MEMORANDUM

To: Honorable Peter J. Bober, Mayor, City of Hollywood,  
And Members, City of Hollywood City Commission

From: John W. Scott, Inspector General

Date: March 2, 2016

Subject: OIG Final Report Re: Misconduct and Gross Mismanagement by the City of Hollywood in the Procurement of Temporary Employee Services, Ref. OIG 14-027

Attached please find the final report of the Broward Office of the Inspector General (OIG) regarding the above-captioned matter. The OIG investigation revealed that city officials obtained temporary employee services that were in violation of the city’s procurement code, never covered by any written contract, never budgeted, and never authorized by the City Commission. A combination of the use of direct payment vouchers for payment and circumvention of the budget documentation procedures effectively concealed the unauthorized, unbudgeted and improperly procured nature of the expenditures. In total, the city spent $973,864.34 for fiscal years 2013 and 2014 without the Commission’s approval.

During interviews with the OIG, city officials offered absolutely no justification for the procurement and payment of those services in violation of accounting, budgeting and procurement controls. It was apparent that city officials were aware of the use of temps and the costs associated with it, but the deficiencies in, and circumvention of, the city’s processes allowed the unauthorized expenditures to be paid for two years. Only when Transhire began to complain that it was losing employees to another service did the staff decide to bring the issues to the Commission. Rather than provide an accurate account of the use of Transhire temps, city officials glossed over the violations and provided the Commission with misleading and inaccurate statements.

In their responses to the preliminary version of this report, certain current city officials reiterate arguments made during their interviews and claim that they did not violate the city’s Budget Policies, despite the great weight of indisputable evidence to the contrary. The fact that the officials, who are currently charged with oversight of the city’s finances, continue to deny the applicability of long-standing, properly adopted, plainly stated, and openly published financial controls is of significant concern.
The OIG is encouraged by the remedial steps the City has taken in response to the preliminary version of the report. Accordingly, the OIG requests that we are provided with a status report in 90 days, or by May 31, 2016, regarding the City’s additional corrective actions in response to this matter.

Attachment

cc: Dr. Wazir Ishmael, City Manager, City of Hollywood
    Honorable Tim Ryan, Member, Broward Board of County Commissioners
    Honorable Beam Furr, Member, Broward Board of County Commissioners
    Individuals previously provided a Preliminary Report (under separate cover)
BROWARD OFFICE
OF THE INSPECTOR GENERAL

FINAL REPORT

OIG 14-027
March 2, 2016

Misconduct and Gross Mismanagement by the City of Hollywood in the Procurement of Temporary Employee Services
SUMMARY

The Broward Office of the Inspector General (OIG) has concluded an investigation into allegations that City of Hollywood officials violated numerous city ordinances, policies and procedures to pay Atrium Personnel, Inc., dba Transhire (Transhire), approximately $1 million for the services of temporary employees (temps).

The OIG investigation substantiated the allegations. The OIG found that city officials obtained temp services in violation of the city’s procurement code. The city never attempted to obtain competitive rates, which likely led to the waste of taxpayer dollars. Moreover, the payments for the services were never covered by any written contract, never budgeted, and never authorized by the city’s Commission. In order to facilitate the unauthorized payments, city officials inappropriately used a direct voucher payment system that allowed little accountability and permitted deviation from the controls set out in city code, policies and procedures. City officials ignored actual expenditures year after year and failed to obtain budget approval for temporary services costs that were anticipated. For example, by the summer of 2013 the city had spent over $300,000 on Transhire temps that were still on staff. Despite having no intention to eliminate the temps for the following fiscal year, city officials presented a budget to the Commission allotting no money for temps in fiscal year 2014, which began in October 2013. Nonetheless, the city went on to spend $622,934.64 on unbudgeted, unapproved temporary services in 2014. In total, the city spent $973,864.34 for fiscal years 2013 and 2014 without the Commission’s approval.

During interviews with the OIG, city officials offered credible reasons for the use of temporary services, but absolutely no justification for the procurement and payment of those services in violation of accounting, budgeting and procurement controls. It was apparent that all levels of city government were aware of the use of temps. Nonetheless, the OIG investigation determined that a number of city officials knew, or had reason to know, that the services procured from Transhire were not covered under any contract—and thus obtained in violation of the city’s code—but failed to inform the Commission. Officials also had ample opportunity and reason to know that the expenditures were well over the $50,000 annual threshold requiring Commission approval, but took no action to timely obtain that approval when that threshold was exceeded. Instead, when the situation came to light in September 2014, city officials glossed over the violations and provided the Commission with misleading and inaccurate statements. Their misconduct usurped the Commission’s authority and responsibility and in the process disenfranchised the voters who elected it to make decisions about spending such large sums of taxpayer dollars.

The city provided a response to the preliminary version of this report which acknowledges “code and policy violations occurred” and identifies corrective actions taken in response to the facts detailed in
this report. The city has also engaged a consultant to assess the organizational culture and consider potential disciplinary action. With regard to the many responses provided by the various individual respondents, the OIG was dismayed to find further misinformation and finger pointing. We have taken great care to consider their contentions, but found many accounts plainly contradicted by documented evidence or the accounts of others. We address each response in detail in this report, but note here that none of them contain evidence or information that alter our findings. Finally, this report recommends additional steps and potential corrective measures that the Commission should consider as it moves forward.

**OIG CHARTER AUTHORITY**

Section 12.01 of the Charter of Broward County empowers the Broward Office of the Inspector General to investigate misconduct and gross mismanagement within the Charter Government of Broward County and all of its municipalities. This authority extends to all elected and appointed officials, employees and all providers of goods and services to the county and the municipalities. On his own initiative, or based on a signed complaint, the Inspector General shall commence an investigation upon a finding of good cause. As part of any investigation, the Inspector General shall have the power to subpoena witnesses, administer oaths, require the production of documents and records, and audit any program, contract, and the operations of any division of the county, its municipalities and any providers.

The Broward Office of the Inspector General is also empowered to issue reports, including recommendations, and to require officials to provide reports regarding the implementation of those recommendations.

**ENTITIES AND INDIVIDUALS COVERED IN THIS REPORT**

*Atrium Personnel, Inc., dba Transhire*

Transhire has been providing temporary staffing to local governments and businesses since 1984. It was awarded a contract by the Southeast Florida Governmental Purchasing Cooperative on October 16, 2007 to provide certain types of temporary services to the local governments that were party to the contract. The contract expired in October 2013.

*Cathy Swanson-Rivenbark*

Ms. Swanson-Rivenbark was the City Manager from June 2011 until December 2014 (initially as interim). She had been working for the city since May 2009 as the Assistant City Manager.

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1 Although she is no longer with the City of Hollywood, Ms. Swanson-Rivenbark was City Manager at all times relevant to the events in question and is referred to as City Manager throughout this report.
Matthew Lalla

Mr. Lalla has been the city’s Director of Financial Services (Finance Director) since July 2010. The Finance Director is responsible for the supervision of the city’s Procurement Services Division, General Accounting Division and Budget Administration Division, among others.

Ernesto Acosta

Mr. Acosta is the city’s Interim General Accounting Director (Accounting Director) and has been with the city for 17 years. He was promoted to General Accounting Manager approximately 12 years ago and has been the Accounting Director since the retirement of former Director Patrick Gill in December 2014. Mr. Acosta currently reports directly to the Finance Director.

Joel Wasserman

Mr. Wasserman has been the City’s Director of Procurement Services (Procurement Director) since January 2010. He began working for the city in approximately 1999. Mr. Wasserman reports directly to the Finance Director.

Tami Thornton

Ms. Thornton has been the city’s Administrator of Employment and Recruitment in the Office of Human Resources and Risk Management (Human Resources Administrator) since February 1997. She reports directly to the Director of Human Resources.

Jeffrey Sheffel

Mr. Sheffel has been the City Attorney since April 2008. The Office of the City Attorney is the primary provider of legal representation and counsel to the city and is responsible for rendering legal interpretations of federal and state laws and city codes to the city’s Commission, City Manager, and staff.

Alan Fallik

Mr. Fallik is the Deputy City Attorney and has been with the city for 21 years. He began as a Senior Assistant Attorney and was later promoted to Deputy City Attorney.

RELEVANT GOVERNING AND ADMINISTRATIVE AUTHORITIES

City of Hollywood Code of Ordinances

The City of Hollywood Code of Ordinances contains numerous requirements and controls which regulate the expenditure of funds, including the following:
§ 38.39 – Director; Powers and Duties

The city’s Procurement Services Division Director “shall have the power to contract for all supplies, materials, equipment, contractual services needed by all of the departments…which derive their support wholly, or in part, from City funds.” The Ordinance further specifies under subsection (2), Unauthorized purchases, that “…it shall be unlawful for any city officer, employee or other person to order the purchase of…or make any contract for…services…other than through the Division; and the city shall not be bound by any purchase order or contract made contrary to the provisions herein.”

§ 38.40 – Competitive Bidding and Best Interest Exemption

Subsection (A) states “[a]ll purchases of, and contracts for, supplies and contractual services, when the estimated annual cost thereof shall exceed $25,000, shall, except as specifically provided herein, be based, whenever possible, on competitive bids.” The ordinance also enumerates a number of exemptions, including the following:

(8) Best interest of the city. Purchases of, and contracts for, supplies or contractual services, when the Commission declares by a unanimous vote that competitive bidding and competitive proposals are not in the best interest of the city, are exempt from this subchapter. The Commission shall not use this exemption in an arbitrary or capricious manner but shall use it only in rare situations after making specific factual findings that support its determination that competitive bidding and competitive proposals are not in the best interest of the city. In the event that competitive bidding and competitive proposals are waived under this paragraph, the open market procedure set forth in § 38.43 shall be utilized. For those contracts which the City Manager is otherwise authorized to award, he/she may waive competitive bidding and competitive proposals under this paragraph.

§ 38.42 – Formal Contract Procedure

The Code states that “[a]ll supplies and contractual services, except as otherwise provided herein, when the estimated annual cost thereof shall exceed $25,000, shall be purchased by formal written contract after due public notice, as provided herein, inviting bids or proposals.”

(E) Award of contract.

(1) When any goods, supplies, materials or contractual services other than professional services shall be purchased and the estimated annual amount to be paid therefor by the city shall be more than $25,000 but not more than $50,000, the Director shall have the authority to recommend the award of a contract to the Manager. When any goods, supplies, materials or contractual services shall be purchased and the estimated annual amount to be paid therefor by the city shall be more than $50,000, and when
professional services shall be purchased and the estimated annual amount
to be paid therefor by the city shall be more than $25,000, the Director
shall have the authority to recommend the award of a contract to the
Manager for Commission action.

§ 38.76 – Director of the Department of Financial Services; Powers and Duties

Subsection (D) states, in part, “[t]he Director shall: (1) Supervise and be responsible for the
disbursement of all moneys and have control over all expenditures to ensure that budget
appropriations are not exceeded;” and “(12) Countersign all contracts relative to the
expenditure of funds made in behalf of the city, and certificates of work authorized by the
Commission.” Additionally subsection (E)(2) states that the Director shall “[e]xamine and
approve all contracts, orders and other documents by which the city government incurs
financial obligations, having previously ascertained that moneys have been appropriated and
allotted and will be available when the obligations shall become due and payable…”

“Operating Budget Policies and Procedures,” City of Hollywood Operating Budget

The following language is contained in the annual City of Hollywood Operating Budget book under
the heading “Operating Budget Policies and Procedures” (Budget Policies):

From time to time, it becomes necessary to modify the adopted budget. The procedure for
amending the budget depends on the type of change that is needed.

If expenditures will cause the object level to exceed its budget, a budget transfer request
must be submitted to the Office of Budget Administration for approval. These changes do
not affect the bottom line total for a department. These changes include transfers from
one line item to another, within a department’s operating budget, or changes between
divisions within a department. All budget transfer requests must state to and from
accounts. It must also explain the reason for the available funds in the transferring
account and the need for the funds in the receiving account.

- Budget transfer requests of $5,000 or less require approval by the department head
  and authorization by the Assistant Director of Budget & Financial Services and the
  Director of Financial Services.

- Budget transfers between $5,001 and $50,000 require the City Manager’s approval
  and may be done without approval of the Commission. The transfers however, must
  be made within the same office or department within a distinct fund, including but not
  limited to the reallocation of funding for a position reclassification and the creation of
  accounts and transfer of funds necessitated by the creation or amendment of a
  division within a department or the creation or amendment of a special office within
  the Office of the City Manager. All administrative budget transfers are documented
  and tracked in the city’s computerized financial management system.
All budget transfers over $50,000 must be approved by the Commission (emphasis added).

INVESTIGATION

Investigation Overview

This investigation was predicated on information alleging that senior city management officials violated numerous city ordinances, policies and procedures to pay Transhire without authorization for the services of temps.

The OIG investigation substantiated the allegations. The payments for the services were never covered by any written contract, never budgeted, and never authorized by the Commission. We determined that Transhire was not in the business of staffing or providing the type of positions for which it was primarily used by the city. Consequently, for the most part, the city identified, recruited, vetted and selected the persons for those positions, and then sent them to Transhire to be hired. Multiple city and Transhire officials described Transhire’s role in the process as “payrolling” the temps. We further determined that in order to utilize Transhire, multiple senior city officials violated numerous city ordinances, policies and procedures. We also determined that after public exposure of the unauthorized use of, and payments to, Transhire was inevitable and imminent, an inaccurate and misleading resolution was drafted and was presented to the Commission requesting retroactive approval of the city officials’ actions. (Exhibit 1, Resolution and attachments)

The investigation involved the review of substantial documentation by OIG staff including, but not limited to: city ordinances, procurement policies and procedures, proposed budgets, adopted city budget books, Co-op solicitation and contract no. 08-D-001-F award and renewals, procedures for hiring temporary staff, memoranda and email correspondence, timekeeping records, invoices and payment records, accounts payable reports, and city Resolution No. R-2014-254 and attachments. Additionally, pertinent Commission meeting agendas, meetings, and meeting transcripts were reviewed. OIG staff also conducted interviews of witnesses including senior city officials, city staff, and Transhire management and staff.

Transhire’s Services were Obtained in Violation of the City’s Procurement Controls

In fiscal years (FY) 2013 and 2014, the city paid $ 973,864.34 to Transhire for temporary services described below in OIG Table 1. According to the city’s estimate, although the company was used for a number of departments, 96% of the Transhire expenditures were for temps assigned to the police department.2

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2 The resolution presented to the Commission on September 3, 2014, and attached as Exhibit 1, states that approximately $935,000 was expended on Transhire temps and funded from Police Department salary savings.
The prolific use of these temps was well known to city officials. Former Hollywood Police Department (HPD) Chief and Assistant City Manager Frank Fernandez told the OIG that the use of temps and their payment from salary savings was a frequent topic of discussion at meetings with management. He stated that when he first arrived at the city and perceived the need for temps, he
contacted Human Resources, which directed him to Transhire. During a May 2014 meeting Ms. Swanson-Rivenbark, the City Manager, told the Commission she was awarding the police recruitment team, including multiple Transhire employees, a paid day off for their hard work. Unfortunately, the city obtained these services without a contract, a competitive procurement or Commission approval.

1. **Transhire Was Not a Provider of the Types of Temp Services Primarily Sought by the City**

Despite the fact that the overwhelming majority of temp services provided to the city were for law enforcement support positions, Transhire’s founder and vice president told the OIG that Transhire had never been in the business of recruiting, vetting or filling law enforcement support positions such as 911 emergency dispatchers, background investigators, and polygraphers. He did not recall having ever provided temps for such positions to any client other than the city. He told the OIG that he agreed to provide temps for such law enforcement support positions only after receiving the city’s assurances that HPD would perform all of the functions of identifying, recruiting and vetting suitable candidates, who would then be sent to Transhire to be hired.

2. **There was Never a Written Contract for the City’s Use of Transhire’s Services**

With regard to the vast majority of Transhire expenditures, the OIG investigation revealed that the city never utilized a valid contract. City officials repeatedly implied to the Commission and OIG investigators that services were obtained pursuant to the Southeast Florida Governmental Purchasing Cooperative (Co-op) Contract, Bid No. 08-D-001F, awarded to Transhire on October 16, 2007. In fact, a memorandum presented to the Commission from the Human Resources Administrator states, “Transhire provided these additional services beginning October 1, 2012 based on the terms and conditions of the Cooperative Purchasing Group Contract.” (See first attachment to Exhibit 1)

However, this assertion has been contradicted by significant evidence to the contrary. Mr. Wasserman, the Procurement Director responsible for ensuring compliance with the city’s procurement policies, admitted that he was aware in October 2013 that Transhire no longer held the Co-op contract. Furthermore, the Co-op contract included only office clerical positions and at no point did it cover the types of positions primarily sought by the HPD. For the positions covered in the Co-op contract, the contract included set rates, but there were no contractual rates for the types of positions utilized by the HPD. In an interview with the OIG, Transhire’s vice president stated his understanding that the transactions between Transhire and the city were never performed under Transhire’s contract with the Co-op. He further explained that he knew that the positions supplied to the city were not within the scope of Transhire’s Co-
op contract. He noted that his invoices never referenced the Co-op contract. When he learned that city officials had represented that its business with Transhire was conducted pursuant to the Co-op contract, he was surprised and confused. The OIG noted no invoices from Transhire referencing the Co-op contract and found that the rates paid for the HPD temps were not the rates contained in the Co-op contract, but rather rates set on a case-by-case basis by HPD.

Mr. Fallik, the Deputy City Attorney, acknowledged to the OIG that the Commission never approved or authorized any contract with Transhire. The fact that there was no existing contract was internally flagged at least once by a city official, long before it was brought to the Commission’s attention. After receiving an October 15, 2013 email from an HPD Assistant Chief who asked “[d]o we have any written agreement/contract with Transhire? My understanding is that everything is oral…,” Ms. Thornton, the Human Resources Administrator, responded “[l]et me restate…For all the positions you have been using Transhire for, it has only been a verbal agreement." (Exhibit 2) Unfortunately, the Commission was not informed at that time that no written contract or agreement existed, and it would be almost a year before any action would be taken to rectify the issue.

The new Director of Human Resources told the OIG that, after being hired in early 2014, she learned about HPD’s questionable arrangement for the Transhire temps and that the Co-op’s contract with Transhire had actually expired several months earlier. Indeed, she admitted “I’m having a hard time finding contracts for many things.” She described the process following her discovery of the Transhire problem as “unpeeling an onion—the more I peel and see, the more my eyes hurt.”

3. The City did not Competitively Procure Transhire’s Services

The city code requires that a competitive process be conducted for procurements such as those transacted by the city with Transhire. The investigation confirmed that at no point did city staff ever undertake a competitive procurement process for the services it procured from Transhire, nor did they obtain a waiver from the Commission. The rates paid for each of the HPD temps were not based on the rates negotiated in the Co-op contract, but rather, were set on an ad-hoc basis by the city. Although the Resolution claims that the HPD negotiated pricing with Transhire, HPD personnel told the OIG that it merely set a rate they determined was proper and added Transhire’s markup. The Procurement Director admitted that he was not involved in negotiating any pricing with Transhire despite his responsibilities over the city’s procurement processes.5

The failure to conduct or rely on a competitively procured contract likely resulted in a waste of taxpayer dollars. There is evidence that the city could have obtained a lower mark-up rate from Transhire had it attempted to do so. In the summer of 2014, city staff attempted to

5 In his response to the preliminary version of this report, Mr. Wasserman argues that this statement is “inaccurate and false” because he did not know the services were being procured outside the Co-op contract. However, he goes on to say, “I did not have anything to do with any additional negotiations; I did not have anything to do with the negotiation with Transhire for the temporary workers described in the report.”
transfer Transhire temps to the company that had been awarded the subsequent Co-op contract in 2013. Transhire became aware of the attempt and contacted city staff to express its concerns. It also notified the city that it would be willing to lower its mark-up rate from 32% to 25%, a significant discount offered at the first sign of competition.

4. Purchases from Transhire Were not Authorized

The investigation confirmed that Transhire was paid $350,929.70 in FY 2013 and $622,934.64 in FY 2014. City code requires that the purchase of contractual services for more than $50,000 be approved by the Commission. As discussed in more detail below, the investigation has confirmed that management was well aware of the extensive use of the temps, but did not request or obtain Commission approval for Transhire’s services at any point prior to the September 3, 2014 Commission meeting.

City Officials Violated City Budget Policies

Upon establishing the unauthorized nature of the city’s spending with Transhire, the OIG sought to determine how such large sums could be spent in violation of the procurement controls without raising any flags with budgeting and accounting officials. The OIG found that the officials responsible for the budgeting and accounting functions also failed to follow the policies and procedures, allowing the unauthorized spending to continue. Despite its prolific and anticipated use of Transhire’s services in FY 2013 and 2014, the city never included any proposed funding for the “temporary services” line item in the adopted FY 2013 and FY 2014 budgets. City officials also failed to obtain the required documentation and authorizations when transferring funds from one budgeted line item to another. In fact, the OIG found that the controls published in the city’s Budget Policies were completely disregarded at the direction of Mr. Lalla, the Finance Director.

