the BCC document consideration of various mechanisms to better promote open communication between the BCC and the general public. One such mechanism could be the establishment of an independent ombudsman position that reports directly to the BCC and assists in providing timely, consistent, and impartial responses to citizen concerns.

### **Results of Follow-Up Procedures**

***The BCC corrected this finding.*** Our examination of BCC records and discussions with BCC personnel disclosed that, as of December 2019, the BCC had adopted Board policies<sup>20</sup> that outline a four-step process for complaint escalation. Specifically:

- Complaint resolution begins at the department level that the concern relates to and requires a response by a BCC employee immediately, if possible, or within a reasonable amount of time.
- In the event that the department level employee's response is not satisfactory to the citizen, the citizen may request escalation of the concern to the employee's manager and/or department head for review and action with findings and a proposed resolution, if warranted, communicated to the citizen within a reasonable amount of time.
- If the citizen is not satisfied with the response and/or proposed resolution communicated by the department head or manager, the citizen may escalate the concern to a formal issue by completing and submitting a *Citizen's Issue Resolution Form* (Form) directly with BCC Administration. The Deputy County Administrator or their designee will receive and log the Form in a designated database and notify the citizen within 3 business days that the issue will be further investigated and formally studied. Upon completion of the formal review, the Deputy County Administrator or their designee will summarize all information and findings into a briefing and share with the County Administrator for review and action within 20 business days of receipt of the Form. In cases when a response is provided to the citizen by the Deputy County Administrator and the citizen is not satisfied with the response, the citizen may request further review and consideration by the County Administrator. In these cases, the County Administrator will review all relevant information and respond to the citizen within 10 working days.
- If the citizen is not satisfied with the final findings, position, and/or recommended resolution of the County Administrator, the citizen may appear before the BCC and present the issue during public comment.

As of March 2020, the County Web site was updated to include a section for citizen concerns and issues, which addresses the four-step process.

---

<sup>20</sup> Board Policy 10.001, *Citizen Concern and Issue Resolution*.

## **OBJECTIVES, SCOPE, AND METHODOLOGY**

Pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an operational audit of the Putnam County Board of County Commissioners (BCC), Clerk of the Circuit Court (CCC), and Sheriff's Office and issued our report No. 2017-198 in April 2017. Pursuant to Section 11.45(2)(j), Florida Statutes, the objective of this audit was to perform, no later than 18 months after the release of that report, appropriate follow-up procedures to determine the City's progress in addressing the findings and recommendations contained within report No. 2017-198.

We conducted this follow-up audit from January 2019 through July 2020 in accordance with applicable generally accepted government auditing standards. Those standards require that we plan and perform the follow-up audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the follow-up audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The focus of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the audit period October 2017 through December 2018, and selected BCC, CCC, and Sheriff's Office actions taken prior and subsequent thereto. Our audit included the examination of pertinent BCC records and transactions, inquiry of BCC personnel, observation of procedures in practice, and additional follow-up procedures as appropriate. Unless otherwise indicated in this report, records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning the relevant population value or size and quantifications relative to the items selected from examination.

Specifically, we:

- Reviewed applicable laws, rules, and BCC policies and procedures; interviewed BCC personnel; and examined BCC meeting minutes for the audit period to obtain an understanding of BCC processes. We also evaluated whether the BCC had established:
  - Policies and procedures for major County functions, such as procurement.
  - Vehicle usage policies and procedures that required the establishment of a daily vehicle usage log, supervisory review of the vehicle usage logs, and periodic analyses of fuel consumption versus vehicle mileage.
  - An anti-fraud policy.
- Evaluated whether the BCC had considered, of record, an effective mechanism for addressing citizen concerns.
- From the population of 159 vendors paid at least \$25,000 during the audit period, with total payments of \$49 million, examined BCC records supporting purchases from 29 selected vendors with expenditures totaling \$21.4 million to determine whether the BCC complied with State and County laws, rules, and regulations related to competitive purchase methods and whether the BCC utilized a formal contract to protect the interests and identify the responsibilities of the contracting parties, define the services to be performed, and provide a basis for payment.
- From the population of 52 culvert installations with costs totaling \$143,312 performed during the audit period, examined BCC records supporting 20 selected installations with costs totaling \$74,427 to determine whether BCC records identified the exact locations for the culvert installations and the public purpose served.
- From the population of 800 vendors paid \$83.4 million during the audit period, examined BCC records for 25 vendors paid \$162,165 to determine whether the expenditures served a public purpose.
- Evaluated BCC's site selection procedures related to site selection for the construction of the animal services facility and the new fire station.
- For all 84 BCC vehicles in service during the period April 2017 through December 2018, examined available records that supported vehicle use for 11 selected months to determine whether the BCC maintained vehicle usage logs, the logs were complete and evidenced supervisory review, and that the log information was used for periodic mileage versus fuel analysis to provide reasonable assurance that non-County-business use of BCC-owned vehicles and fuel would be timely detected.
- Examined documentation related to two State grants and one Federal grant, totaling \$3.8 million, provided to the BCC for the purchase of two parks and related site enhancements to determine the actions taken by the BCC to comply with the grant requirements and whether the BCC contacted the State and Federal grantors to determine the appropriate remedies for noncompliance with the grant agreement terms identified in our report No. 2017-198.
- From the \$21 million expended during the audit period pursuant to 30 grants, examined records associated with 4 grants to determine whether the BCC fulfilled any obligations pursuant to the grant applications that required the BCC to expend non-grant resources.
- Examined BCC expenditure and budgetary records for the 2016-17 and 2017-18 fiscal years to determine whether expenditures were limited to budget appropriations.
- Inquired with the Supervisor of Election to determine whether the BCC initiated voter referenda during the audit period.
- Analyzed the BCC water fund and evaluated the BCC's action to reserve funds to ensure retirement of the 2008A and 2008B bond issues if revenues pledged for debt service expire when scheduled and water revenues continued to be insufficient to sustain operations and debt.