1. Failure to Budget Funds Even When Spending was Anticipated

The Commission was never asked to authorize any funds for payment of HPD temps in its annual budgets for FY 2013 and FY 2014. The investigation found that city officials ignored actual expenditures and failed to obtain budget approval for any temporary services costs despite having spent hundreds of thousands of dollars on temps at the time those budgets were compiled. For example, by the summer of 2013 the city had spent over $300,000 on Transhire temps that were still on staff. Despite having no intention of eliminating the temps by the start of the following fiscal year, city officials presented a budget to the Commission allotting no money for temps in fiscal year 2014, which began in October 2013. Rather than obtain authorization for the anticipated cost at the time of approval of the annual budget, the Finance

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6 The timing of these actions remains unexplained. City staff knew since October 2013, at a minimum, that there was no contract with Transhire. It was also in October 2013 that the new Co-op contract was awarded to another company. The 2013 Co-op contract remained irrelevant to the majority of temps utilized by the city. Nonetheless, the attempt to transfer staff did not occur until the summer of 2014. The OIG notes, however, that the transfers appear to have been spearheaded by the Assistant Chief of Police, who had no access to or authority over potential temp contracts and was acting under the assumption (as previously explained to him by Human Resources) that the city was utilizing the Co-op contract for his department’s temps.
Director elected to budget the monies for personnel costs, knowing that the money would instead be spent for temporary services. He admitted to the OIG that he elected to later reallocate the funds as part of the overall budget reconciliation at the end of the year, after the monies had already been spent without the required authorizations.

Mirtha Dziedzic, the Assistant Finance Director, who prepares the recommended budget, told the OIG that it was made clear during budget discussions with the Finance Director and the City Manager that Ms. Dziedzic must fully fund the vacant permanent positions of the HPD emergency 911 office budget even though city officials did not intend on filling the positions. At that time there was funding for approximately 30 to 40 positions for 911 dispatchers, with approximately 20 of those positions vacant.

During his interview with the OIG, the Finance Director recalled attending a meeting with the HPD in January 2014. HPD was concerned that it was “blowing through” its overtime and temporary services funding amounts, and that those expenditures were resulting in negative line item balances that might be significant enough to impact the overall departmental budget. The Finance Director told the HPD that budgeting occurs at the functional level, “not as individual allocations,” and that he was not going to process budget transfer requests each time a negative line item occurred. Instead, he told the attendees, things would be “cleaned up” in the year-end reconciliation process. He explained to the OIG that in prior years, attempts had been made to process budget transfer requests for line item transfers as they occurred throughout the year and that those efforts had been extremely burdensome.

However, the OIG found that his account of a year-end reconciliation was contradicted by the actual resolution filed with the Commission. According to city staff, the only reconciliation filed for FY 2013 was resolution R-2013-310. (Exhibit 3) A review of the exhibit to the resolution reveals that it does not address any transfers relating to police personnel costs from one line item to another. In fact, the resolution primarily transfers personnel costs monies from a number of departments to the Fire Department. The resolution does not inform the Commission of the temporary services, nor does it request the Commission’s approval of the budget transfers or spending.

The Assistant Finance Director offered a different potential explanation for the failure to accurately budget the funds for temporary services rather than retain funds for permanent positions that would not be filled. She told the OIG that such a movement of budgeted funds from the HPD permanent employee line item to the temp line item would have reduced the “tally” of permanent HPD union employees. She explained that the elimination of HPD union positions would have required Commission approval and opined that it would likely have been opposed by the affected unions. The Assistant Finance Director advised that a “modification form” was not submitted by the HPD to change existing budgeted position counts, which was

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7 In his response to this preliminary report, Mr. Lalla sought to clarify that his reference to the burdensome budget transfers were those related to police department reorganizations. Mr. Lalla also stated, “[d]uring the January 2014 meeting cited in the report, I did tell the then Police Chief and his staff not to be concerned with individual personal services budget line items as long as the totals for all staffing did not exceed the department’s budget.” We think his clarification and admission are consistent with the language in the body of this report.
at the discretion of the department head. She thought that the mechanism used by the city to move money into the temps line item in the overall annual budget reconciliation resolution may have bypassed any such Commission and union requirements. She noted that the entire proposed budget reconciliation would then be submitted for a vote of the Commission in the form of a budget reconciliation resolution at the close of the budget year to amend the approved budget. When asked if the situation was handled in that way in an attempt to obscure the failure to follow routine procedure, the Assistant Finance Director declined to answer, but acknowledged that it could have achieved that effect.

The OIG notes that the use of temporary personnel services is often unanticipated, thus legitimately requiring the use of budgeted permanent personnel funds. However, in this case, staff fully anticipated the use of the temps and could provide no reasonable explanation for failing to publicly and transparently budget the funds, much less obtain the required Commission approval for the manner in which they actually intended to spend them.

2. Failure to Document Transfers of Budgeted Funds

As described above, the Finance Director informed the HPD that he would not document budget line item transfers each time there was a negative budget for temp services. In the case of Transhire, doing so would have required a budget transfer for the payment of every invoice because no funds were ever budgeted. However, the OIG found that the Finance Director’s directive was in violation of the city’s published Budget Policies. The Budget Policies published annually as part of the adopted budget state that if an “expenditure will cause the object level to exceed its budget, a budget transfer request must be submitted to the Office of Budget Administration for approval.”

The Budget policies also explicitly require that transfer requests that do not affect the bottom line of the department must nonetheless describe the reason for the available funds in the transferring account and the need for the funds in the receiving account. Requests for a transfer under $50,000 must be approved by the City Manager. Requests for a transfer over $50,000 must be approved by the Commission.

The Assistant Finance Director advised that a Budget Transfer Form, containing the information required by the Budget Policies, was routinely utilized by all of the various departments. However, she received no forms during her tenure at the city from the HPD for transfers of funds from the permanent employees line item to the temporary services line item. The Finance Director admitted that it was his decision to inform the HPD, in the January 2014 meeting described above, that completing the budget transfer request form was not necessary.

When asked about the requirements of the Budget Policies, the Finance Director denied that he was required to comply with those policies. He stated “we don’t just operate from the policies

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8 The OIG requested a copy of all city finance policies and procedures, including budgeting and accounting policies and procedures, but the city could provide no written policies or procedures (aside from those described in the annual budget book) addressing how accounts should be budgeted differently for “personnel services.”
and procedures of the budget book. We also go by state law that allows for clean-up within 60 days of year-end.” He added, “We knew that we were going to have a situation that would require year-end clean up. This budget book line is not the legal standard.” He further stated that in creating and monitoring the personnel services category of the annual budget “we are concerned with funding a function, not particularly to funding for permanent, overtime, temporary cost mix to fulfill the function.” He did not explain why his department would adopt and publish policies it did not intend to follow.

Several persons interviewed agreed with the Finance Director’s assertion that the personnel services category was “different” from operating accounts, but no additional rationale was provided for the decision not to budget anticipated costs in the proper line item and not to document and authorize transfers in accordance with the Budget Policies. The OIG notes that, by bypassing the transfers and required documentation, city officials also undermined a control that would have brought the unauthorized spending to the attention of the Commission.

3. Over-budget Computer Notifications not Enabled for Personnel Services

The OIG learned that the city’s budget and accounting software system, Government E-Management Solutions (GEMS), contained a feature known as “over-budget failure notifications” that may have detected and prevented the unauthorized temp line item expenditures had the feature been enabled for all accounts. The Assistant Finance Director stated that the feature would generally alert users when money was being spent from a line item with an insufficient balance. However, she advised that she had not received over-budget failure notices when payments were made for temps which had no money allocated in the budget. Kee Eng, the Budget Manager, also noted that GEMS would provide an over-budget failure notice on operating accounts, but not personnel services accounts.

Failure of the City’s Accounting Controls

The payments to Transhire were far above the $50,000 threshold requiring the Commission’s authorization. Since the Commission had never authorized any expenditures with Transhire, the city should have had controls in place to detect and prevent the unauthorized spending. However, the investigation found that the city had no controls in place to detect or prevent spending not authorized by the Commission. Worse, the level of spending with Transhire was known to city management long before it was brought to the Commission’s attention.

Accounting officials paying the Transhire invoices failed to halt the unauthorized and unbudgeted spending. Rather than pay for Transhire’s services by way of the controlled mechanisms used when a valid contract is in place, city officials paid for Transhire by way of direct payment vouchers (DPVs). DPVs are typically used to pay for goods and services when competitive solicitation methods are not readily adaptable or available for the expense, such as dues for a professional association or the local newspaper subscription, but are still subject to authorization limits for expenditures.9 Procurement Services policy PS-

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9 The use of DPVs further belies the assertion by senior city officials that the payments to Transhire were made pursuant to the competitively solicited Co-op contract. Had the Co-op contract actually been the basis for payments to Transhire, such
DPV-01 plainly states that expenditures exceeding $25,000 require the City Manager’s approval. (Exhibit 4) It further states that purchases in excess of $50,000 require Commission approval. However, the Finance Director was aware that expenditures for Transhire had considerably exceeded that threshold. At the end of FY 2013, the city had spent over $300,000 with Transhire, which, according to the Finance Director’s account of events, required reconciliation by November 2013 and was a topic which was discussed at meetings he attended. Further, on January 3, 2014, nine months before the Commission was notified about the unauthorized spending, the Finance Director was copied on an email totaling Transhire temp costs for the first quarter of FY 2014 at $255,614. (Exhibit 5)

Beyond the Finance Director’s knowledge of the expenditures, the OIG notes that the procedure for processing of DPVs contained major deficiencies. In this case there were multiple instances wherein DPVs totaling well over $50,000 in a 30-day period were paid without Commission approval.10 The OIG found that accounting staff was not trained to detect, or empowered to prevent, unauthorized expenditures. They only checked if sufficient budgeted funds were available. In this case, however, payment was made even though there were no budgeted funds.

According to the DPV policy for General Accounting, GA-AP-03, the accountants processing the DPVs only confirm: (1) that sufficient funds are available in the appropriate budget account to cover the expense, and (2) that the supporting documentation for the expense is attached to the DPV. (Exhibit 6) Neither of these verifications would identify whether the expenditure had been granted the required approval. Mr. Acosta, the Accounting Director, who oversees the processing of DPVs, stated that the accountants did not check the specific line items for the availability of sufficient funds. With regards to confirming the appropriate spending level authorizations, he explained that accountants receive different DPV packets and may not see all of the weekly DPVs from a single vendor, thus they would not have known if the aggregate amount exceeded the spending limits. The DPV policy in place for FY 2013 and 2014 did not require the accountants to confirm that the spending was authorized by the appropriate individual. The OIG review of the DPVs revealed that all of them had a line for the “City Manager Signature (if required)” but none were signed by the City Manager.

Our review of the DPVs also contradicts the Accounting Director’s explanation for his division’s failure to note that the invoices did not have the proper authorizations. For example, on October 8, 2013, accountant R.A.H. processed a DPV for temp services for the police department in the amount of $11,714.62. A week later, R.A.H. processed a second DPV for temp services to the police department totaling $13,527.61. (Composite Exhibit 7) Both DPVs contained notations that the account was over-budget and both indicated they were for FY 2013. In total, the two DPV’s surpassed the City Manager’s authority, but neither was signed by the City Manager or otherwise documented the proper authorization. DPVs totaling $55,363.18 were also processed by R.A.H. between December 12, 2013 and January 11, 2014, a 30-day period in FY 2014 that occurred after the Human payments would have been made with reference to purchase orders issued for the Co-op contract—not by DPVs. The OIG acknowledges that the DPV form includes a line item for temp services. Notwithstanding that fact, if the city had a contract with Transhire, payments should have been made pursuant to such contract or blanket purchase order, as confirmed by numerous witness interviews.

10 PS-DPV-01 does not provide any guidelines for determining the required authorization levels for multiple DPVs for payment to the same vendor for the same types of services. According to §38.42 of the Code, the cumulative estimated annual expenditure should be used to determine the required authorization.
Resources Administrator had sent the email to HPD advising that there was no contract with Transhire. (Composite Exhibit 8) This level of spending clearly required Commission authorization, but was paid despite the fact that it was unauthorized.

The OIG found no evidence that accounting staff was trained on the required authorizations for the various spending limits or that, even if staff happened to know about the required authorizations, they would have been empowered to halt the payment process. There were no written procedures or policies communicating the required authorizations to accounting staff processing DPVs or enabling them to review DPVs for required authorizations. During his interview, accountant R.A.H. told the OIG that he would only be concerned with spending authorizations if an individual DPV was over $25,000. This was clearly a misunderstanding of the spending authorizations contained in the code. He stated that he was never trained on the required authorizations and would not have evaluated multiple DPVs to the same vendor for the applicability of any spending authorizations. He told the OIG that he did not recall ever receiving any written policies or procedures.

Nonetheless, the accountant did document that there were no budgeted funds for the Transhire expenditures. He told the OIG that if an individual DPV did not exceed $25,000, he only needed to determine if there was funding in the proper budget line item. If sufficient funding did not exist, he would alert the Accounting Director, who sat across from him. He stated that he would routinely attach a post-it note, initialed with RAH, on the DPV document—as is plainly visible on the DPVs attached as Exhibit 7—notify all concerned that a line item was over-budget. He stated that he documented such over budget accounts as a form of covering himself from any possible perceptions that he was not doing his job correctly. Despite the lack of funds budgeted for temp services, the Accounting Director directed him to continue to process DPVs for Transhire.

Once approved by the accountants, the DPVs were forwarded to Accounts Payable for input into the financial system and the issuance of the check. Individuals at this level also failed to detect the spending of funds without the required authorizations. The Accounting Director explained that the Accounts Payable staff would not look at the line item balance or approvals as they have already received approval from the accountants, whom we note also did not correct line item balances or approvals. Moreover, Accounts Payable did not track or analyze the amount paid to any vendor in order to ascertain if it had been authorized by the required party. Accounts Payable would affix an automatic electronic signature for the Finance Director and also the electronic signature of the Treasurer if the check happened to be in excess of $25,000. In fact, the city issued many checks in excess of $25,000 to Transhire during the period in question, but there was never a documented approval from the City Manager, as required by the code.

R.A.H. stated that, regardless of his post-it notifications, Accounts Payable usually knew when a line item was over-budget because, before paying an invoice, its staff accessed the same screens in the GEMS financial system showing insufficient funds for the line items. Accounts Payable would then return the DPVs to him so that he could “override” the system. The Accounting Director and his predecessor had provided R.A.H. and the other accountants with authorization codes to override the system to allow for payments to be made from over-budget line items. R.A.H. would only execute this override with authorization from the Accounting Director. He stated that the Accounting Director told
him that he (the Accounting Director) had been directed to authorize the temps services budget overrides by management above his level.

The Accounting Director told the OIG that it would not have been hard for the Finance Director to look at cumulative expenditures and see that Transhire was nearing or exceeding expenditures of $100,000 per month. He advised that, if the Finance Director had been tracking checks paid by the city that included his signature, he would have detected that the City Manager’s spending limit had been exceeded, but he did not think that the Finance Director monitored that. He stated that if there was a contract in place for the temps, payment should have been processed with a purchase order, rather than a DPV. Transhire invoiced several departments and programs and although the weekly expenditures may have exceeded $25,000 it was not detected and “no red flags were thrown because DPVs were not meant to be used for contracts.” He added that there is no centralized database used by the city for contracts, Co-op contracts or other contractual agreements, even though for several years he has suggested that such a database be developed.

Ultimately, staff and management had countless opportunities to detect the unauthorized spending within the context of accounting’s processing of payments to Transhire. In fact, accountant R.A.H. flagged well over $50,000 in DPVs as “over-budget” in FY 2013 alone. The result was that the Accounting Director had to authorize the “override” of the system to pay the invoices, meaning that management was aware that payments were being made at a level requiring the Commission’s authorization but took no responsibility for ensuring that the authorization was obtained.

No Justification for City Officials’ Violations of City’s Controls

During interviews with the OIG, staff offered credible reasons for the use of temps, but absolutely no justification for the procurement and payment of those services in violation of accounting, budgeting and procurement controls and the city’s code. In a September 3, 2014 meeting with the Commission, and during her interviews with the OIG, the City Manager attributed the need for temps to a critical shortage in police staffing. She also discussed the labor effects of the lingering transition to county 9-1-1 emergency call services. Indeed, most of the positions for which Transhire was utilized were for the police department. However, the explanation offered by the City Manager for the need to use temps does not address, in any way, the method by which those services were obtained and by which they were paid. Despite interviewing twenty-three persons, some on multiple occasions, and reviewing thousands of pages of communications and documents, the OIG has not identified a single potential justification or supported explanation for the complete disregard of process, policy and Commission authority exhibited in this matter. No one offered an explanation as to why the temp services expenditures could not have been presented to the Commission for authorization. No one offered an explanation as to why a contract for these temp services could not have been procured either through the competitive procurement process or a sole source exception process. There was no explanation as to how such large sums could be paid without having obtained the required authorizations. More disconcertingly, the OIG identified no additional controls that would have prevented these same failures from being used to defraud the city.

11 This report does not dispute the need for temp services as determined by city officials at the time the services were procured.
The City Commission was Misled by the City’s Staff

Not only did city officials fail to timely communicate with the Commission, the OIG investigation also revealed that when they finally did, they glossed over the violations and provided the Commission with misleading and inaccurate information.

1. Staff Knew or Should Have Known about the Violations

Despite having demonstrated knowledge that the city lacked any contracting mechanism to do business with Transhire at least as early as October 15, 2013, and knowledge that the city was spending hundreds of thousands of dollars beyond the threshold requiring Commission approval, the Transhire issue was not brought to the Commission’s attention until September 2014. The OIG conducted dozens of interviews in this matter and obtained contradictory statements from city officials regarding when they were aware of the unauthorized spending and the lack of a valid contract for Transhire’s services.

Ms. Swanson-Rivenbark told the Commission at the September 3, 2014 meeting that she only learned about the unauthorized amounts previously paid to Transhire the day before. She reiterated this account to the OIG during interviews. However, multiple city officials contradicted her account of events:

- Chief Fernandez recalled the City Manager telling him about some aspects of the Transhire problem in late July, 2014. He recalled going to the City Manager after someone in Human Resources told him that the city had been using Transhire without a valid contract for some time and that the Procurement Department had failed to detect the error. He stated that he immediately brought the issue to the City Manager’s attention, who explained to him that there had been no contract between the city and Transhire for some significant time period. She told him the contract had expired unbeknownst to Human Resources. The City Manager also told him that although the city’s payments to Transhire were within the budget amounts approved by the Commission for personnel costs, they had exceeded her spending authority.

- On August 1, 2014, the Human Resources Administrator sent an e-mail regarding the transfer of Transhire temps to another temp agency. The email stated that the issue “rose to the City Attorney and City Manager” and announced that the city had arrived at a resolution which had already been communicated to the temp agencies. (Exhibit 9)

- Mr. Sheffel, the City Attorney, told the OIG that the City Manager notified him of the temp services problem four to eight weeks prior to the September 3, 2014 Commission meeting. She told him that her spending authority had been substantially exceeded in payments to Transhire. According to his account, after the City Manager determined that her spending authority had been significantly
exceeded, she sought his opinion on whether the unauthorized spending violated an ordinance, and if so, what to do.

- The Deputy City Attorney told the OIG that he became aware of the approximately $1 million in unauthorized payments to Transhire prior to August 1, 2014, the date on which the Human Resources Administrator sent the email regarding the issues with the temps. He claimed that the City Manager was aware of the “best interest exemption” strategy they decided to use to address the issue prior to an August 12 meeting with staff.

- The Human Resources Director told the OIG that she met with the City Manager sometime around August 1, 2014 to discuss the ongoing situation. By that time, the Human Resources Director claimed, the City Manager was well aware that the contract had expired and was also aware that the positions used by the HPD were not included in any contract awarded to Transhire, but she (the City Manager) chose not to interrupt Transhire’s services due to public safety concerns. Instead, the City Manager instructed her to immediately begin putting together a resolution to seek approval of a best interest exemption. The purpose of the resolution, as she understood it, would be to approve the prior payments to Transhire and to authorize future use of Transhire’s temp services.

- The Finance Director told the OIG that the City Manager led an August 27, 2014 meeting at which city officials discussed the unauthorized spending for FY 2013 and FY 2014.

These statements also reflect that, at the time of the September 3, 2014 Commission meeting, all pertinent city officials were aware of the facts underlying the misrepresentations discussed below.

2. Misrepresentations Made to the Commission

By the time they presented R-2014-254 to the Commission, all senior city officials involved knew that there had not been a valid contract or authorization for the Transhire expenditures. Unfortunately, the Resolution and accompanying presentation attempted to mislead the Commission and misrepresented the facts.12 As explained by the Deputy City Attorney, while the term “whereas” is generally followed by background information, “nothing in writing [states that] it shall be factual.” However, he agreed that the Commission would generally be dissatisfied if the language was not factual.

12 In their interviews with the OIG, summarized below, numerous city officials admitted that the Resolution contained significant factual omissions, inaccurate information, and untruths. The City Attorney characterized the Resolution’s assertions variously as “a bad miss,” “especially bad because it was represented as a fact,” and “a misdirection.”
The City Manager told the Commission that the city began using Transhire in approximately 2012 pursuant to the city having “piggybacked” on Transhire’s contract with the Co-op, a statement contradicted by the evidence detailed above. References were made multiple times to the Co-op contract despite the fact that it was irrelevant to the services and dollars expended with Transhire. The Resolution also cited to a Co-op contract awarded to Transhire in FY 2013 that, in fact, had never been awarded. This fact was known to city officials, as detailed below in their interview summaries. The Resolution also stated that the HPD identified temp services beyond the initial scope of services awarded to Transhire, when in fact, there was never a contract with Transhire for the type of services purchased by HPD.

Regarding the costs of the services, the City Manager told the Commission that Transhire’s fee was 25%, when in fact it was 32.6%. Paragraph six of the Resolution posits that the HPD negotiated the contract price with Transhire for these services. However, according to Chief Fernandez’s account of events, price was never negotiated by the HPD. The Procurement Director also explained that, contrary to the Resolution’s suggestion otherwise, he was not involved in negotiating “contract pricing” with Transhire. Further, despite the fact that funds were never budgeted for temp services, the City Attorney told the Commission that the payments “…were made within the budget … the payments were made within the existing budget … the funds were reflected in the budget.”

When the OIG asked the City Manager about the multiple misrepresentations contained in the Resolution, she stated that staff had prepared the Resolution and she had not read it when she recommended it to the Commission on September 3rd. During her interview with the OIG, the Human Resources Administrator admitted that when the Resolution was drafted, it was with full knowledge that the original Co-op contract had expired on October 15, 2013 and that Transhire was not included in the Co-op contract for FY 2014. Further, she stated that the Procurement Director and Deputy City Attorney, who also drafted the Resolution, were aware that neither the expired Co-op contract nor the newly awarded Co-Op contract included the positions used by the HPD.

3. Staff Attempted to Mislead the Commission into Improper Use of an Exemption

In addition to the misrepresentations regarding the facts surrounding the Transhire purchases, staff also attempted to misuse a city provision that allowed for a prospective waiver of procurement policies under certain circumstances—the “best interest” exemption. The exemption allows the Commission to waive the competitive procurement requirements if it determines that doing so would be in the city’s best interest. The code explicitly requires that the “Commission shall not use this exemption in an arbitrary or capricious manner but shall use it only in rare situations after making specific factual findings that support its determination that competitive bidding and competitive proposals are not in the best interest of the city.”

However, the Commission was not advised, by either the City Manager or the City Attorney, that it must make specific factual findings. Further, the exemption contemplates findings made prospectively, a fact that was also not explained to the Commission. Rather, the City Manager explained the Commission’s duty to them as follows: “[w]ere these actions in the absolute best
interest of the citizens of Hollywood? Absolutely. That is the requirement we ask you to look at from the best interest provisions when voting today.” Her misstatement was not corrected by the City Attorney. Although he conceded in his interview with the OIG that the exemption was not designed to retrospectively cure unauthorized procurements, he did not offer that interpretation to the Commission on September 3rd. He explained to the OIG that the best interest exemption was the “closest fit,” a nuance that he also elected not to explain to the Commission. Ultimately the Commission did not approve the recommended action.

INTERVIEW SUMMARIES

As a part of the investigation, OIG Special Agents conducted numerous witness interviews. Significant interviews are summarized below:

1. Interview of Frank Fernandez

Chief Fernandez had been the Hollywood Assistant City Manager in charge of public safety since August 2012. He was subsequently named HPD Chief on August 13, 2013. Despite his change in title, he retained his duties as Assistant City Manager.

Chief Fernandez explained that the City Manager made it clear to him in their first meeting that out of all the challenges facing the HPD, addressing the officer and dispatcher vacancies was top priority as it represented a growing threat to public safety. Filling those vacancies, however, would be a challenge. Chief Fernandez explained that identifying candidates to fill the sworn officer vacancies required an extensive effort by experienced specialists to ensure that qualified candidates were selected. Similarly, the work performed by 911 dispatchers also requires significant training and experience. Accordingly, Chief Fernandez met with former Human Resources Director Gail Reinfeld to discuss recruitment of the personnel necessary to fill the vacant positions. During this meeting, he learned that the city had used Transhire for temp services for some HPD positions in the past, particularly latent fingerprint examiners. Ms. Reinfeld explained to him that any salary savings from HPD’s budgeted but vacant positions could be used to hire temps. Based upon HPD’s past use of Transhire and Ms. Reinfield’s explanation, Chief Fernandez believed that the use of Transhire temps was an established and authorized “business practice.”

Chief Fernandez explained that HPD used Transhire temps to fill the shortage associated with the transfer of the city’s 911 dispatch services. He estimated that most of HPD’s use of Transhire temps was for this purpose. Additionally, Transhire temps were extensively used for civilian functions such as background investigations and polygraph examinations. Chief Fernandez further explained that hiring temps for these positions was necessary as the process to hire and train background investigators typically required approximately a year—time that HPD did not have. Therefore, HPD would identify candidates qualified to perform these civilian duties and direct them to Transhire, who would in turn assign them to the HPD.

13 Chief Fernandez is no longer employed by the City of Hollywood.
The HPD hired temps from Transhire for the civilian positions of dispatcher, background investigator, polygrapher, academy advisor, case advocate and crime analyst. In fact, the subject of hiring temps and funding them with salary savings was a routine topic of discussion in the many meetings surrounding the HPD hiring strategy. Chief Fernandez stated that the City Manager was well aware of the fact that Transhire was not being paid from funds budgeted for temps, as no such funds existed, but was being paid from salary savings from vacant permanent positions in the budget. She “was present when these things were happening.”

Chief Fernandez recalled the City Manager telling him about some aspects of the Transhire problem after it emerged. At some point in approximately late July 2014, either Ms. Thornton or the new Human Resources Director, Ms. Hechler, told him that the city had been using Transhire without a valid contract for some time and that the Procurement Department had failed to detect the error. He immediately brought this issue to the City Manager’s attention, who explained that there had been no contract between the city and Transhire for some significant time period. The contract had expired unbeknownst to Human Resources. The City Manager also told him that although the city’s payments to Transhire were within the budget amounts approved by the Commission for personnel costs, they had exceeded her spending authority.

2. Interview of Tomas Sanchez

Assistant Chief of Police Sanchez has been with the HPD for nearly 27 years. He began his career as a police officer, and was promoted to Sergeant in 1995. After several other promotions through the years, he became the Assistant Police Chief in November 2014.14

Assistant Chief Sanchez explained that he began sounding the alarm regarding the large number of upcoming retirements of sworn officers during former Chief Wagner’s tenure. He advised that Chief Wagner had cautioned the Commission in 2011-12 of the pending vacancy problem. The problem was exacerbated by the additional loss of sworn officers that were lured away by cities that could offer more money after many HPD officers had taken pay and benefit cuts after the financial urgency was declared.

The first time Assistant Chief Sanchez ever heard of Transhire was in January 2012. He had been advised that the department was in need of latent fingerprint examiners due to the State Attorney’s Office requirement that all fingerprints be examined and then verified by a second latent fingerprint examiner for accuracy and quality control. As the department had recently lost one latent fingerprint examiner, a replacement was needed. Former Human Resources Director Reinfeld advised Assistant Chief Sanchez to fill the position through Transhire.

On January 9, 2012, Assistant Chief Sanchez located two Broward Sheriff’s Office employees willing to moonlight at the HPD. They were directed to get signed up with Transhire and report to work with the HPD immediately. During a phone call with Ms. Reinfeld, it was determined that a rate of pay needed to be established for the fingerprint examiners. It was also determined that

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14 He was promoted to HPD Chief in July 2015.
HPD had to ensure that it had the funds needed to pay for temps, which it did considering the fact that at the time there were 34 sworn and various non-sworn vacancies. The rate to be paid was ultimately determined by HPD to be $30 per hour plus Transhire’s mark up for both latent fingerprint examiners and background investigators.

In April 2013, Assistant Chief Sanchez noticed that a former city background investigator was working at the city as a Transhire employee. While he had been working for the city for $15 per hour, he was making $30 per hour by working through Transhire. Sanchez also learned that the HPD had hired another former employee through Transhire as a background investigator. Additionally, an academy advisor was hired through Transhire to eliminate “poached” candidates in the academy. The HPD determined that it could not afford to spare sworn officers to perform the duties of background investigators, so Assistant Chief Sanchez was directed to identify and route background investigators through Transhire as temps. He ultimately handled the recruitment and background check of five candidates. He stated he would not accept anybody in his department through a temp agency unless he scrutinized them himself.

With regard to authority to use Transhire for temp employee placements, Assistant Chief Sanchez advised that the HPD did not have a copy of the contract on file. They relied on the recommendation from Human Resources and acted on the understanding that there was a contract with Transhire. He added that the HPD, under his supervision, would not check to see if the positions used were covered in the contract’s scope of services, as the HPD was advised by Ms. Reinfeld in January 2012 that it could use the Transhire contract as long as it had funds. Additionally, he advised that the HPD was informed, via email from Human Resources, that no requisition and no application process was required when using Transhire to fill positions. Also, he added that there would be no need for an application because the HPD and he vetted the candidates, who were then sent to Transhire to apply and commence work. Assistant Chief Sanchez noted that it was not the HPD’s responsibility to monitor the City Manager’s spending authority as it related to the HPD’s use of Transhire employees. Per Human Resources, the HPD’s responsibility was to ensure it had funds available to cover the cost of the temps—which it did.

Regarding the magnitude of hours worked by Transhire/HPD employees in efforts to resolve the police officer vacancies, Assistant Chief Sanchez opined that the City Manager had to have been aware that the cost exceeded her $50,000 spending limit. Transhire’s employees’ exhaustive efforts were recognized by the Team Diamond Award presented during the summer of 2014. The entire Transhire group received the award and recognition from the City Manager for their efforts in Public Safety recruiting. He further advised that the City Manager knew the recruiting process was labor intensive because reports were generated in response to Commission questions regarding the progress and cost of the HPD recruitment effort. Additionally, the City Manager attended swearing in ceremonies for new police officers and would routinely thank the Transhire staff for its work in processing the applicants.

Assistant Chief Sanchez acknowledged that he was not aware that the Co-op contract had expired. However, he stated that many of the positions used by the HPD were not included in the contract. He did not become aware of the contract problems until he was notified that Human Resources
was shopping other temporary service companies to find lower mark-up rates. At that point, Assistant Chief Sanchez became aware that all of the non-sworn Transhire employees were not on contract. At that time, he directed the Transhire employees to sign up with the new temp company (A & Associates). It was his belief that they were his employees and not Transhire employees because he recruited them. He spent money and effort in their recruitment and saw nothing wrong with trying to keep the team together.

Assistant Chief Sanchez stated that when he received the August 1, 2014 email from Human Resources advising him that the HPD actions in directing Transhire employees to apply with the new temporary staffing agency had “legal implications” and involved “ethical decisions,” he became angry that Human Resources would challenge his credibility. He advised that Human Resources was involved in the process and if anything was wrong with his actions legally or ethically, Human Resources should have spoken up. He further advised that he followed his chain of command and informed Chief Fernandez, as the issue was one to be taken up by the Chief with the other department directors. He acknowledged that the email referenced that the issue rose to the level of the City Attorney and City Manager, but neither of them spoke to him about it.

Assistant Chief Sanchez stated that the decision to use Transhire was in no way related to an effort to mitigate the bumping process for 911 dispatchers.

3. Interview of Scott Rasbach

Mr. Rasbach is the vice president of Transhire, a temporary employment placement service that has been in business since 1984. Mr. Rasbach put together Transhire’s response to the Co-op solicitation. As such, he was not only the Co-op’s main contact but also, in his opinion, the most knowledgeable person regarding the bid terms and conditions.

Mr. Rasbach explained that, generally, placements are made through a job order typically initiated by a phone call from a client. At that point Transhire will fill the order by providing its employees’ services. In some instances, Transhire will take on candidates provided by the client and process payroll for those clients.

Mr. Rasbach recounted that, pursuant to Hollywood’s request, Transhire began providing its services in approximately 2012. In fact, its first placement with the city included fingerprint examiners, background investigators and polygraph specialists who were provided to Transhire by the HPD itself. Indeed, the city exclusively provided Transhire all its police department personnel as Transhire was not in the business of civilian police staffing. Because the HPD was providing the candidates and had already performed criminal background checks on them, Transhire only required that these candidates pass a drug screening. Other than processing payroll and facilitating the pre-employment drug screening, no other steps were performed by Transhire with regard to HPD temporary employee placements.

Mr. Rasbach believed that the HPD knew it was working outside the terms and conditions of the Co-op contract, as it was doing business with Transhire through the alternate arrangement
described above, wherein HPD managers would call in a work order and provide Transhire with the candidates. There was no interaction with the city’s Human Resources Department or the Procurement Services Division. There was never any understanding between HPD staff and Transhire that these placements were in any way associated with Bid No. 08-D-001F. To be sure, the placements could not have been pursuant to that bid because the hourly rates were grossly in excess of the rates established in that contract, and the positions requested and filled for the HPD were not included in the scope of services specified in the bid. It was Mr. Rasbach’s belief that there was simply an alternate arrangement to work with the HPD that was based on Transhire’s offer to process payroll and pay hourly rates as directed by the HPD.

Mr. Rasbach characterized the negotiation with the HPD as a simple process. The HPD would initiate a job order and provide a qualified candidate for the vacancy at issue along with a job description and an hourly pay rate. Transhire would then factor in a 32% markup on the hourly wage established by the HPD to arrive at a billable hourly rate. The 32% markup was not negotiated but, instead, was taken from the Co-op contract as that amount was consistently used for placements which complied with the Co-op contract terms and conditions for clerical and other specified positions and pay rates.

Mr. Rasbach further advised that Transhire did not contact the city or the HPD to notify them the Co-op contract had expired since Transhire was not working under that contract for HPD positions. Again, the Co-op contract had nothing to do with the HPD’s temporary employees placed by Transhire.

Mr. Rasbach became aware of a problem with their arrangement on or about July 25, 2014. On that day, he was advised that the Human Resources Administrator had contacted Transhire to inform it that the HPD temp employees billed in the past by Transhire were being re-assigned to the recently awarded Co-op vendor for temporary employment services, A & Associates. He immediately drove to the city to discuss this issue with the Human Resources department. He talked to the Human Resources Administrator that day and informed her that the city was in violation of terms and conditions agreed to each time the hours worked were verified and approved by the HPD or the city. He specifically advised her that the HPD could not unilaterally re-assign his staff to another company. Less than a week later, Transhire was informed that its 14 employees placed with the HPD would not be transferred to the new vendor. The city, however, began to withhold payment for services rendered. Accordingly, Transhire filed a civil action against the city.

4. Interview of Jeffrey Sheffel

The City Attorney stated that he was first notified of a problem regarding the temps by the City Manager approximately four to eight weeks prior to the September 3, 2014 Commission meeting. He thought that the notification probably occurred at one of his regular weekly meetings with her. She informed him that she was conducting an investigation into how and why staff significantly exceeded her $50,000 spending authority with Transhire. After determining that her spending authority had been significantly exceeded, the City Manager sought his opinion on whether or not
an ordinance had been violated and if so, what to do next. He recalled being aware at that time that the amount had reached the range of nearly $1 million over approximately two years, but he did not recall who made him aware of the amount. The City Manager had requested that staff begin gathering information on the actual magnitude of unauthorized spending, but she articulated to the City Attorney when she first informed him of the problem that it was a significant amount. The City Attorney stated that he believed the procurement code had been violated and that “we spent too much money.” He did not recall any discussions during his initial briefings by the City Manager regarding the city’s use of temp positions which were not included in the Co-op contract. He also did not recall those discussions including the city’s attempt to transfer Transhire temps to another company. He stated that the focus of the City Manager’s comments to him were that her spending authority had been substantially exceeded in payments to Transhire.

The City Attorney stated that he was probably the individual responsible for recommending use of the best interest exemption to ratify the city’s prior unauthorized payments to Transhire, along with the anticipated payments to Transhire for FY 2015. He added that discussions were held and ideas were shared with others on the matter. He advised that if he did not direct the use of the best interest exemption he would have, at minimum, approved the idea, as he was the subject matter expert.

The City Attorney stated that, upon being made aware of the unauthorized payments to Transhire, he did not notify the Commission. He believed it was already aware of the situation at the time. He further stated that he did not immediately notify the Commission about the “poaching” of Transhire’s employees because, after hearing from the Deputy City Attorney that Transhire temps were instructed by the HPD to leave Transhire and sign-up with A & Associates, he put a stop to it. The City Attorney stated that the Deputy City Attorney warned him of a potential lawsuit due to HPD’s attempt to transfer Transhire’s employees to the new vendor.

The City Attorney stated that, as of the date of his interview, he had not reviewed any contract or agreement between Transhire and the Co-op or the city. Although he had not reviewed the contract, based upon his legal experience, he was certain that it would have included a clause prohibiting the poaching of employees. The City Attorney advised that A & Associates had recently made a claim against the city for its cost of performing background checks and preliminary administrative processing of temps prior to the conversion plan being ceased on approximately August 1, 2014. He explained that the city’s unauthorized spending and attempted poaching of vendors’ employees represented various legal liabilities to the city.

The City Attorney stated that the Deputy City Attorney informed him that Transhire was claiming that each time a city supervisor clicked the “accept” button on Transhire’s time-keeping web page (indicating their review and approval of hours worked by temps), a binding agreement was created in accordance with terms and conditions specified in the time card agreement. The City Attorney advised that he did not agree with Transhire because that transaction did not include his signature—a requirement of every contract between the city and a vendor. He believed the “accept” button feature was utilized by city staff to verify and approve the hours worked by Transhire’s temps whose positions were not included in the Co-op’s contract with Transhire. He
stated that he did not know how the process differed for positions which were included in the Co-op contract. He stated that although he rejected the concept that a contract was created when city officials clicked Transhire’s “accept” button, there remained a separate and likely legally valid claim that the city should pay Transhire for temp services received and accepted.

Although he did not recall when he became aware of the city’s use of positions not included in the Co-op contract, he was sure that the significant amount of unauthorized expenditures in excess of the City Manager’s spending authority was the primary focus and the reason for developing the Resolution. He added that those unauthorized expenditures were mainly spent on the positions not included in the contract. He believed that if the city’s payments for the temp positions which were included in the Co-op contract were totaled, they would probably be less than the City Manager’s $50,000 spending threshold.

The City Attorney initially advised that during the course of litigation, negotiation and the subsequent settlement with Transhire, he did not review the Co-op contract. He subsequently advised that he had, in fact, reviewed some provisions of the contract, but not for the contract’s validity. His general understanding that a valid contract existed was gained largely through discussions with the Deputy City Attorney and the City Manager. He stated that the Co-op contract between Transhire and the Co-op was “irrelevant.” He further stated that the Co-op contract “was the thing that brought the city and Transhire together.” He explained that there was never any contract approved by the Commission between the city and Transhire that authorized spending in excess of the City Manager’s authority. However, he believed that payments to Transhire of less than $50,000 per year, for positions included in the Co-op contract, would have been authorized and acceptable.

In regards to the spirit and intent of the best interest exemption in the city code, the City Attorney stated he did not believe that the ordinance was adopted for the purpose of retroactive application. He explained that the exemption was adopted to permit alternatives to competitive solicitations in certain specific circumstances. He further explained there were three alternatives to typical competitive solicitations: (1) piggy-back or Co-op, (2) sole source, and (3) best interest. Regarding the inclusion of the best interest exemption language in the Resolution, he stated that he recommended its inclusion after determining it was the “closest fit” of the three alternatives to a competitive solicitation. He explained that the piggy-back or Co-op alternative would not have been a viable solution to retroactively ratify the Transhire expenditures because the temp positions used by the HPD were not covered by the original competitively bid Co-op contract. He further explained that the sole source alternative would not work because there were many other temp agencies that could have provided the same services as Transhire. The only remaining alternative was the best interest exemption, which he characterized as a “catch all.” He advised that it was not a perfect fit, but the closest fit to allow the Commission to solve the problem.