- Reviewed BCC records to determine whether the BCC incurred new debt during the audit period.
- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

## ***AUTHORITY***

---

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.

A handwritten signature in blue ink that reads "Sherrill F. Norman". The signature is fluid and cursive, with the first name being the most prominent.

Sherrill F. Norman, CPA  
Auditor General

# MANAGEMENT'S RESPONSE



## PUTNAM COUNTY

2509 Crill Avenue, Suite 200  
PALATKA, FLORIDA 32177  
(386) 329-0205

## BOARD OF COUNTY COMMISSIONERS

BILL PICKENS  
District 1

JEFF RAWLS  
District 2

TERRY TURNER  
District 3

LARRY HARVEY  
District 4

PAUL ADAMCZYK  
District 5

June 2, 2021

Auditor General State of Florida  
Claude Denson Pepper Building, Ste G74  
111 West Madison Street  
Tallahassee, FL 32399

Ms. Norman,

Pursuant to Section 11.45(4)(d), Florida Statutes please find our written statement concerning the findings.

Finding 1 – Procurement – Competitive Selection & Contracting

The county gained considerable enhancements in process with regard to competitive selection and contracting with the implementation of revised procurement ordinance 2018-20, adopted September 25, 2018; furthermore, Putnam County multiplied those enhancements with the implementation of 2019-15, adopted and incorporated into 2018-20 on November 19, 2019. Putnam County continuously strives to seek to implement additional pertinent and relevant enhanced procurement practices.

Finding 2 – Procurement – Public Purpose

1. We continue to recommend that the BCC document the public purpose for all expenditures.

The county will continue to improve documentation of public purpose.

2. Additionally, we continue to recommend that the BCC enhance procedures to ensure that project files include the exact location of culvert installations. The enhanced procedures should also require that, should culverts be installed on private land, the project files either document the specific BCC actions that contributed to the need for a culvert and that a temporary easement was obtained or, if County actions did not contribute to the need for a culvert, that a permanent easement was obtained.

The county will seek ways to continually enhance the culvert installation files/records kept in order to comprehensively document the public purpose of culvert installation activities.

3. The BCC should also take appropriate action to recover from the ferry operator the \$1,200 overpayment and take action to either expedite landing repairs or resolve the ongoing contractual relationship with the ferry operator to mitigate the financial obligation.

Putnam County will seek reimbursement of overpayment.

Finding 3 – Construction Site & Construction Management Entity Selection

Putnam County did use recommended practices in the site selection of the proposed Animal Control Facility Project. The county will continue to consider practices, policies, and/or procedures to enhance the process of site selection/new build projects to ensure fiduciarily responsible practices are followed and documented.



# PUTNAM COUNTY

2509 Crill Avenue, Suite 200  
PALATKA, FLORIDA 32177  
(386) 329-0205

## BOARD OF COUNTY COMMISSIONERS

BILL PICKENS  
District 1

JEFF RAWLS  
District 2

TERRY TURNER  
District 3

LARRY HARVEY  
District 4

PAUL ADAMCZYK  
District 5

### Finding 4 – Monitoring of Vehicle Usage

1. **To better monitor vehicle usage and fuel consumption, the BCC should continue efforts to ensure that policies and procedures are updated and that effective staff training is provided. The updated policies and procedures should require completion of vehicle usage logs, documentation of supervisory review of the logs, documentation of the performance of periodic fuel consumption and mileage comparisons, and use of the vehicle monitoring and fuel usage software.**  
Putnam County will continue efforts to comply with updated policies and procedures.

### Finding 5 – Park Development Grant Agreement Compliance

1. **We recommend that the BCC continue efforts to remedy noncompliance with the terms of the agreements of the grants used to purchase the Nine-Mile Swamp Park and Georgetown Park.**  
Putnam County staff has diligently worked with FTC & LWFC to rectify the noncompliance of Nine-Mile Swamp Park and Georgetown Park. Putnam County will continue working with FCT & LWFC until we are able to reach mutually agreeable terms for both grant agreements.

Finding 6-10 were previously addressed as reported in the Preliminary & Tentative Audit Findings.

Thank you for reaching out to us, I apologize for the missed deadline. The Preliminary & Tentative Audit Findings were sent by your office to all elected officials of the Board of County Commissioners. Our Chairman and our most current past Chairman have sat and reviewed the Preliminary & Tentative Audit Findings with administration. We have no further comments to add to your tentative and preliminary findings. As stated numerous times over the last year, unfortunately for all involved this audit began in 2017 and the county has dramatically advanced in its operations since that audit period, while there was a follow up period even the follow up was period was prior to most of the current administration & administrative staff's arrival. It also precedes the adoption of our current and guiding procurement ordinance. Since the current Administration's arrival, we have worked diligently to align practices with current guiding ordinances and believe that we can all agree dramatic improvement has been yielded.

Sincerely,

Larry Harvey  
Chairman,  
Putnam County Board of County Commissioners