When asked if the Commission relies on the information provided to it by staff and the City Attorney for voting purposes, the City Attorney affirmed that such information is relied upon by the Commission. Although he believes that the best interest exemption provision in the city’s code was not established for retroactive use, he stated “I think anything can be applied retroactively as
long as the Commission approves it.” Regarding whether or not the use of the best interest exemption as requested by the Resolution could be construed as “arbitrary and capricious,” the City Attorney stated, “I wouldn’t say so.” Concerning the Transhire procurements, the City Attorney acknowledged that he was unaware of any review, research or findings performed or documented by city staff, which are required by the ordinance to invoke a best interest exemption to a competitive solicitation. Nonetheless, he again maintained that the best interest exemption was deemed to be the best fit. The only documentation presented to the Commission concerning the Resolution, of which he was aware, was the information gathered by staff at the City Manager’s request.

The City Attorney confirmed that the Resolution which sought to retroactively waive the city’s requirement to competitively bid the temporary employee services formerly provided by Transhire and authorizing issuance of a blanket purchase order for approximately $1 million in unauthorized expenditures, had not been passed by the Commission. The Commission had also not otherwise ratified or retroactively approved the city’s payments to Transhire. The City Attorney further advised that he did not request or attend any meetings regarding development of the Resolution, but was updated on its progress on occasion by the Deputy City Attorney. The City Attorney was aware that meetings were being held about the Transhire situation, but did not instruct that a meeting be held specifically to address the Resolution on August 12, 2014. The City Attorney did not review drafts of the Resolution since the Deputy City Attorney would have been assigned to its development and review. He typically waits to review the final version of resolutions. In this specific situation, he may have been on vacation for a significant period of time during the process as it has been his practice to take vacations in August during the Commission’s recess.

Concerning the structure and language of city resolutions in general, the City Attorney advised that the word “whereas” in a resolution is followed by information that would explain to readers the rationale for the action which the resolution would authorize. When asked to assess the job done for the Transhire Resolution, the City Attorney acknowledged that the failure to include in the Resolution the fact that Transhire’s Co-op contract expired on October 15, 2013 was a significant omission. He further stated that the declaration that Transhire was awarded a contract by the Co-op in FY13 “would be a bad miss,” as it was untrue, and “especially bad because it was represented as a fact.” He also stated that the Resolution’s language that the HPD had negotiated with Transhire was “bad” because it was not supported by the backup documentation and it failed to recognize that the city’s purchasing group was not involved (as required by city policy.)

The City Attorney acknowledged that the Resolution’s reference to “Bid No. 08-D-001F” was an inaccurate reference to Transhire’s contract with the Co-op since “the vast majority of the services were outside the contract.” He stated, “I guess that was a misdirection but it doesn’t feel like it was meant to get the Commission to make a decision they would not have otherwise made.” He further acknowledged that HPD officials performed the selection and recruitment of city retirees, who were then sent to Transhire, to be immediately returned to the city as Transhire’s temp employees. He stated that “we knew they [Transhire] were not going to find 911 people.” He added that he relied on staff and did not think he needed to verify that the information included in the Resolution was true and accurate even though it was being represented as fact.
The City Attorney stated that he believed that the city began using Transhire temps which were included in Transhire’s Co-op contract to fill in for clerical staff during routine absences. He also believed that the city’s expenditures for temps included in the contract would have never, and did not, exceed the City Manager’s spending authority. When informed that the first Transhire temp position that was used by the city was a latent fingerprint examiner (not included in Transhire’s Co-op contract) hired by the HPD in approximately 2010, the City Attorney advised that would be “problematic.” He advised that he did not know whether the Co-op ever revised the scope of services in its contract with Transhire. He pointed to the enumerated positions in the Resolution and described those as the services covered in the Transhire proposal attached to the Resolution. He further advised that it became a moot point, as the Resolution did not pass and the proposal was not authorized.

The City Attorney acknowledged that an alternative approach to resolving the Transhire situation could have been offered to the Commission by proposing a Resolution which would have acknowledged the violations of the city’s procurement ordinance and simultaneously ratified the payments to Transhire. He stated that he wished he had thought of taking that approach instead of the approach embodied in the Resolution. However, he thought that such a mechanism to resolve the situation may have been outside the Commission’s “comfort zone.” The City Attorney acknowledged that such a resolution could have included the accurate factual information that the contract between Transhire and the Co-op had expired in October 2013 and clarified that the overwhelming majority of payments to Transhire were related to positions not included in any contract. He acknowledged that the Resolution was largely weighted by inaccurate information and significant factual omissions.

The City Attorney acknowledged that he did not correct the City Manager’s statement to the Commission on September 3rd that Commissioners were being asked to approve a best interest exemption on the basis that the “best interest” invoked by the Resolution referred to a general undefined standard of best interest of the city, as opposed to the specific language and findings contemplated by the ordinance cited in the Resolution. The City Attorney advised that he believed she was referring to the requirements and resources of staffing for all of the 911 dispatchers. He agreed that, even though he believed the expenditures were in the best interest of the citizens, the City Manager’s comments did not correlate to the code’s language. He stated that it did not dawn on him to advise the Commission that the City Manager’s characterization of the best interest exemption was inaccurate. He stated “I don’t remember having that thought.”

The City Attorney advised that following the Commission’s referral of this matter to the OIG, city staff had taken some steps to identify situations similar to this Transhire problem. The staff’s efforts had uncovered many contracts which had expired for which products or services were being ordered and paid. The City Attorney further advised that former City Manager Cameron Benson, who preceded the City Manager, had been more permissive about departments circumventing the Purchasing Department. He explained that it was relatively typical that department heads in many cities want to handle some procurements or procedural steps themselves because they believe they have superior expertise in the product or service being procured or to expedite the process.
City Attorney advised that the City Manager had taken steps to attempt to eliminate instances of such circumvention, however, some exceptions had continued to occur.

5. Interview of Matthew Lalla

The Finance Director stated that he first learned that the City Manager’s $50,000 spending limit had been exceeded during an August 27, 2014 agenda review meeting led by the City Manager and attended by Chief Fernandez and various department heads within the city. One of the issues discussed at the meeting was the presentation of a resolution addressing the fact that the City Manager had exceeded her spending limit by hiring temps through a company named Transhire. During the discussion, the City Manager told the group that they needed to clean up unauthorized funds expended during FY 2013 and FY 2014. The funds were unauthorized because they were operating under a contract with Transhire that they had “assumed to be active.” Further, they needed to get authorization for the expenditure of funds for FY 2015. The Finance Director was under the impression that the City Manager was already privy to the Resolution’s details as there was a discussion about the use of a best interest exemption to bypass the competitive bidding requirements to which the Transhire payments would have otherwise been subject.

Although, by the City Manager’s account during the meeting, the contract was assumed to be active, the Finance Director did not see a copy of it and did not recall countersigning it. He stated that he believed there was no contract between the city and Transhire. The Finance Director explained that it is appropriate for DPVs, such as the ones used to pay Transhire, to be used for payments on goods. However, their use must conform to the procurement code. It is the responsibility of the department that is requesting a DPV to follow the procurement code. Human Resources and Procurement Services are typically charged with monitoring contracts, terms and expiration dates to ensure that the appropriate purchasing mechanism is in place. Here, however, Human Resources recommended that departments use Transhire as well as managed the Transhire contract. Whereas, ideally, the relevant contract, invoice, and documentation in support of a payment request should be attached to the first DPV submitted for payment under that specific contract, here, the accounting group would not look to see that a DPV was tied back to a contract. As a DPV is merely a payment method with no correlation to spending limits, the fact that the payments were exceeding the City Manager’s spending limit went undetected. The Finance Director ultimately acknowledged that a purchase order should have been used for the Transhire expenditures.

15 In his response to the preliminary report, Mr. Lalla was concerned that this statement could inaccurately imply that he had knowledge of the status of the Transhire contract (or the lack thereof) prior to the August 27th meeting described above. The OIG does not seek to make such an implication. We do note, however, that the Finance Director is responsible for reviewing documents by which the city incurs financial obligations and is the direct supervisor of the Purchasing Director (§38.76 of the city’s code, entitled “Director of the Department of Financial Services; Powers and Duties,” requires that Mr. Lalla “[e]xamine and approve all contracts, orders and other documents by which the city government incurs financial obligations, having previously ascertained that moneys have been appropriated and allotted and will be available when the obligations shall become due and payable…”).
The Finance Director went on to state that the budget line items for temps were not funded. He explained that each time a Transhire invoice was processed, the respective budget line item would accrue a negative balance. That negative balance would increase during the fiscal year as more Transhire DPVs were processed. In his opinion, the negative balance at the line item level was not a problem as long as that department had sufficient overall funding for its personnel services. The Finance Director stated “we don’t just operate from the policies and procedures of the budget book. We also go by state law that allows for clean-up within 60 days of year-end.” Thus, the negative balances would be “trued-up” during the mid-year or year-end budget reconciliation process as, in his opinion, “[the] budget book line is not the legal standard.” He stated that the concern in creating the annual budget was “funding a function, not particularly to funding for permanent, overtime, [or] temporary cost mix to fulfill the function.”

Despite the specific language in the Budget Policies, the Finance Director maintained that the act of truing up the budget came at a later time rather than making and documenting transfers as they occur. According to the Finance Director “a budget is a collection of estimates” and there is no specific requirement to submit budget transfer requests every time because they are “too burdensome.” The Finance Director also advised that the City Manager had not approved the budget transfers for negative line items by the time the year-end reconciliation was prepared for a Commission vote as the budget transfers had exceeded her $50,000 budget transfer approval limit. The Finance Director further explained that the language: “Upon final adoption, the budget is in effect for the ensuing year and becomes the authority for the various departments and offices to expend funds subject to controls established by the city Code of Ordinances and Florida Statutes” superseded the Budget Policies language and supported his belief that truing up the budget was proper. According to the Finance Director, this language was the authority which negated the requirements set forth in the Budget Policies as the net result of the year-end true-up was a balanced budget.

The Finance Director recounted that, in January 2014, he had a meeting with Budget Director Mirtha Dziedzic, Budget Manager Kee Eng, Chief Fernandez, and other HPD staff over HPD’s concern that it was “blowing through” its overtime and temps services funding amounts. The specific concern was that the expenditures were resulting in negative line item balances that could be significant enough to impact the overall departmental budget. The Finance Director explained to the HPD that budgeting occurs at the functional level, “not as individual allocations,” and that he was not going to process budget transfer requests each time a negative line item occurred. Instead, things would be “cleaned up” in the year-end reconciliation process. Accordingly, the Finance Director informed the HPD that completing budget transfer requests to address the negative balances would not be necessary.

The Finance Director explained that such was his decision with regards to HPD’s concerns because, in the past, attempts to process budget transfer requests for line item transfers when HPD management was re-allocating personnel during the year proved burdensome. Further, the Finance
Director continued, had a funding shortfall been projected, Financial Services would have made the necessary transfers.\textsuperscript{16}

Conversely, the Financial Services Department did not detect mounting expenditures to any particular vendor as there is no threshold amount in the DPV review and approval process to red flag amounts that may exceed the City Manager’s authority. The amount of a DPV would not necessarily raise a red flag. The accounting and accounts payable staff would only ensure that there was sufficient funding at the category level—not the line item level.

The Finance Director faulted the city’s failure to realize that the unauthorized purchases were exceeding the City Manager’s spending limit on the departments that utilized Transhire as they did not follow the procurement code. He further faulted Human Resources for mismanaging the purported contract. Notwithstanding, the Finance Director did acknowledge that it was ultimately his responsibility to ensure that effective internal controls were in place to detect and prevent unauthorized spending. He also admitted that, because the amounts had surpassed the $50,000 transfer approval limit of the City Manager, all budget transfers related to the Transhire expenditures required Commission approval. As there were no budget transfer requests generated, there was no documentation memorializing management’s justification for those budget transfers. Furthermore, by not using the budget transfer request forms, the subsequent review and approval process was not performed.

\textbf{6. Interview of Alan Fallik}

The Deputy City Attorney explained that the purchasing manual requires that a contract be awarded for services exceeding certain dollar thresholds. Transhire, however, has never entered into a contract with the city. The Deputy City Attorney also explained that Commission approval is required for single vendor purchases exceeding $50,000. This requirement is without regard for whether the expenditures were based on one or more contracts with that vendor.

The Deputy City Attorney stated that it was his understanding that Transhire temp employment services were used pursuant to a Co-op contract solicited by the City of Coral Springs and were paid for using direct payment vouchers. It was also his understanding that the city was a Co-op member, however, it had used Transhire for services that were not competitively bid. As he “was led to believe” that services outside the scope of the Co-Op contract were the problem, he assumed that services within the scope were approved. He was certain that the Commission would not authorize payment of expenditures for positions neither bid nor awarded in the Co-op contract.

The Deputy City Attorney initially became aware of the approximately $1 million in unauthorized payments to Transhire on August 1, 2014 after receiving an email from the Human Resources

\textsuperscript{16} In his response to this preliminary report, Mr. Lalla sought to clarify that his reference to the burdensome budget transfers were those related to police department reorganizations. Mr. Lalla also stated, “[d]uring the January 2014 meeting cited in the report, I did tell the then Police Chief and his staff not to be concerned with individual personal services budget line items as long as the totals for all staffing did not exceed the department’s budget.” We think his clarification and admission are consistent with the language in the summary of his interview.
Administrator. Through that email, he was made aware that that the city’s previous payments to Transhire were unauthorized expenditures and that Transhire’s temporary employees were being inappropriately instructed to transfer to another temporary employee agency. He was subsequently advised by Human Resources and Procurement Services that the $1 million in unauthorized expenditures were a possible violation of the city’s purchasing ordinance.

Once he found out about the issues with Transhire, the Deputy City Attorney immediately spoke to the City Attorney about presenting a resolution to the Commission invoking a “best interest exemption” in efforts to ratify the unauthorized expenditures. The City Manager agreed with this strategy. To that end, at an August 12th meeting, the Deputy City Attorney instructed the group, including staff, as to what needed to be in the content of the Resolution. The information he instructed staff to include was incorporated into the various drafts of the Resolution.

When discussing a resolution’s language, the Deputy City Attorney explained that the term “whereas” is generally followed by background information. However, he went on to offer, “nothing in writing [states that] it shall be factual,” although he agreed that the Commission would generally be dissatisfied if the language was not factual. Turning to this Resolution, he explained that its reference to Bid No. 08-D-001F and the date the contract was awarded in FY 2013 was included because he was under the impression that the city was a participant in that Co-op contract. He did not independently verify that information because the City Attorney’s Office routinely relies on the information supplied by staff.

When the Deputy City Attorney was initially informed by OIG Agents that Transhire was not awarded a contract by the Co-op in FY13 and that the referenced contract expired on October 15, 2013, he advised that he was unaware of the contract’s expiration, which was a problem, but did not see it to be a significant misstatement or omission. The Deputy City Attorney changed his answer, however, when he was further advised that, from the outset, the HPD was using Transhire temps for positions outside the contracted scope of services. He then stated that, in such case, the Co-op contract would not have been administered in accordance with its terms and conditions, a fact “that would have been nice to know” as he “would have changed [the Resolution language to make] clear what the true facts were.”

The Deputy City Attorney went on to express reservations on other assertions made in the Resolution. For instance, he was confused by the Resolution’s reference to temporary positions used by HPD that were “beyond the initial scope of services.” This language was concerning considering the fact that he was unaware of any revisions to the scope of the Co-op contract after it was awarded to Transhire. Accordingly, the use of the term “initial” would be unnecessary. Further, the Deputy City Attorney explained that the assertion that the HPD negotiated contract pricing with Transhire would be problematic if the procurement services division was not involved.

17 In his response to the preliminary version of this report, Mr. Fallik states, “[n]otwithstanding the foregoing, there are rules, regulations, ordinances and/or laws that prohibit deliberate dishonesty or deception and falsification of public records. Though my answer was technically correct, perhaps I should have mentioned these broader prohibitions in order to make my answer not misleading. I never intended to imply that City staff can provide information to the City Commission without regard to the accuracy of the information.”
in the negotiation. It would also be problematic if cumulative payments to Transhire exceeded $50,000 in a single fiscal year.

7. **Interview of Joel Wasserman**

The Procurement Director explained that it was his understanding that the Co-op contract permitted Transhire to provide temporary staffing for general clerical, general labor and secretarial type positions. The city relied on the Co-op’s contract with Transhire and did not issue its own separate contract. He did not believe, however, that a piggybacking request form had ever been submitted by any of the city’s departments for authorization to participate in the Co-op Contract. Notwithstanding, he subsequently learned that the city utilized Transhire’s staffing services for a number of positions which were not covered under the Co-op contract, including police department 911 operators, latent fingerprint examiners and background investigators. He was “dumbfounded” when he heard that the city was using Transhire to fill positions which were not covered under the Co-op contract and that the total annual payments to Transhire were so large.

The Procurement Director admitted that he had been aware that the Transhire Co-op contract was expiring in October 2013 because the Co-op asked for estimated hours of temp usage in order to solicit a new contract. Although he was aware that the Co-op contract expired in approximately October 2013, it was his understanding that the city was nevertheless contractually obligated to Transhire. 18 He stated that it was the City Attorney’s and Deputy City Attorney’s position that every time a city employee approved a Transhire employee’s time through Transhire’s system, the city was acknowledging receipt of the particular services ordered in the amounts specified, thus creating a binding agreement. He admitted however, that the attorneys’ position that a *de facto* contract existed did not alter the fact that the payments to Transhire were still unauthorized purchases, as they were not only made citing an expired Co-Op contract, but were for services outside the scope of that contract.19

Turning to how Transhire’s services were financed, the Procurement Director advised that the city paid Transhire using DPVs. He stated that DPVs are a payment method used by the city to pay for purchases which are only available from a sole source or purchases which “can’t be competed,” such as a Sun Sentinel subscription, travel reimbursement or conference expenditures. Payments made via DPVs are initiated by the division that is seeking the voucher after receipt of goods or services purchased directly from the vendor. DPVs are submitted to the Financial Services Department to be paid. The Procurement Services Division is not involved with such transactions. Purchase orders, on the other hand, are processed through the Procurement Services Division. The Procurement Director was not certain why DPVs were used for payments to Transhire. He noted that DPVs include a line-item for payments of temporary services and surmised that it could

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18 In his response to the preliminary version of this report, Mr. Wasserman denies making this statement. He states, “I have no opinion on the legality or binding nature of the agreement at issue.” A review of interview notes and subsequent memoranda confirm the account provided herein. We note that his statement was not relating to his own opinion, but to the position, as he understood it, of the City Attorney’s office.

19 In his response to the preliminary version of this report, Mr. Wasserman notes that he did not use the term “de facto.” He did not. The OIG uses the term to characterize the nature of the agreement he describes in the preceding sentence.
have been the reason they were used. He acknowledged that his own division had used Transhire to obtain the temporary services of a secretary during the period covered by the Co-op contract. Although the city did not have their own contract with Transhire, he believed that the Co-op contract enabled the city to use them for temporary staffing needs. As for payment, Human Resources directed his division to submit a DPV to pay Transhire.

The Procurement Director was never asked to issue or approve a purchase order for Transhire’s services as there was never a requisition issued for Transhire’s use as a new vendor in light of the Co-op relationship Transhire had with the city. Additionally, the Procurement Director recalled reviewing an email which indicated that Transhire’s use would be minimal. As Transhire’s use was initially expected to only be for “hundreds of hours of temporary services,” an amount that would not have exceeded the $25,000 spending threshold, Commission approval was not sought for the Transhire payments. The Procurement Director agreed, however, that the city’s use of DPVs as opposed to purchase orders may have contributed to the city’s failure to recognize the mounting total of annual payments to them. Indeed, the Procurement Director acknowledged that considering the amounts actually paid to Transhire, a purchase order with an accompanying contract should have been the required mode of payment.

The Procurement Director believed that the first time he heard any discussions about problems relating to Transhire was in approximately late July or early August of 2014. Although he recalled being on vacation around this time, he also recalled being in the Human Resources department while either the Human Resources Administrator or Director, was speaking to Transhire on the telephone. Transhire was no longer a part of the Co-op contract and they were complaining about attempts to move their employees who were assigned to HPD to the vendor that did get the Co-op contract, A & Associates. The Procurement Director believed that this situation with Transhire started the sequence of events that ultimately led to the creation of the Resolution.

The City Attorney’s Office directed that the Procurement Director be charged with drafting the Resolution. For the draft, he used a template for resolutions that contained some basic language and developed the paragraphs based on information he had gathered. There were other city employees involved in creation of the Resolution as well. Their input came in the form of email communications proposing revised versions.

The Procurement Director admitted that although the Resolution that was submitted to the Commission contained some factual information, it also contained errors, including misleading information and material omissions. The Procurement Director accepted responsibility for these errors. (“I was a part of drafting this—in error—I will take responsibility.”) He acknowledged that the Resolution cites a contract being awarded to Transhire pursuant to Bid Number 08-D-001F despite the fact that the contract had long since expired by the time the Resolution was presented. The Procurement Director was aware of its October 2013 expiration. He acknowledged that Transhire was not awarded the subsequent Co-op contract and that this fact was not articulated anywhere in the Resolution. The Procurement Director also explained that, contrary to the Resolution’s suggestion otherwise, he was not involved in negotiating “contract pricing” with Transhire as referenced in paragraph six. Procurement was not included in the process at all. He
believed that HPD negotiated the terms and conditions without his participation. He included the language about the negotiations because the use of Transhire’s temporary services was going to continue into FY 2015.

He recounted that the City Manager’s secretary contacted him to ask if he would present the Resolution before the Commission. He declined, as he “did not want to say the city did not follow policy,” nor did he want to be the one to inform the Commission of the “unauthorized purchases.” It was his understanding that the City Manager also contacted Chief Fernandez about presenting the item. Since the City Manager could not find anybody to make the presentation, she made it herself.

The Procurement Director opined that the cause of the overall Transhire problem was multiple city departments’ failure to follow proper procedures. As the “contract” was entirely managed by Human Resources, he was unaware of the fact that the city was using Transhire to fill positions which were not envisioned by the Co-op contract, as well as the facts that costs of the Transhire’s services were mounting and that the costs had surpassed the City Manager’s spending limit. Indeed, he did not become aware of these details until he was asked to assist other employees in developing the Resolution.

8. Interview of Tami Thornton

The Human Resources Administrator explained her understanding of how the Transhire situation developed. Specifically, she explained that, several years ago, the city declared a state of financial urgency which resulted in significant pay and benefit cuts to staff. These cuts resulted in a mass exodus of city employees in the form of retirements and resignations, primarily by the HPD’s sworn officers. At approximately the same time, the city’s 911 response center was scheduled to be consolidated with the Broward Sherriff’s Office which resulted in a decision to forego hiring any new 911 dispatchers as vacancies arose. As a result, the HPD developed a great need for temporary 911 communicators and background investigators to address the critical HPD vacancies.

After researching the issue, the HPD determined the pay rates necessary to attract well qualified candidates for the background investigator vacancies. According to the Human Resources Administrator, these pay rates were a substantial increase over prior entry-level rates. As the union was not willing to engage in piecemeal bargaining, it rejected the pay increase request. Accordingly, a decision was made by city officials to hire background investigators by identifying qualified candidates, directing them to Transhire, then hiring them from Transhire at the increased rates.

The problem with using Transhire temps in this fashion came to light in mid-July 2014. Around that time, the HPD was advised that Transhire was no longer a part of the Co-op contract after they attempted to hire a temporary clerical employee through Transhire. The Human Resources officer assigned to work with the HPD did some research and determined that A & Associates, a temporary services vendor that was a part of the Co-op contract, was a good alternative. Accordingly, the HPD began to instruct their temps, who at that point were still Transhire employees, to switch to A & Associates. Transhire officials learned about what the HPD was
doing and demanded that it cease its efforts to have Transhire employees sign up with a competing agency. The Human Resources Director contacted the City Manager in late July or early August to alert her about the situation.

On August 12, 2014, the Human Resources Administrator attended a meeting along with the Procurement Director, the Deputy City Attorney, and the Human Resources Director. The purpose of the meeting was to discuss the city’s predicament resulting from the Transhire controversy. Specifically, they discussed the process to be utilized to get an approved vendor for the city’s ongoing temporary staffing needs. They also assigned responsibilities for gathering the information necessary to make a presentation about the Transhire situation at the next Commission meeting. The Human Resources Administrator recalled that two points specifically made during the meeting were that Transhire had no active contract with the city or the Co-op, and that the utilization of Transhire had involved significant unapproved expenditures. The Human Resources Administrator stated that at about that same time, she had become aware that the amount of Transhire expenditures was approximately $1 million. Although she had been employed with the city for 17 years, she was unaware that the City Manager had a $50,000 spending threshold and only became aware of that threshold through these events.

For purposes of drafting the Resolution and preparing for its presentation to the Commission, the Human Resources Administrator was, in part, responsible for determining the number of temporary positions staffed by Transhire, as well as the titles of those positions and total spending. The City Manager was kept abreast of these figures. Additionally, the figures were used in an interoffice memorandum from the City Manager to the Commission dated September 17, 2014. The Human Resources Administrator admitted that when the Resolution was drafted by the Procurement Director, it was with full knowledge that the Co-op contract that included Transhire had expired on October 15, 2013 and that Transhire was not included in the Co-op contract for FY 2014. Further, the Procurement Director and the Deputy City Attorney were also aware that neither the expired Co-op contract nor the newly awarded Co-op contract included the positions used by the HPD such as 911 communicators, background investigators, case advocates, and other law enforcement positions.

During her interview, the Human Resources Administrator was presented with an interoffice memorandum from her office recommending a blanket purchase order to retroactively ratify the unauthorized expenditures. After reviewing the memorandum, she admitted that the language in it was not accurate and that it was misleading. She explained that although she was the primary author of that memorandum, she did so at the Procurement Director’s direction with specific instructions to request a blanket purchase order.

In the Human Resource Administrator’s opinion, she did not believe that anybody intentionally did anything wrong. In describing the root cause of the Transhire problem, she explained, “we didn’t follow our own policies and procedures.” For example, despite the fact that all requests for temporary employees were supposed to go through Human Resources, that policy was violated in many instances. She stated that in addition to the HPD, several other departments were contacting Transhire for temporary personnel directly without involving Human Resources at all. Further, she
speculated that department directors may not have signed several invoices and/or DPVs, thus negating the extra layer of scrutiny that comes with a signature. She stated that the people processing invoices and payments likely did not know to note the red flags.

Notwithstanding, the Human Resources Administrator offered that there were a number of missed opportunities to detect the magnitude of the Transhire expenditures prior to summer 2014. For instance, the HPD should have noticed that their expenditures were exceeding the $50,000 threshold as they were spending the most of all the other departments—an estimated $25,000 per week. Additionally, the Financial Services Department should have detected the issue as the DPV payment request packages were being reviewed and paid. She stated that the lack of adherence to the city’s ordinances, policies and procedures on many levels aided in the issue becoming so significant.

9. Interview of Tammie Hechler

Ms. Hechler has been the Human Resources Director for the city since June 2, 2014. She replaced the former Director, Ms. Reinfeld. She stated that while at a weekly meeting in mid-August 2014, Chief Fernandez requested that Human Resources provide the HPD with a temporary part-time secretary. Joshua Kittinger, Human Resources’ Officer for Public Safety, contacted the Procurement Department and was advised that the city had a “piggyback contract” with A & Associates for temporary employees. Apparently already being aware that the city was now using A & Associates for the HPD’s temporary service needs, Assistant Chief Sanchez explained that, in the past, he recruited several persons and directed them to go through Transhire, another agency associated with a former Co-op contract, to fill certain HPD temporary staffing positions. Once Transhire’s contract with the Co-op expired, Assistant Chief Sanchez directed those persons to go to A & Associates to continue their temporary employment arrangement with the HPD. This arrangement seemed “odd and wrong” to the Human Resources Director. Accordingly, she consulted with the Deputy City Attorney. As Transhire was claiming that a contractual relationship existed with the city through language in their time card agreement, the conversion plan was halted.

In addition to learning about the HPD’s questionable arrangement with their Transhire temps, the Human Resources Director also learned that the Co-op’s contract with Transhire had actually expired several months earlier. Since Transhire was not awarded a new contract with the Co-Op, the city had been utilizing Transhire without a contract. The Human Resources Director admitted, “I’m having a hard time finding contracts for many things.” She described the process following her discovery of the Transhire problem as “unpeeling an onion—the more I peel and see, the more my eyes hurt.”

The Human Resources Director stated that although it was clear that Transhire and the city were operating outside of a formal contract, they continued their relationship until September 17, 2014, the date the Commission directed the city’s relationship with Transhire to stop. The decision to continue using Transhire despite knowledge that no contract existed was the Human Resources Director’s after receiving advice and instruction from the City Attorney’s Office and the City
Manager. This decision was also made with knowledge that the HPD’s use of the temps could not be abruptly halted. Similarly, a decision was made by management above the Human Resources Director’s level to continue using Transhire’s services until the item could be brought to the Commission. She stated that the City Manager was ultimately responsible for the decision to continue using Transhire despite the knowledge that no contract existed with the city.

Sometime around August 1, 2014, the Human Resources Director met with the City Manager to discuss the ongoing situation. By that time, the City Manager was well aware that the contract had expired and was also aware that the positions used by the HPD were not included in any contract awarded to Transhire. The City Manager explained that the HPD was relying on Transhire’s temp services to supplement critical public safety functions. For that reason, while being aware it was in violation of city policy, they chose not to interrupt Transhire’s services. Instead, the City Manager instructed the Human Resources Director to immediately begin putting together a resolution to seek approval of a best interest exemption. The purpose of the Resolution would be to approve the prior payments to Transhire and to authorize future use of Transhire’s temp services.

As for how Transhire’s staffing services were funded, the Finance Director explained to her that the city’s budget included a line item for temporary services which begins at zero each fiscal year. As funds were spent on temporary services, money was transferred from the amount budgeted from vacant permanent positions into the temporary services line item. The actual payments to Transhire were made using DPVs which draw from the budgets of the particular department requesting the DPVs.

In the Human Resources Director’s opinion, there was no single cause for the Transhire problem. The use of DPVs for payment, in her opinion, may have been a factor in the city’s inability to detect the developing Transhire problem. Additionally, the fact that individual departments processed DPVs inconsistently further exacerbated the problem. The Human Resources Director also cited some city departments’ practice to circumvent Human Resources when using temporary employee services despite city policy requiring temp services be coordinated by Human Resources.

She went on to advise that since the Transhire issue surfaced, temp contracts are under blanket purchase orders and are run through the Procurement Division when payments are processed. There has also been a new “other miscellaneous” line item included in temp services contracts to cover the positions which may not have been defined in an awarded contract. This provides greater flexibility in the varying need for specific temps and allows the city to still be part of the contract. A resolution approving the most recent contract was approved unanimously by the Commission after she met with each Commissioner to explain how the city had improved its practices and its use of DPVs since the Transhire issue.

10. Interview of Mirtha Dziedzic

Ms. Dziedzic has been the Assistant Director of the Budget and Financial Services Department since being hired on October 1, 2012. She reports directly to the Finance Director.
The Assistant Finance Director confirmed that the city had an ordinance which governed the transfer of budgeted funds after adoption of the budget. She also confirmed that a requirement exists that budget transfers of $5,000 or less be approved by the department head seeking it and be authorized by her and the Finance Director. Budget transfers between $5,001 and $50,000 required approval of the City Manager. Further, as of fiscal year 2014, transfers of more than $50,000 required approval of the Commission. The Finance Department created a “Budget Transfer Form” to document transfer requests and approvals. The form included information about the requested fund transfer such as the respective budget line items (from and to); the amount to be transferred; a justification for the transfer; and approval lines for the director of the originating department, the Budget Director, the Director of Finance and the City Manager. While budget transfer forms were routinely utilized by various departments as needed, the Assistant Director never received forms from the HPD requesting transfers of funds from the HPD permanent employees budget (budget suffix 1210) to the HPD temporary employees budget (budget suffix 1310). She conceded that it was her responsibility.  

The Assistant Finance Director explained that during her tenure at the city, no funds were budgeted for HPD temps. As a result, all payments to HPD temps necessitated the movement of funds from other budget line items to the temps line. She initially admitted that all such transfers from other line items to the temp line item would have required the completion of a budget transfer form to be approved by Chief Fernandez and herself. All such transfers exceeding $5,000 would have required the approval of the City Manager. However, no such forms were received requesting the transfer of funds from the HPD’s permanent employee allocation into the unfunded HPD temps line item.

She went on to explain that, in some instances, departments were alerted to their need to submit budget transfer forms by the budget and accounting software, GEMS. According to the Assistant Finance Director, this program would generate an “over budget failure notice request” when a department spent more money for a budgeted item than allocated. At that point, a budget transfer request form would be used to track the transfer of funds. The Assistant Finance Director never received an over budget failure notice from the HPD tagged to its spending for temporary employees, despite the fact that there was never any money budgeted for payment of HPD temps. She was not aware as to why the program had failed to generate the over budget failure notice in this instance.

The Assistant Finance Director conceded that it was her responsibility to ensure that requirements for handling budgeted funds were followed, including the requirement that a budget transfer form be prepared and approved for all transfers of budgeted funds. She never followed through with this requirement in handling the HPD payments because the overall budget category of HPD personnel always had sufficient funds to pay the temps. Moreover, the HPD had its own budget specialists. It was her impression that the HPD operated as an autonomous department which

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20 In her response to the preliminary version of this report, Ms. Dziedzic states, “I acknowledged it was the responsibility of the budget division to perform budget transfers once they were approved.”
handled its own issues including fiscal affairs and budget functions. As such, she did not involve herself in the routine operational budgetary functions of the HPD.

She explained that instead of following proper procedures to fund the temps line item, the HPD waited until the annual budget reconciliation close-out process (commonly called the “true-up”) to resolve the problem. During the reconciliation, the transfer of funds would be included with all of the other more typical movements of funds to true-up the budget. The entire proposed budget reconciliation would then be submitted for a vote of the Commission in the form of a budget reconciliation resolution as the state allows 60 days at the close of the budget year to amend the approved budget. Although the Assistant Finance Director would not comment on whether the HPD’s transfer of funds in this fashion was conducted in efforts to intentionally conceal the irregularities within the overall budget reconciliation, she acknowledged that it certainly could have achieved that effect.21

In FY 2013, the HPD paid over $300,000 for temp services. Accordingly, in order to reconcile the budget for that year, there was a year-end transfer of over $300,000 from the budget for the HPD’s permanent employees to the budget for its temporary services.22 Notwithstanding the expense in FY 2013, the Assistant Finance Director did not recall any consideration of funding the HPD temp line item for FY 2014 despite the fact that there was no indication that its spending for temps would be decreasing in the future.

The Assistant Finance Director explained that assigning budgeted funds from the HPD permanent employee line item to the temp line item would have raised its own concerns. First, it would have reduced the tally of permanent HPD union employees. The elimination of HPD union positions would have required Commission approval and likely would have been opposed by the affected unions. She did not receive a modification form from the HPD to change existing budgeted position counts. She acknowledged that moving the funds during the true-up, as was done here, bypassed any such Commission and union requirements.

The Assistant Finance Director went on to offer that it was implausible to suggest that the City Manager and Chief Fernandez were unaware that the HPD was using temp services to resolve its staffing shortages. She explained that there were personnel requisition review meetings approximately once or twice a week since she started working for the city in October 2012. Those meetings typically included the City Manager, former Human Resources Director Reinfeld, the

21 In her response to the preliminary version of this report, Ms. Dziedzic states, “I don’t remember refusing or declining to comment on any question. I would not be able to comment on the intentions of the HPD or any other person in this matter.”

22 In her response to the preliminary version of this report, Ms. Dziedzic states that “[n]o transfer was done. The department did not have an overall shortfall and no modifications were needed to true-up the Police Department’s budget.” It is undisputed that these invoices were paid from the temporary services line item which never had any budgeted funds. Her current statement would mean that finance staff left a negative line item of over $300,000 without reconciling its source of funding, and would contradict the account of all of the finance staff interviewed during this investigation. We think it more likely that Ms. Dziedzic is now redefining budget transfers to mean only those transactions she believes require a budget transfer form: those that would affect the overall department budget. This argument is refuted above and discussed in further detail in the responses section below.
Human Resources Administrator, Human Resources Public Safety Specialist Kittinger, Chief Fernandez, and herself. The Assistant Finance Director advised that during those meetings, the group often discussed the HPD’s personnel shortage and the fact that temps could be used to get around HPD’s problem of being unable to offer the competitive pay necessary to attract background investigators, latent fingerprint examiners and 911 dispatchers as the union would not agree to raise the pay rates for those positions. It was made clear to her that her “due diligence required fully funding the E911 office budget for the entire year with all full-time permanent positions” even though “we knew there [were] some that were vacant.” In fact, she specifically recalled “discussions with [the Finance Director] and the City Manager that the 911 positions had to be funded when we were discussing the police budget in March or April of 2013.” At that time there was funding for approximately 30 to 40 positions for 911 dispatchers, with approximately 20 of those positions vacant.

11. Interview of Gail Reinfeld

Ms. Reinfeld was the Human Resources Director from April 2001 until January 2014. Beginning in approximately September 2013, however, she was absent much of the time as she was using up balances of unused leave. During this time, she delegated her duties to the Human Resources Administrator, who became the acting Director after her retirement and until Ms. Hechler joined the city.

During the last few years as Human Resources Director, approximately 90% of Ms. Reinfeld’s time was expended working on labor relations matters with the unions. As a result, she delegated other functions of her office to various staff members. The city did not use temp services often enough to merit the assignment of any one staff member. Instead, over the past few years, the temp management function has been handled by a number of staff members.

According to Ms. Reinfeld, the HPD officials dealt directly with Transhire, the city’s temp services vendor, when filling their department’s positions. The HPD’s practice of dealing directly with a temp services vendor was unique in that other city departments routed their requests for temp services through Human Resources. From what Ms. Reinfeld understood, the HPD selected the particular person it wanted for the open position and would arrange for that person to be hired through Transhire, who would ultimately send the person to the HPD as a temp. Transhire invoices and checks were not routed through Human Resources for any processing or approvals. Ms. Reinfeld did not know that Transhire’s contract with the Co-op expired in October 2013 because she never had any involvement with the contract.

Ms. Reinfeld explained that she recruited and hired Josh Kittinger in approximately November 2012 to replace Tami Thornton, who had been selected as Human Resources Administrator. This move was with the City Manager’s approval. In fact, the City Manager specifically demanded that Mr. Kittinger be assigned to work exclusively on HPD personnel matters. The City Manager was clear that Mr. Kittinger was being hired to help resolve the critical shortage of sworn officers at the HPD. Per the City Manager’s direction, Mr. Kittinger spent the majority of his time physically working in the HPD offices under the direction of HPD officials. Ms. Reinfeld was very
supportive of Mr. Kittinger’s recruiting efforts as he “was on the hot seat” since Chief Fernandez “was on our butts to get people hired.” Indeed, Chief Fernandez frequently “yelled at” Human Resources during weekly Monday morning meetings as he was “beside himself” over the vacancies. Mr. Kittinger was also often “hammered” for not recruiting officer candidates quickly enough.

Ms. Reinfeld went on to explain that the HPD’s shortage of sworn officers was an extremely significant concern for city officials. Filling the vacancies required screening of many applicants for each vacant position which in turn required many man-hours by civilian HPD employees, specifically background investigators. As such, the City Manager, Chief Fernandez, and the Assistant Finance Director approved the hiring of additional part-time background investigators. As initial efforts to hire the investigators yielded unacceptable applicants due to the relatively low pay rate offered, city officials approached representatives of the AFSCME union to request approval to increase the pay rates for background investigators. The union officials rejected the request. At that point it was decided that the HPD would instead use temps to fill the background investigator positions. Additionally, it was also decided that temps would be used to fill 911 dispatcher positions as the need for additional dispatchers was only going to be short term in light of the fact that the city was set to transfer its 911 emergency dispatch function to the Broward Sheriff’s Office. Transhire agreed to the HPD’s request that it register and process HPD’s candidates for these positions.

As described by Ms. Reinfeld, the selection and hiring of temp employees does not require many of the procedures necessary for hiring city employees. For example, it is not necessary for the relevant department to complete a position requisition form or for the temp employee to complete an employment application. The requesting department is only required to determine that sufficient funds are budgeted to pay for the temp. Although Ms. Reinfeld could not speak as to how other departments handled their budgets, she explained how she tracked Human Resource’s budget. Specifically, Ms. Reinfeld explained that whenever funding for a line item was reaching a low level, her secretary would prepare a budget transfer request form and submit it to the Budget Department. All such requests require review and approval by various officials, including the City Manager.

On a side note, Ms. Reinfeld explained that she was well aware that after the Transhire issue became public at the Commission meeting in September of 2014, the City Manager and others suggested that the decision to use Transhire temps to fill vacant 911 dispatcher positions was made, in significant part, to prevent a human resources problem caused by union “bumping” rules. In theory, the act of “bumping” would have allowed 911 dispatchers affected by the BSO transition to bump other less-senior employees from their positions. Ms. Reinfeld stated that such a reason for hiring temps for 911 dispatcher positions was “bogus.” In this instance, had newly-hired city employee 911 dispatchers been hired and later let go, they would not have had sufficient seniority to bump any existing city employees from their positions as virtually all city employees with less than five years seniority had already been “cleared out” within the last few years.
12. Interview of Kee Eng

Mr. Eng is the Budget Manager for the Budget Administration Division. He has been employed by the city for 19 years and reports directly to the Assistant Finance Director. His FY 2014 responsibilities included preparing budget statements for Human Resources, the Labor Relations Division and the Financial Services Department. In FY 2013, Mr. Eng also oversaw the HPD’s budget.

Mr. Eng explained that the city’s “legal level of budgetary control” occurs at the departmental level. Funds at the department level are segregated at the program level and include personnel services, operating funds, and capital funds. While the invoice review and approval process is overseen by Accounting, department heads are charged with monitoring the available funds in their respective budgets when initially processing invoices for payment.

He advised that budget transfer requests of up to $5,000 can be approved by the requesting department head. On the other hand, budget transfer requests between $5,001 and $50,000 have to be approved by the City Manager. Requests over $50,000 require Commission approval. Any request for a transfer over one dollar requires execution of the budget transfer request form. The Finance Department transfers such funds after the Budget Administration Division has reviewed and approved the request. Mr. Eng offered that he was unaware of any other way for funds to be transferred without a budget transfer request form.

He further advised that the purpose of city code section 38.11 regulating budget transfers was to provide the City Manager with authority to transfer funds in the event of a reorganization or the development of a new department. It was not created as a way to provide for line item budget transfers. 23

Mr. Eng went on to note that an exception to the budget transfer request requirement exists with personnel line items. A personnel line item which is either unfunded or over-budgeted could be authorized for payment of temporary labor services without the proper execution of a budget transfer request form. This exception does not exist, however, for operating or capital components of a departmental budget.

With regards to temporary services, Mr. Eng advised that it is unlikely that a series of budget transfer request forms documenting HPD budget transfer requests exists as they were not generated for personnel services. Mr. Eng explained that the forms were not generated because when department heads or accounting staff analyze funds available in the personnel services program they do so by looking at vacant full time and part time positions. If the available funds would not be negatively impacted by the proposed personnel service expense, than it is the city’s practice to

23 In the preliminary version of this report, these sentences preceded the paragraph above. In his response to the preliminary version of this report, Mr. Eng states that section 38.11 “does permit transfers in a number of situations.” We have confirmed that the account of his original statement is as summarized here. However, to avoid any potential misunderstanding, we have segregated it from the above paragraph as the two issues were discussed separately during the interview.
allow the personnel services line item to accrue a negative balance until a budget transfer occurs during the year end budget close out process. At that point, the over budgeted line items would be “trued up” each year in November or December. This has been the practice since Cynthia Daniels was the head of the department. Considering the number of funds the HPD expended on personnel services, however, the proper way to have caught and fixed the problem would have been for HPD’s Fiscal Affairs Department, along with HPD command staff, to submit a budget modification request.24

13. Interview of Ernesto Acosta

Mr. Acosta is the Interim General Accounting Director and has been with the city for 17 years. He was promoted to General Accounting Manager approximately 12 years ago and has been the Interim Accounting Director since the retirement of former Director Patrick Gill in December 2014. He currently reports directly to the Finance Director. As General Accounting Manager, his duties included supervision of accountants preparing financial statements, facilitating special projects and processing DPVs. As the Interim Director, his duties also include responsibilities associated with developing and issuing the Comprehensive Annual Financial Report.

The Accounting Director explained that the city’s budget is approved at the department level. The budget book, on the other hand, is approved at the category level. Categories include: Personnel Services, Operations, Capital Outlay, Non-Operating and Debt Service. Salaries are a component of the personnel services category. Temporary employee services are identified by a 1310 funding code for each department program within a given category. The 1310 line item is but one of many of a program’s line items. He further explained that temporary employee services are not budgeted.25 Thus, the line item for temporary employee services begins with a zero balance in an approved budget. As temporary employee services are used, the line item accrues a negative balance and that is allowed as long as the overall funds for a category level, such as personnel services, have sufficient funds to pay for the expenditure. The Accounting Director stated that the propriety of moving funds from one line item to another within a category is a question for the Budget Administration Division.

The Accounting Director explained that, in preparation for the year end budget close out, Accounting sends a comprehensive listing of negative line items within the city’s various departmental budgets to Budget Administration. The list of negative line items is used by Budget to prepare budget transfers and to balance the budget in accordance with state law. The Financial Services Department, through the Finance Director, creates an annual resolution requesting Commission approval to finalize reconciliation of the budget.

24 In his response to the preliminary version of this report, Mr. Eng claims he does not recall suggesting “that this was the ‘proper way’.” Mr. Eng was not quoted in this sentence and a review of the interview memorandum confirms this is an accurate account of what he communicated. We note Mr. Eng’s response does not allege the statement is incorrect or that he presently feels differently with regard to the statement in question.

25 In his response to the preliminary version of this report, Mr. Acosta states, “I distinctly remember saying that they may not be budgeted, there are units that actually plan on using temporary services and do include it in their budget requests. I would not have made such a blank statement.”
He explained how Accounting and Accounts Payable may not have detected negative line items within departmental budgets. Specifically, the Accounting Director stated that, per the DPV policy, accountants review invoices and the accompanying DPV before approving or denying them. Accountants receive different DPV packets and may not see all of the weekly DPVs from a single vendor. If approved, the DPV is forwarded to Accounts Payable for input into the financial system and the Financial Services Department is given permission to cut a check. During review of the invoices and DPVs, the only thing that is confirmed is that sufficient funds exist in the appropriate department category budget to cover the expense. Accountants do not check the specific line items for the availability of sufficient funds. Meanwhile, Accounts Payable staff would also not look at the line item balance as they have already received approval from the accountants. This failure to detect negative line items was “the primary contributor” to what occurred with the Transhire issue.

Moreover, Accounts Payable does not track or analyze the amount paid to any vendor, nor do they check to see if the amount paid to a vendor is in excess of the City Manager’s spending limit of $25,000, an amount which would require a contract or Commission authorization. Once Accounts Payable processes the invoices for payment, the check run includes a rubber stamp of the Finance Director’s signature for checks below $25,000 and a rubber stamp signature of the Treasurer and the Finance Director for checks in excess of $25,000. The Accounting Director was unaware of anything in the system that would notify the Finance Director or the Treasurer of checks issued in excess of $25,000.

The Accounting Director stated that if there was a contract in place for the temporary employee services then payments should have been processed with a blanket purchase order. Had a contract been in place, it would have been assigned to a specific accountant who would have monitored spending against a blanket purchase order which contains a not-to-exceed amount for tracking and management. In that respect, a $50,000 spending limit would have been detected. However, in this instance, DPVs were used, thereby circumventing the need for a blanket purchase order. Although DPVs do include a line for temporary services, their intended purpose was to pay short term temps or other unique expenditures. The fashion in which Transhire’s services were used did not fit that profile.

14. Interview of R.A.H.

R.A.H. was a Senior Accountant who began working with the city about twenty years ago in various positions within the Accounting Division. He typically prepared financial reports and monitored purchasing card activities and had been involved in the DPV process dating back to about 2012. He advised that he sat across from his supervisor, the former Accounting Manager, now the Accounting Director, and received direction from him on a routine basis.

R.A.H. stated that he was aware that a growing negative line item balance was accumulating for temp services line items, primarily in the HPD budget, due to funds paid to Transhire. He added that a small portion of the Transhire payments resulted in negative line item values for other city departments which were also paid using DPVs. He stated that the user departments would send
him a DPV package with supporting documentation for him to verify in the GEMS system that funds were budgeted and available to pay the related invoice. If sufficient funds existed, he would approve and forward the DPV package to Accounts Payable for final processing and issuance of checks to vendors.

If sufficient funding did not exist, he would alert the Accounting Director, which was standard for Transhire DPVs. He stated that he would routinely attach a post-it note, initialed with RAH, on the DPV document, notifying those in Accounts Payable that a line item was over-budget. He explained that he documented such over-budget accounts as a form of covering himself from any possible perceptions that he was not doing his job correctly. R.A.H. further stated that the Accounting Director directed him to continue to process DPVs to have the Transhire invoices paid from the 1310 (temporary services) line item, despite the lack of funds budgeted for temp services.

R.A.H. advised that Accounts Payable also usually knew when a line item was over-budget because, before paying an invoice, they accessed the same screens in the GEMS financial system showing insufficient funds for the line items. Accounts Payable would then return the DPVs to him so that he could “override” the system. For that reason, R.A.H. stated, the Accounting Director and the Accounting Director’s predecessor provided him and other accountants with authorization codes to “override” the system to allow for payments to be made against over-budget line items, in this case specifically funds ending in 1310 for temporary services to Transhire. R.A.H. further stated that the permission to provide override authorization had to come from management at a higher level than the Accounting Director, as they did not have that authority themselves. The Accounting Director told him (R.A.H.) that he had been directed to authorize the 1310 budget overrides by management above his level. R.A.H. stated that he was told that the over-budget temporary services line items were to be paid with funds from salary savings within the various using departments. He added that the Accounting Director informed him that budget transfers or the end-of-year budget “true-up” would correct the insufficient funds problem.

R.A.H. advised that he was always aware that the temporary services line items were deficient but continued to do his part in the process, including making notations of over-budget line items as needed. He added that for some line items, over-budget notifications would be flagged by the system, but not the 1310 line items. For example, line item 5201 for “miscellaneous supplies” would generate over-budget notifications and he would bring that to the Accounting Director’s attention and the DPVs would be held until the using department fixed their problem and had funds transferred. He advised that Budget, not Accounting, would have the authority to disable the over-budget notifications.

R.A.H. stated that budget transfer request forms were executed routinely, but not for the Transhire line items. He did not know specifically why, but it was his understanding that reconciliation would occur either quarterly or more likely during the year end budget close-out process. He added that the Accounting Division did not have the authority to make budget transfers. Budget transfers had to happen at a higher level with Budget or Finance Department approval. R.A.H. stated that he had an approval authority on DPVs of $25,000. DPVs over that limit were handed to
the Accounting Director for appropriate action by a properly authorized individual. R.A.H. did not know precisely what happened after he handed them off to the Accounting Director.

R.A.H. reviewed a copy of the DPV procedure provided to the OIG by the city and stated that he had not previously seen the document. He added that it did not appear that Transhire temporary services should have been paid via the DPV process because the services were purchased pursuant to a Co-op contract which would typically be paid via purchase order. R.A.H. stated that he did not know if the Finance Department had a policies and procedures manual, but he could not recall ever having seen one. He further stated that information about policies and procedures was usually promulgated to staff during meetings. It was quicker to go to his superiors and ask about a procedural issue. He explained that procedures were generally based on a series of verbal directives.

R.A.H. advised that some of the temps were former city employees who went to work with Transhire on a part-time basis. He did not know the scope of services detailed in the Co-op contract or whether the positions hired were allowed. He learned of the issues primarily after the Resolution was discussed at a Commission meeting. R.A.H. advised that after the Transhire issue was publicly discussed during a Commission meeting, all of the DPVs were taken away from everybody and were being held. He further advised that the Finance Director decided that everything that was over-budget had to go back to the user department for an explanation of need for the transfer.

15. Interview of Cathy Swanson-Rivenbark

The City Manager described the issues that led up to the September 3, 2014 Commission meeting. She explained that she was originally informed by the Human Resources Director that Transhire complained that its employees were being directed by Assistant Chief Sanchez to leave Transhire and sign up with the new vendor on the current Co-op contract since Transhire’s contract had expired. The City Manager stated that she was made aware of this issue in mid-August 2014 and felt this issue was of great importance and therefore wanted it on the next available Commission agenda. The City Manager advised that she conferred with the Human Resources Director about the issue and discussed possible solutions. She also discussed the issue with her staff during requisition review meetings, which were held each Friday. She stated that she “wanted to do the right thing.”

The City Manager advised that anything under $1 million dollars could be put on the consent agenda, but she chose to put the Transhire-related issues on the September 3, 2014 regular agenda and make it a public discussion. During the time period that she conferred with her staff about this issue, a decision was made to invoke the city’s “best interest” exemption pursuant to a city ordinance. She directed staff to prepare an agenda item for the next meeting referencing a best interest procurement provision to waive the competitive bidding process and continue to use Transhire for temporary employee services and avoid disruption of the services provided. She also advised that staff was developing the agenda item, a draft of which was to be posted online by Monday, September 1, 2014. Because of the Labor Day weekend, and personal leave, the City
Manager stated that she did not see the draft until September 2, 2014, the day prior to the Commission meeting.

Regarding the Resolution, the City Manager stated that she “read the title” and the summary statement, but did not read the actual language which constituted the Resolution. In addition, she advised that she asked the City Attorney to review the Resolution for concurrence. She further advised that the City Attorney, Deputy City Attorney, Chief Fernandez, Procurement Director and Human Resources Director were all involved in developing the language of the Resolution. She did “not write one word of it.” The City Manager stated that she attended an agenda review meeting on August 25, 2014, during which the Human Resources Director advised her that the Resolution was not ready yet. The City Manager described that prior to her taking personal leave she understood that the pending Resolution was solely to address the fact that there was no contract with Transhire moving forward.

The City Manager stated that prior to receipt of the draft on September 2nd, no one on the staff notified her that there was an issue with past expenditures that had been paid without authorization, nor did anyone advise her that the positions engaged by the city were not part of the scope of the Co-op contract. The City Manager stated that only when she reviewed the Resolution materials did she realize that it included a request for a retroactive approval of spending during FY 2013 and FY 2014 of nearly $1 million for Transhire services. She added that this was the first she had known that her spending limit had been exceeded. She advised that she believed those expenditures were associated with the HPD usage of Transhire temporary staffing. She stated that if the back-up documents associated with the Resolution included reference to the Utilities Department usage of Transhire employees, then it was a comprehensive view of the expenditures. She further advised that the agenda item also requested authorization to continue to fund the use of Transhire temp employees into FY 2015.

Upon seeing that the Resolution included more information than she originally understood it would, the City Manager had her administrative assistant contact the Procurement Director to see if he planned to present the agenda item. Her assistant was told by the Procurement Director that Chief Fernandez would be presenting the item. However, Chief Fernandez told the assistant that he believed Human Resources would present the item. Human Resources then advised that the Procurement Director would present the item. The City Manager realized she would have to present it to the Commission. She advised that she did not perceive staff’s unwillingness to present the item as insubordination. She stated that she was unaware of any previous retroactive waiver requested of the Commission for past unauthorized expenditures or non-competitive awards.

The City Manager stated that the primary reason the magnitude of the amount paid to Transhire was not detected earlier was the use of DPVs. The department using Transhire temp employees would send a DPV with invoices and supporting documentation directly to the Financial Services Department and checks would be sent out without a control point to draw attention to the mounting expenditures. She stated that the Assistant Finance Director told her that if there was money in the requesting department’s budget, the DPV would never come to her (the Assistant Finance
Director) for review or approval. For that reason, the City Manager stated that “Budget [Dept.] did not sound the alarm.” She added that process controls needed to be better understood and strengthened but the people who were responsible for this problem have been gone since early 2014. She identified those people as Ms. Reinfeld and Lisa Powell. She added that the Human Resources Administrator is still with the city and has been implementing the past policy. The City Manager added that she personally has not signed any of the DPVs and that various departments all assured her that the money wasn’t wasted and that services were paid for with salary savings from vacant positions within departments that used Transhire temp employees.

The City Manager stated that it was her understanding that sometime in the past Human Resources had asked for temps and the Procurement Director approved the use of Transhire. Human Resources told the HPD that if funds were in its budget, it could use Transhire. She added that if she had known that the amount expended would have exceeded the $50,000 spending limit, she would have brought it to the Commission for approval. She advised that she still did not know why staff had not taken action and continued to pay Transhire through FY 2014. The City Manager stated that everybody on her staff knows her spending limit as City Manager is $50,000. She also advised that staff has a cheat sheet for quick reference identifying various departmental spending limits. She advised that she is unaware why staff knew of expenditures exceeding $50,000 for this vendor during each fiscal year but did not make her aware. She advised that the DPVs showing the amounts in the Resolution show that it should have been detected. She added that she worked under the assumption that those responsible for administering the Transhire contract “knew what they were doing.”

Regarding the use of Transhire for background investigators, the City Manager stated that the city had declared a “financial urgency” in 2012, which led to pay cuts, moves and revisions. She added that a police exodus followed and that it was even known that four officers who had left the HPD failed BSO background checks. She added that within the HPD, the old model included a police officer performing a background check on candidates, but there was a need for more officers on the street to maintain the public safety, at which point Transhire was used to backfill the background investigators and other positions, while city employees were used to fill Property and Records positions.

The City Manager stated that she was not actively involved in the strategy meetings centered on ensuring the public safety plans were implemented. She advised that those meetings would generally have included staff from the HPD and Human Resources. She advised that these “req” meetings would lead to recommendations that would come to her, but did not recall being informed of the magnitude of the usage of Transhire temp employees. It was her understanding that at one such meeting the Human Resources Administrator told HPD it could use Transhire to fill background investigator positions since the union would not agree to adjustment in the salaries.

The City Manager stated that, in retrospect, she probably would have had the Resolution to retroactively authorize the Transhire expenditures split into those costs associated with FY 2013 and FY 2014 and a separate item for the FY 2015 estimated expenditures. She added that when the item was split into two separate items during the September 3, 2014 meeting, she was required
to bring the FY 2015 estimated expenditures back on September 17, 2014, even after retroactive authorization of the FY 2013 and FY 2014 expenditures were rejected by the Commission. She further stated that between the two meeting dates, additional information was gathered and action was taken that caused her to plan to withdraw the FY 2015 estimated Transhire expenditures, as the city had now made alternative plans to provide those services. She added that putting the item on the agenda and then withdrawing it was a procedural issue which is not unusual. She stated that the academy advisor position was now to be paid by Broward Police Academy. Additionally, she stated that it was agreed that the latent print examiners, case advocates and background investigators would all be staffed in-house and that Transhire was no longer needed.

The City Manager stated that she was accused by one or more Commissioners of insubordination when she continued to use and pay for Transhire’s temp employees after the Resolution failed on September 3, 2014. For that reason she requested, through the City Clerk, that a legal reporter be hired (at the City Manager’s expense) to transcribe the September 3, 2014 meeting to prove that she was not insubordinate. She stated that she had received the transcript, read it and attested that it was a true and accurate representation of what had transpired during the referenced meeting. During the October 1, 2014 Commission meeting, she read the pertinent information into the record as evidence that she was not insubordinate. The City Manager stated that she gathered the information through staff in preparation for the September 3, 2014 meeting and that Raelin Storey, the Public Affairs and Marketing Director, gathered the information in preparation for the September 17, 2014 meeting.

The City Manager reviewed a copy of the September 3, 2014 Resolution and agreed it was what she had submitted for Commission approval. She identified that the Resolution included references to the Co-op contract Bid No. 08-D-001F and referenced another award stating “the Cooperative Purchasing Group awarded the competitively bid contract to Atrium Personnel Inc. d/b/a Transhire in FY13 to provide…White Collar temporary employment services.” The City Manager acknowledged that the Resolution did not disclose that Bid No. 08-D-001F contract had expired, nor did it reference that Transhire was not the awardee on the 2013 Co-op contract and that it had been awarded to another company. Additionally, the City Manager acknowledged that the Resolution neglected to disclose that the positions used by the HPD were not included in either of the contracts referenced in the Resolution. The City Manager reiterated that she did not read the language of the Resolution before presenting it to the Commission. The City Manager also confirmed that she had not previously seen or read either of the two contracts or bid tabulation forms for the referenced Co-op contracts for temporary employee services prior to presenting the Resolution. In regards to the language in the Resolution that was inaccurate, and her not reading the Resolution, the City Manager stated that “hindsight is 20/20.”

Upon review of the transcription of the September 3, 2014 Commission meeting, the City Manager agreed that some of her comments were not based in fact. Her comments began with a representation that the city “first hired Transhire through a competitive bid by the Co-op for temporary employment services.” She stated that she is now aware that was not true. She further stated that her reference to Transhire’s 25% fee for the temp employees was actually a 32% fee for
nearly all of the hours logged by Transhire employees. She was not aware until September 17 that the amount had been 32%, after Ms. Storey informed her of that fact before the meeting.

The City Manager initially told OIG interviewers that when she told the Commission that the Transhire contract was accessed to hire background investigators, polygraphers and the academy advisor, she was unaware that those positions were not included in the Co-op contract and that there was never a valid contract with Transhire, or for those positions. Later in the interview, she stated that, on September 2, the day before the Commission meeting, the Procurement Director told her that the positions were never included as part of the Transhire Co-op contract. The City Manager stated that she did not believe that the Commission was aware that the Resolution intended to authorize expenditures for positions which were not included in the two contracts referenced in the body of the Resolution.

The City Manager stated that the AFSCME union consists of three bargaining units: Supervisory, General and Professional. When the county announced that it would be regionalizing 911 dispatch, the city became concerned about having to lay off employees. They knew some employees would refuse to migrate. She advised that a Request for Proposal had been explored to protect Dispatch Services, as it was known that the city would eventually be migrating to a centralized county dispatch system. She added that the 911 Dispatcher positions were subject to a “bumping process.” Per union contract language, a union member with more years of seniority could “bump” a person with less seniority out of their position, even without the requisite skill set. The “bumped” person could then try to find a position occupied by someone with less seniority until the process ended with “the rest out” and no available positions. She advised that her statements in the transcription referenced using Transhire employees to hold city positions open so that they could later be filled by “bumped” city dispatch employees. She added that the bumping process occurred around 2013 and added that the timing of the bumping could be determined by looking up a prior resolution that addressed the bumping process. She added that Transhire was paid from salary savings from position vacancies within the various departments.

The City Manager stated that Chief Fernandez did not make her aware that use of Transhire temp employees exceeded the $50,000 spending limit for both FY 2013 and FY 2014. She said he is aware of her spending limit and advised that he should have shared that the HPD expenditure for Transhire temps was in excess of the $50,000 in a given month by FY 2014. She was informed by the OIG that Chief Fernandez received an expenditure report in September 2013 (FY13) indicating that Transhire had been paid about $270,000 to date and had approximately another month remaining in that fiscal year. She stated that he had not shared that information with her and that he should have, but had no answer as to why he did not. Also, when shown a $60,000 statement for a single month of Transhire services, the City Manager did not have an answer for why the Finance Director would not have informed her that expenditures exceeded her $50,000 spending limit. The City Manager stated that the Finance Director should have also been fully aware of the $50,000 spending limit and notified her.

The City Manager was shown a series of checks cut to Transhire which were in excess of $25,000 and enough to clearly exceed the $50,000 annual limit repeatedly. Those checks required a second
signature other than that of the Finance Director. In the examples of the two separate signatures, the City Manager was unable to discern whose signature was affixed to the checks. She advised that the best way to determine whose signatures were on those checks was to ask the Finance Director.

The City Manager was asked if she was aware of a practice in which HPD was prescreening candidates for positions and then sending them to Transhire to be processed to become Transhire employees prior to the Transhire employees selecting shifts as telecommunicators, background investigators and the academy advisor. The City Manager advised that she had heard that some of the candidates hired by Transhire were sent there by the city. She knew that the temp background investigators were former FBI, Homeland Security, and former HPD and BSO employees. She did not know who was involved in the selection, but she knew the city knew where they were coming from. It was not until the OIG began investigating that she learned that Transhire did not normally provide people for these types of positions. She did not know if that practice violated Human Resources hiring policies or EEO, Civil Service, Veteran preferences, and regulations and policies of the state and the city. Additionally, the City Manager stated that she was unaware that the hourly rate was established by the city and that Transhire would then mark-up the hourly rate by 32%.

The City Manager advised that a control improvement that was implemented since detection of the Transhire problem was the development and recruitment of a new Contract Administrator position. She advised that the position is being created to provide review and “shepherding compliance” with contract terms to cover these administrative issues in the future. Staff will also have a new contract routing procedure, new resolution numbers, and spending authority thresholds will be written on payment approvals. Staff has also received training from the FBI regarding public procurement fraud.

The City Manager stated that the Commission wanted three things: (1) assurances that no money was wasted, (2) there was no intentional violation of policy and ordinances, and (3) corrections would be forthcoming. She further reiterated that “expenditures did not have the proper authority” and that was a fundamental reason she wanted to disclose the problem and provide solutions. She advised that she believes staff is really honest and transparent, as well as open to solving and correcting the issues. She added that she expects staff to maintain high standards regarding personal and ethical conduct. The City Manager advised that she conducted interviews of staff upon her return to work on September 2 to determine how the unauthorized spending was not detected sooner. She explained that she briefly spoke with the Human Resources Administrator in general terms but not in detail. She added that she spoke with the Human Resources Director, the Procurement Director, the Finance Director, Chief Fernandez and the City Attorney’s office. Her findings were that the HPD’s usage of Transhire was for some positions which were not covered by the contract at any time. She learned that some departments were using Transhire for positions which were covered by the Transhire Co-op contract. Her general finding and belief was that nobody on her staff intentionally did anything illegal or fraudulent.
The City Manager advised that the best interest exemption would have allowed the city to waive the procurement code, thereby allowing continued use of the services of Transhire without a competitive bidding process. The City Manager stated that it was her understanding that the best interest exemption was the preferred method for continuing to work with Transhire; however, she further stated that she obtained that knowledge from the City Attorney’s Office pursuant to a previous and unrelated issue. She acknowledged that she did not review the best interest exemption language in the code prior to directing development of the Resolution or her presentation of it during the September 3, 2014 Commission meeting. She added that the services provided by Transhire were critical to the city’s public safety initiatives. She advised that Transhire’s services were satisfactorily provided.

When asked by the OIG if she had been aware that the contract had expired on October 15, 2013, the City Manager advised that she had not been aware. When shown an email from the Human Resources Administrator to the HPD stating the contract had expired in October 2013, the City Manager stated that she was surprised that the Human Resources Administrator had not made her aware of the issue prior to the September 3, 2014 Commission meeting. She stated that the Human Resources Administrator did not tell her prior to August 2014 that there was no contract for Transhire. The City Manager further stated that anybody with knowledge of the contract’s expiration should have brought that information to her. She advised that if she had known then what she knows now, she would have included in the Resolution the fact that there was no longer a Co-op contract.

Concerning the city’s use of Transhire temps, the City Manager stated that at any time she would have asked the Commission for authorization to use Transhire’s services, she believes they would have authorized the city’s use of Transhire. She explained that Transhire had 911 operators and the city “needed 911 bodies.” Additionally, she added that, in the past, the HPD had developed a perception of corruption of which she was cognizant. In an effort to dispel that perception, she wanted to establish a solid and credible recruitment team to ensure that questionable sworn officer recruits were rejected during the process. She advised that there was a problem with the union agreeing to increase the hourly pay rate of the background investigative positions (non-sworn) that provide integral support in the process of hiring sworn officers. She stated that, regarding the union pay issue, the use of Transhire was not discussed during requisition review meetings, since background investigators were not being hired as full-time city employees and the hiring of full-time and part-time city employees was generally the focus of those meetings. They were instead hired as temps through Transhire.

The City Manager acknowledged that there were several challenges during her tenure, and stated that the HPD sworn officer vacancy problem was probably the city’s highest priority. For that reason, she decided to hire an Assistant City Manager/Director of Public Safety to ensure the problem was expeditiously and effectively addressed. She added that, despite union intimidation and influence, she hired Mr. Fernandez as Assistant City Manager. She advised that she wanted his office close to hers and “that way they’d have his back.” That is, the new Assistant City Manager would ensure that the new HPD chief would be supported by her office. She stated that they would have to exhibit courage to follow through. She further stated that she was harassed,
followed and threatened by the Police Benevolent Association, and added that they warned they would “bring the city to its knees.” She stated that the PBA’s adversarial activities and threats had become so extreme that she feared for her life.

The City Manager acknowledged that the process of vetting and hiring sworn officers was a formidable and time consuming task. She further acknowledged that she was aware of the amount of time that went into performing background checks for both those who were hired and for many of those who were rejected. She advised that she was provided large binders, which were organized by tabs for distinct areas of background review. She personally reviewed these binders and participated in the selection of the sworn officers. She further advised that she was so impressed with the volume of work and the effectiveness in vetting sworn officer candidates that she decided to award the entire recruitment team, including Transhire’s background investigators and polygraphers, with the Team Diamond Award in May 2014. She acknowledged that she understood the magnitude and time involved in the recruitment undertaking. She further acknowledged that it was not an inexpensive initiative. She did not believe that the cost would be less than $50,000 per fiscal year. She was aware that the recruitment effort would be costly, particularly for the vetting process performed by the temps.

The City Manager understood that the DPV payment method was used to pay Transhire. During the interview, she was provided with a copy of the city’s policy and procedure regarding the use of DPVs. Upon review of that policy she acknowledged that the DPV payment method was generally intended for payment for goods and/or services which were not typically adaptable to the competitive process. When asked if Transhire’s services were competitively bid, she advised that they were, through the Co-op. When asked if the invoice payment method was in accordance with the DPV policy, she stated that the Assistant Finance Director had advised her that the services in excess of $50,000 could be paid for with salary savings which were realized due to various vacant permanent HPD positions which were budgeted. She advised that DPVs should not have been used in this case.

The City Manager stated that she did not know what percentage of the city’s funds are paid through the use of DPVs. She further stated that she suspects that DPVs are used more than they should be. In regards to the DPV payment method, she advised that there are “no controls” and that there are also “no funding limits” and “no tracking of expenditures.”

The City Manager was aware that the $50,000 spending limit had been exceeded during FY 2013 and FY 2014. Although budget reconciliations had been processed for each year, she acknowledged that the reconciliations were not taken into account when the subsequent year’s budget was proposed. She admitted, for example, that even though over $300,000 was spent on temp services in FY 2013 and the temps were expected to stay on, she still proposed a FY 2014 budget that contained zero dollars in funding for temps. She admitted that reconciliations should have been considered in the following year’s budgeting process. Regarding the budget, she advised that it is not expected that unauthorized expenditures be paid, such as those associated with the unfunded temp services line items. The City Manager further advised that a quarterly true-up was performed but she was not told by staff that temp services line items had been
exceeded. She further advised that Human Resources and the HPD received their authority to process payment for invoices against negatively funded line items from the Finance Director.

The City Manager advised that Human Resources had previously opined, while under the direction of Ms. Reinfeld, that spending amounts were unlimited for temps as long as there was available salary savings to cover the cost. When asked why Human Resources had made spending policy decisions, the City Manager advised that such decisions should be dictated by policy and made by the appropriate Finance Department designee. The City Manager stated that the city’s financial system should have caught the unauthorized spending. She was unaware that the city’s accounting system software had a mechanism to detect unauthorized spending, known as an over budget failure notification, which had been disabled for all unbudgeted spending on personnel services line items. Instead, she understood that a red flag may not have been raised because Human Resources had advised that the availability of salary savings dictated what could be spent, not a contract or other authority.

The City Manager stated that she was aware that budget transfer requests forms were required when moving funds from one departmental object code (line item) to another. She advised that there were threshold amounts which would require her approval. However, she was not aware of a budget transfer request form being required for execution and approval each time a personnel line item amount was exceeded. She stated that the HPD always stated that the use of temps would be nominal. She advised that she was unaware that the Finance Director directed the HPD and other departments not to execute the required budget transfer request form for temp services; or that all negative temp services line items were instead slated to be trued-up during the year end budget close-out process. Regarding whether funds could be transferred to cover the cost of temp employees, she reiterated that the Assistant Finance Director, said “yes as long as there’s money in the budget you can pay for it.”

The City Manager stated that she could have presented an item for the Commission to authorize budget transfers. When asked what the rules were regarding such budget transfers she stated the Government Finance Officers Association would likely have guidelines for that. She was unaware of defined processes contained in the city’s budget book, which was the guide for review and approval of budget amendments. The budget book included language that described how and when budget amendments and transfer requests were required. She was also unaware that a primary function of the budget transfer request process was to ensure that management properly accounted for any changes to the approved budget as they occurred. She stated that, had she been aware of those rules, she would have informed the Commission of the discrepancies. She believed the Commission deserved to know of the budget transfers and amendments to approved budgets. She added that staff did not tell her about the transfer amounts or the magnitude of budget amendments, but she explained that the Commission should have been notified.

The City Manager stated that the Finance Director did not have the authority to waive budget procedures established by the Commission. She also stated that she did not know about his waiving the budget procedures to allow for unauthorized expenditures from the unfunded temp services line items to be paid without timely transfers. She advised that those actions were not an
appropriate method to true up the budget and that she believed that some staff and departments mismanaged their respective responsibilities; even though she was unaware of this at the time. In hindsight, concerning the information which the Finance Director and Human Resources Administrator may have had associated with the Resolution, the City Manager advised that she would not have made such strong and persuasive comments to the Commission on how “nobody meant to disregard the process … and I’m absolutely confident of that, because of the multitude of interviews that I conducted myself.”

The City Manager acknowledged that both the Commission and the public would have been justified in expecting that the statements of fact and comments she made during her presentation to the Commission were truthful. She further acknowledged that the Commission and public would have been justified in believing that she had performed due diligence before making comments that appeared to reflect first-hand knowledge. She further acknowledged that her presentation was in pursuit of obtaining a unanimous vote to pass the Resolution. The City Manager then acknowledged that her presentation could have given the Commission and the public a perception that she was well informed on the statements of fact contained in the Resolution. She acknowledged that she relied on information from staff and advice of the City Attorney, but also acknowledged that the Commission relied on information from her when considering the merits of resolutions.

The City Manager stated that, in retrospect, it was clear to her that the Resolution and her presentation included several omissions and misrepresentations. However, she stated, “You have raised some issues of value. I did not deliberately mislead the Commission.” She added that the omissions and misrepresentations were generally based on misinformation provided by staff or her lack of information regarding the Co-op contract status and the competitively bid scope of services therein. She stated that, knowing what she now knows, she would have articulated that there was no contract between Transhire and the Co-op since October 2013; that Transhire was not awarded a contract by the Co-op in FY13; that the overwhelming majority of the expenditures were for unbidded positions; and that the proposed contract with Transhire was supposed to have been negotiated by Procurement, with assistance from Human Resources, but not by the HPD. She advised that it was her assumption that development of the Resolution was overseen by the City Attorney and that the Resolution drafters could have provided more accurate and true information.

The City Manager contended that a Commissioner had established a history of bullying staff in his actions outside of Commission meetings, and in his comments at meetings. Her comments to the Commission at the September 3 meeting regarding the staff’s lack of any deliberate violations of applicable rules were, in large part, to protect them against such possible bullying. Further, she believed at that time, and continues to believe, that nobody on her staff had done anything concerning the Transhire temps situation which was criminal or even for purposes of any personal enrichment or personal gain.
RESPONSES TO THE PRELIMINARY REPORT AND OIG COMMENT

In accordance with Section 12.01(D)(2)(a) of the Charter of Broward County, a preliminary version of this report was provided to the individuals implicated in the report and the City of Hollywood for their discretionary written responses. The OIG received responses from the City of Hollywood (through the City Manager), Vice Mayor Hernandez, Mr. Lalla, Ms. Dziedzic, Mr. Acosta, Mr. Eng, Mr. Wasserman, Ms. Thornton, Mr. Sheffel, Mr. Fallik, and Ms. Swanson-Rivenbark, which are attached and incorporated herein as Appendix A through K, respectively. We appreciate receiving the responses.

After careful review, the OIG has determined that the responses contain no evidence or information that alter our findings. The responses from many of the individuals generally included alleged explanations that are contradicted by the evidence or blame other parties for the failures noted in this report. We address the disputed facts and proposed explanations in detail below.

Requirement to Document Budget Transfers and Obtain Commission’s Approval

Among the numerous failures detailed in this report, the investigation identified that the published Budget Policies required city staff to document budget transfers between line items. The failure to abide by those policies enabled and exacerbated the related failures in the procurement aspects of the transaction with Transhire. In their responses, Mr. Lalla and Ms. Dziedzic both reiterate arguments made during their interviews and claim that they did not violate the city’s Budget Policies. They both claim that there was no need to complete a series of budget transfers because the department’s budget was not exceeded. Ms. Dziedzic states that, “due to the adequate funding within the HPD personnel category … no transfers were done.”

She further states, “[t]he budget is adopted at the department level and the Police Department did not go over its allocation…no transfers were performed or required.” Mr. Lalla states that “the legal level of control for the [city’s] budget is the department level…[b]ased on the City’s ‘Budget Control’ policies, there was no reason to complete the budget transfers suggested by the OIG as the Police Department’s budget was not exceeded and the legal level of budgetary control was not violated.”

The OIG carefully reviewed their responses and the attachments Mr. Lalla provided in support of his position. We analyzed his position in conjunction with the requirements of the Uniform Accounting System Manual for Florida Municipalities, 2011 Edition (UAS Manual) and other evidence obtained by our investigation. Far from supporting Mr. Lalla’s claims, we found that the exhibits attached to his response provided the best evidence against his arguments. His exhibits demonstrate exactly how explicit the city’s policies governing transfers between intra-departmental line items were and how they have been clearly and obviously violated, as evidenced by the facts described in this report. He

26 Ms. Dziedzic states that “no transfers” were done, apparently meaning that negative line item balances were never reconciled. This would contradict all of the accounts provided during the investigation and would evidence an even greater level of mismanagement than failing to document the transfers. Although not clear from her written response, Ms. Dziedzic may have simply meant that transfer requests were not done. In either case, her general position is contradicted by the evidence. Further, in his response to the preliminary report, Mr. Acosta states, “[o]ver budget line items were addressed by Budget in the year end cleanup/reconciliation process.”

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also provided comparative evidence demonstrating that certain other municipalities have NOT adopted the controls that were long ago adopted by the City of Hollywood Commission—and reaffirmed as recently as 2013—as their intended controls over budget transfers.

In support of his position, Mr. Lalla cites a separate section of the budget book, attached to his response as his Exhibit 1, which states that the city has designated the department as the “legal level of budgetary control.” He attaches budget book excerpts from other local governments to demonstrate that the departmental level of legal budgetary control is common. He explicitly takes the designation to mean that transfers within the department did not have to be completed or documented.

However, the UAS Manual states that local governmental entities must disclose both the legal level of budgetary control “and, if applicable, more detailed levels of budgetary control established for management purposes.” (Emphasis added.)27 Thus, a city can clearly have both a departmental legal budgetary control level and additional budget transfer policies established for management purposes. In fact, a review of the comparative budget books attached by Mr. Lalla reveal that those local governments he cites did not elect to exercise a greater control over budget transfers, whereas the City of Hollywood did. For example, the City of Fort Lauderdale, cited in his Exhibit 4, clearly states, “[b]udget transfers are changes to the budget within a department and fund…” The City Manager has the delegated authority to approve Budget Transfers.” In stark contrast to Hollywood, Fort Lauderdale makes no mention of thresholds or commission approval in its budget transfer policies. Clearly, Fort Lauderdale’s Commission does not expect to approve transfers within a department’s budget as does the City of Hollywood Commission.28

Mr. Lalla further cites to the authority granted in Resolution 2013-275 and its appropriation of amounts to “appropriation centers,” which he describes as “the department-wide amounts for the budget categories.” We do not disagree with the observation, but simply point out that Mr. Lalla ignores the rest of the resolution. A full review of R-2013-275 reveals that it does not support Mr. Lalla’s contention that the overall department budget was the only thing that mattered. Instead, the resolution explicitly states that it requires appropriations to occur consistent with resolutions number “R-92-481, as amended by R-93-412, R-94-408 and R-2013-048.” These resolutions, attached to Mr. Lalla’s response, are the very resolutions that enacted the policies cited above in this report as the Budget Policies. Resolution R-2013-048 contains the following requirements:

27 As Finance Director, Mr. Lalla should be familiar with this requirement. Florida Statutes § 218.33 requires municipalities to follow the uniform accounting practices and procedures promulgated by the Florida Department of Financial Services.

28 An example of a third way to approach the matter is found in Broward County’s policy which states, “Budgetary control of the operating budget is maintained at the department level by fund. This means that the overall appropriations for a department cannot be increased without Board approval; however, funds may be transferred administratively within a department by fund.” This policy more closely resembles Mr. Lalla’s purported understanding of Hollywood’s budget transfer policy, but is, in reality, not at all like the policy adopted by the City of Hollywood Commission. We note that, even if the Commission had chosen to delegate the authority to approve transfers within a department’s budget to the City Manager, as does Fort Lauderdale, staff would still not have been in compliance because the City Manager does not admit she ever approved the transfers.
1. Funds can only be transferred between line items within appropriation centers…
3. Funds can only be transferred between operating and/or capital accounts excluding personal service accounts except with the written authorization of the city manager…
6. All transfers over $25,000-$50,000 must be approved by the City Commission. (Strike-through in the original).
7. Budgeted positions and associated appropriations may be transferred within appropriation centers with the written authorization of the City Manager.

Thus, Mr. Lalla’s own exhibits plainly establish that the Commission adopted policies for control of budget transfers that he deliberately ignored. Indeed, he cannot claim ignorance because he was Finance Director when this resolution—not only reaffirming the requirement of Commission approval, but increasing the limit to $50,000—was passed. Neither he nor Ms. Dziedzic argue that they were unaware of policies reaffirmed in 2013 and published in every budget book. Nevertheless, they persist in maintaining that these requirements did not apply. Ms. Dziedzic states, “[t]he budget policies are guidelines to aide (sic) in the management and administration of a budget they are not settled law and can be modified.” This assertion is, at best, clearly a misunderstanding on the part of Ms. Dziedzic. The resolution expressed the policy of the Commission, and the Finance Director and his staff were required to adhere to that policy. The OIG does not dispute that the published policies can be modified, but they were not. If they ever are, it will not be by way of a unilateral modification by Ms. Dziedzic or Mr. Lalla. The fact that the officials charged with oversight of the city’s finances continue to deny the applicability of long-standing, properly adopted, plainly stated, and openly published financial controls is of significant concern.

Other aspects of the individual responses are addressed below:

1. **Response of the City of Hollywood**

   The city, through the new City Manager, Dr. Wazir Ishmael, provided a response that identifies corrective measures the city has undertaken in response to the OIG’s findings. The city derived from the facts detailed herein that “there is a greater need for a culture of responsibility and compliance with standards and practices set citywide.” Thus, it has engaged a consultant to make determinations and recommendations relating to the organizational culture and the need for disciplinary action. The city will also review “processes and protocols to identify areas for modernization, greater efficiency, and improvement.”

   The city has revised the DPV policy and the Human Resources temporary services policy to require additional review and documented approvals. In addition, the city has commenced modernization of its contracting policy by hiring a contract compliance officer who reports directly to the city manager. Among other corrective measures, the city has also increased procurement training for all staff.
2. **Response of Vice Mayor Peter Hernandez**

In his response, Vice Mayor Hernandez states that residents are worried about a lack of transparency at the city. He is grateful for the OIG’s investigative efforts and states that the conclusion of the investigation is only the first step in the process of restoring residents’ trust.

3. **Response of Joel Wasserman**

In his response, Mr. Wasserman states that he was misled by “individuals who circumvented the procurement process and avoided City Commission approval.” He goes on to state that, “those involved took efforts to deliberately avoid the procurement process…. The expediency that others sought to fill 80 plus positions over months, were meant to avoid my attention and the Procurement Services Division’s awareness…. It is now clear the design by those officials was to avoid the training, formalities, and protection the Procurement Services Division provides.”

With respect to the Resolution, Mr. Wasserman states that he relied on others to bring “small but significant changes” to his attention, but they did not point out the addition of “FY13.” The OIG has footnoted statements elsewhere to address his additional concerns.

4. **Response of Matthew Lalla**

In addition to the arguments rebutted above, Mr. Lalla alleges that portions of his interview are taken out of context or misconstrued. A review of those allegations revealed that none of the statements questioned required revision. The OIG has footnoted the statements throughout the report to address his concerns.

Mr. Lalla’s response also indicates he is very concerned that the summary of his interview did not contain his assertion that the budget was controlled at the department level, and that “there was no reason to complete the budget transfers suggested by the OIG as the [HPD]’s budget was not exceeded,” but that the notion of departmental control is included in the summaries of Mr. Eng and Mr. Acosta. We disagree. In fact, his interview summary does reflect his argument that the overall departmental budget was all that mattered. It states “[i]n his opinion, the negative balance at the line item level was not a problem as long as that department had sufficient overall funding for its personnel services.” It further states, “[t]he Finance Director further explained that the language: ‘Upon final adoption, the budget is in effect for the ensuing year and becomes the authority for the various departments and offices to expend funds subject to controls established by the city Code of Ordinances and Florida Statutes’ superseded the Budget Policies language....”

Finally, Mr. Lalla disputes the statement of R.A.H. that he had been told by Mr. Acosta that management above his level authorized the override and payment of the Transhire invoices from the over budget account, reported above at page 14. Mr. Lalla claims that he “never provided such authorization for overrides.” While the report merely recounts what the OIG was told by R.A.H, we do not find Mr. Lalla’s claim credible. First, R.A.H.’s statement that he flagged invoices as over budget are supported by documentation provided by the city. Second, there is also undisputed
evidence that money was never budgeted for the temp services line item. Third, Mr. Lalla was aware that—at a minimum—the city had incurred Transhire temp costs for the first quarter of FY 2014 alone at $255,614 (Exhibit 5). Thus, these invoices had to be paid from a line item with no funds available, a function that should always require authorization of some sort. If Mr. Lalla is now alleging he did not know that such a large dollar volume of invoices were being paid, such professed ignorance is difficult to digest in light of his responsibilities as finance director. Nor can it be easily reconciled with his admission that he informed HPD that the monies would come from the permanent salary funds.

5. Response of Mirtha Dziedzic

In addition to the arguments rebutted above, Ms. Dziedzic alleges that portions of her interview are taken out of context. A review of those allegations revealed that none of the statements questioned required revision. The OIG has footnoted the statements throughout the report to address her concerns.

Ms. Dziedzic further claims that the budget division was not aware of the prolific and anticipated use of Transhire’s services in 2013 and moving into 2014. She points out that the transition of the E911 function to the County was delayed. She states that in a Commission meeting on September 18, 2013 the City Manager informed the Commission “‘that in an abundance of caution, the operations are being fully funded (for FY2014) since we don’t know how long the transition will take.’” The OIG does not dispute either of these assertions. However, neither point served to inform the Commission that well over $300,000 had just been spent on temps in FY 2013 and another $600,000 would be spent in FY 2014. This report does not claim that the spending on the temps was in error, nor that all temp spending must be anticipatorily budgeted. But notice to the Commission by way of an initial budget or properly documented budget transfers or a detailed budget amendment did not occur. Any of those methods would have served—as required—to notify the Commission of spending which had not been approved, and all of them were disregarded.

Ms. Dziedzic also claims that “[t]he budget amendment process is not an appropriate instrument to evaluate the proper use of contracts. A budget amendment is an instrument to make adjustments to the current plan (budget) for the use of funds.” The OIG agrees. However, we also note that had the finance staff adhered to the policy plainly adopted by the Commission for processing of budget transfers, it would have had the effect of notifying the Commission that temporary services were being procured and likely brought the issue to light within a few months, rather than a few years. The point made again and again by the facts detailed in this report is that staff, intentionally or otherwise, continued to bypass controls that would have notified the Commission of the manner in which nearly a million dollars had been spent.

6. Response of Ernesto Acosta

In his response, Mr. Acosta stresses that he was not the director of General Accounting until December 2014. As stated in his background description above, prior to being director, Mr.
Acosta was the general accounting manager. We note that his duties included supervision of accountants preparing financial statements, facilitating special projects, and processing DPVs.

Mr. Acosta claims that it was not the responsibility of the accounting division to ensure that DPVs complied with the requirements of the city code. He states that during the time period in question in this report, it was the responsibility of the originating department to ensure that services were properly procured and approved. “Under the policy at the time, the failure I see is that General Accounting trusted that the responsible departments followed procedures correctly.”

However, the OIG found that his claims were contrary to the documented evidence obtained during the investigation. First, Mr. Acosta argues that it was the policy of accounting to check only the available funding at the group level rather than that of the specific account being charged, which would be the line level. He claims that the only reason some Transhire DPVs were tagged as “over budget” is because they were actually year end items. Mr. Acosta’s current account of his division’s responsibilities are contradicted by substantial documentation, including Exhibit 6 of this report. The General Accounting Division DPV policy states that the accountant “[v]erifies the account being charged has sufficient funds available (emphasis added).”

Additionally, documentation proves that the accountant—who was always subordinate to Mr. Acosta, even when Mr. Acosta was the manager rather than the director—also thought it was his responsibility to verify line item budgets. Mr. Acosta is flatly incorrect in his assertion that only year-end DPVs were flagged as over budget. The OIG did not attach every DPV that was flagged as over budget in this report, because they did not further the goal of informing the reader. However, just as an example, multiple DPVs were flagged as over budget in February 2013, March 2013, June 2014 and July 2014.29

Second, Mr. Acosta cites language in administrative policies dating back to the 1990s that hold the requesting department responsible for ensuring that requests for DPVs are in full compliance with city policies. However, he ignores the fact that each of the policies attached to his response also state, “[t]he Financial Services Department will be responsible for authorizing the use of a DPV as the appropriate payment mechanism.” Regardless, even if the department’s policies had ascribed responsibility for enforcement of financial controls to other departments, such a policy is untenable. Accounting’s failure to enforce the requirement that the City Commission authorize annual expenditures over $50,000 was an abdication of the responsibility of the stewards of the city’s finances. Although accounting was certainly not responsible for the failure to competitively solicit, negotiate, and execute a contract, the department’s failure to follow through with its responsibilities exacerbated and extended the situation.

29 All DPVs were provided to the OIG by the city. Mr. Acosta has access to them and should have known they belie his claims.
7. Response of Kee Eng

Mr. Eng’s response is primarily limited to clarifying or adding context to portions of his interview summary. He does question two statements in his interview summary, which are footnoted above. A careful review of the notes of both OIG staff members present during the interview confirms the account as summarized in the report. While Mr. Eng states that he does not recall asserting that the proper way to have handled the issue would have been for HPD to submit a budget modification request, he does not dispute the assertion.

8. Response of Tami Thornton

In her response, Ms. Thornton reiterates many of the sentiments she expressed during her interview. She states that she did not willfully violate any city ordinance, policy or procedure. As human resource administrator she was responsible only for recruitment and compensation of City employees. She had limited exposure to the procurement process and was not aware of the extent to which the HPD was using Transhire. She states “I was not aware that a contract was even needed.”

Ms. Thornton also asserts that “[w]hile I was aware that the Police Department was using temporary services for 911 Dispatchers and Background Investigators, I was not aware to the extent that the Police Department was using Transhire. The Police Department placed additional requests for temporary workers directly with Transhire.” However, this assertion is contradicted by documented evidence and the accounts of multiple witnesses. For example, attached as Exhibit 10 is an email from December 2012 wherein Mr. Kittinger sends Ms. Thornton an HPD recruitment plan. The attached plan informs Ms. Thornton of a number of HPD uses for Transhire temps, none of which fall within the scope of the Co-op contract. The City Manager and others also discussed regularly held “req. meetings” wherein the use of the temps was discussed. There is no indication that HPD’s use of the temps was clandestine.

With respect to the Resolution she states that she relied upon the expertise of others and that “[a]s a member of the team working on this Resolution, it was not my intention to mislead the City Commission nor did I have knowledge or ever feel that others were willfully trying to mislead the City Commission.”

9. Response of Alan Fallik

Mr. Fallik’s response is limited to clarifying an answer he provided during his interview. A footnote has been added at the corresponding section to inform the reader of his subsequent clarification.

10. Response of Jeffrey Sheffel

In his response, Mr. Sheffel disputes the OIG’s findings that staff glossed over the violations and provided the Commission with misleading and inaccurate information. He defends the validity of
the information provided to the Commission on September 3, 2014. However, the OIG found that Mr. Sheffel’s response contains explanations and additional context that were either not provided to the Commission at the meeting or are contradicted by the evidence.

With regard to the “whereas” clauses referencing a non-existent Co-op contract, he states that “[n]o one disputes that there was, in fact a Co-op bid that allowed the City to retain the services of temporary clerical workers, that it had been used prior to 2013 for just that purpose and that it did not expire until after the end of FY 13.” The OIG does not dispute the statement. However, it was not the statement made to the Commission and, at any rate, it is still misleading because it is missing crucial information. The Resolution told the Commission a Co-op contract had been awarded to Transhire in 2013. It was not. The Resolution stated that the “additional” services would be provided based upon the terms and conditions of the FY13 Co-op contract—now revealed to be non-existent—when in fact they were not provided based on the terms and conditions of any Co-op contract. Taken together, these misstatements could lead a reasonable person to inaccurately believe that there had been a timely competitive solicitation for terms, including rates, which were then relied upon for additional services. However, the reality is that the last Transhire Co-op contract was awarded in 2007, so that the implication that the competitive process had recently been conducted—a critical implication, because it would suggest current terms and rates, rather than those seven years out of date—is simply false, and thus inherently misleading.

Mr. Sheffel admits that the “whereas” clause claiming that HPD negotiated pricing was not true, but he claims that “[HPD] did provide the salary rates that would be paid to the PD Employees based on the rates we paid for full time employees in the same positions.” Unfortunately, his new argument, which was not provided to the commissioners and would not have corrected their understanding of an inaccurate “fact,” is contradicted by evidence obtained during the investigation, to wit: Assistant Chief Sanchez told the OIG that pay rates were established in various ways, including what he believed was the “going rate” for the service needed.30

Finally, Mr. Sheffel disputes our finding that staff attempted to mislead commissioners into improper use of the best interest exemption. As we pointed out above, at page 19, the proposed exemption required “specific factual findings that support [a] determination that competitive bidding and competitive proposals are not in the best interest of the city.” Mr. Sheffel claims that the “whereas” clauses contained the “findings of fact” that would support the requested exception. This is precisely the reason for the OIG’s finding that the Commission was being misled into misuse of the exemption. As proposed, those clauses did not address the complete absence of a competitive process or contract and contained materially inaccurate information. The OIG’s

30 The report does not challenge the appropriateness of the hourly rates set by HPD. We merely note that the plain statement made to the Commission—for the apparent purpose of providing some comfort that violations of the process had not resulted in waste—was not true.
finding is a result of the fact that the Commission was not provided full disclosure and accurate information.\(^{31}\)

11. Response of Cathy Swanson-Rivenbark

Ms. Swanson-Rivenbark, through her attorney, submitted a response which challenges both the integrity of the OIG investigation and certain findings. Her submission includes no additional evidence and does not alter our findings.

Ms. Swanson-Rivenbark’s submission first objects to an alleged deprivation of due process, alleging that the preliminary version of this report “was disseminated publicly despite the OIG’s obligation to provide a confidential copy in advance.” This allegation is made in bad faith and is a misstatement of the facts and law. The OIG disseminated the preliminary version of this report in strict accordance with the Charter of Broward County, which requires a preliminary version be provided to the entity at issue—the City of Hollywood—and the persons implicated in the report. The OIG did not publicly disseminate the preliminary version of this report. The only publicly disseminated version of this report was published by the City of Hollywood on its website. The city was a required recipient of the preliminary report and it, not the OIG, elected to publish the report. The OIG is not aware of any law violated by the city’s election to publish the report. Regardless, we were not consulted prior to publication.

Ms. Swanson-Rivenbark’s submission continues by lauding her career as a public administrator and accomplishments as city manager of the City of Hollywood. With regards to the facts described in this report, she states that she “relied on the direct reports from her staff leaders who were responsible for the various City Departments.” She states, “[n]ow that it is apparent the Transhire temporary staffing was mishandled or mismanaged, it bears repeating that the matter was always handled at a level far below her authority.…” She claims she was unaware of many of the facts described in this report.

The OIG maintains that this report fairly presents both Ms. Swanson-Rivenbark’s accounts of what she knew and when she knew it, and the accounts of other staff, which often contradicted the timeline offered by her. For example, she claims in her response that the report “inaccurately states that by August 1, 2014 the City Manager ‘was well aware that the Transhire contract had expired and was also aware that the positions used by the HPD were not included in any contract awarded to Transhire.’” She proceeds to claim that as of August 1, she did not know the Transhire contract had expired, that “she was first informed of this fact by Tammy Hechler.” She later elaborates that Ms. Hechler told her “after Transhire complained that its employees were being told to switch to the new co-op contract firm.”

\(^{31}\) In the first sentence of the last paragraph of his response, Mr. Sheffel concedes—as he did in his OIG interview—that “the best interest exception was not created for the purpose of approving this type of expenditure.” Nevertheless, in the remainder of the paragraph, he attempts to justify the exception’s applicability.
The facts Ms. Swanson-Rivenbark provides to presumably establish the inaccuracy of our analysis actually expand upon her account given during her interviews and completely support our analysis. The OIG established the date of August 1 by relying on documented evidence, an email sent by Ms. Hechler’s subordinate reciting the transfer of temps situation admitted by Ms. Swanson-Rivenbark in her response and stating that it had risen to the city manager. Whether or not Ms. Swanson-Rivenbark was aware of the email or its contents, the email tracks her account of events, but establishes that those events happened prior to August 1. The timeline confirmed by the email does correspond to the timeline provided by Ms. Hechler and others.

With respect to the City Manager’s delegated spending authority, her response certainly takes a novel perspective: “Since the City Manager never signed any DPV, she never exceeded her spending authority even though the entire cost of the temporary staffing was greater than $50,000.” This report details the numerous opportunities city staff had to know, if they did not, that Transhire expenditures were over $50,000. The Commission delegated limited spending authority to the City Manager and it was her responsibility to ensure that the entity under her control adhered to those limits. The only justification offered thus far is the failure to have incorporated controls to detect violation of those limits within some reasonable margin, certainly less than nearly $1 million.32

With respect to the violation of Budget Policies, Ms. Swanson-Rivenbark states “[n]either the City Manager nor any senior employee known to the City Manager, knew or believed the temporary hires were unauthorized or could not be paid through the existing payroll budget line item.” She also states, “the temporary staff was fully funded within the existing budget for salaries, since the City Finance Department historically did not distinguish between the categorization of personnel.” To be clear, the OIG has never, at any point in this report, claimed that the temporary services could not be funded from budget transfers from any other available line item account, including permanent salaries. The OIG identified that the Commission had a long standing, recently updated and reaffirmed, requirement that such transfers over $50,000 required Commission approval and proper documentation. We identified that said approval and documentation was never obtained with respect to the Transhire budget transfers. The fact that the city’s finance department “historically” ignored those requirements provides no justification at all.33

Ms. Swanson-Rivenbark blames staff for the inaccuracies in the Resolution and reiterates that she did not read it. “The City Manager did not know the Resolution contained inaccurate information

32 Her response contends that the report “is inaccurate in its wholly conclusory and unsupported statement that the City code required the City Manager’s approval for checks to Transhire in an amount exceeding $25,000.00. The City Manager did not sign and was not required to sign or approve the subject checks for amounts fully within the budgeted line item.” The report does not claim that the City Manager was required to sign checks over $25,000. We do accurately recite her obligation under §38.42 to approve purchases of more than $25,000 and less than $50,000. This responsibility was completely irrespective of whether or not funds were budgeted. Even if the city had budgeted monies available, she was still required to approve the specific purchase within her spending authority, per the code.

33 Ms. Swanson-Rivenbark also contends that Ms. Dziedzic’s remarks pertaining to the number of positions and the potential effect of transferring budgeted funds away from permanent positions were “either incomplete or were misunderstood by the OIG.” In her response to the preliminary version of this report, Ms. Dziedzic did not dispute or expand upon those comments in any way.
that had been written by staff, and had no reason to at the time to suspect that anything was amiss.” She further argues that she relied on the advice of the City Attorney in proposing the best interest exemption.

Finally, Ms. Swanson-Rivenbark requests that the OIG “close out this entire investigation with a finding that the City has learned from its association with Transhire and has implemented appropriate corrective conduct.” We decline to do so because the fundamental deficiencies that allowed so many of the City Commission’s properly enacted controls and policies to be subverted should be addressed by a fully informed Commission and corrective measures should be independently corroborated and confirmed. It is also questionable whether the numerous failures exhibited in the Transhire transaction have been limited to this single instance.

CONCLUSIONS AND RECOMMENDATIONS

The OIG investigation revealed that city officials obtained temporary employee services that were in violation of the city’s procurement code, never covered by any written contract, never budgeted, and never authorized by the Commission. A combination of the use of DPVs for payment and circumvention of the budget documentation procedures effectively concealed the unauthorized, unbudgeted and improperly procured nature of the Transhire expenditures. In total, the city spent $973,864.34 for fiscal years 2013 and 2014 without the Commission’s approval.

City officials have offered absolutely no justification for the procurement and payment of those services in violation of accounting, budgeting and procurement controls. It is apparent that city officials were aware of the use of temps and the costs associated with it, but the deficiencies in, and circumvention of, the city’s processes allowed the unauthorized expenditures to be paid for two years. Only when Transhire began to complain that it was losing employees to another service did the staff decide to bring the issues to the Commission. Rather than provide an accurate account of the use of Transhire temps, city officials glossed over the violations and provided the Commission with misleading and inaccurate statements.

We are aware that since the referral of this matter to the OIG by the Commission, there have been a number of personnel changes in the city’s administration and a number of changes to the city’s procedures. In its response to the preliminary version of this report the city described a number of completed and ongoing corrective measures, including: hiring a consultant to address the organizational culture and potential disciplinary action, revision of the DPV policy and HR’s temporary staffing policy to require additional approvals and oversight, and modernization of contracting procedures via a Contract Compliance Officer that will report directly to the City Manager. Further the Commission has publicly discussed the prospect of adding an independent internal auditor who would report directly to the Commission. These are all positive first steps.

The OIG recommends the following additional actions:

- The investigation found that staff was inadequately trained on existing written procedures and many claimed not to have seen or have been given access to them. Accordingly, we stress that any
remedial action should include ready access to new written procedures for all staff, as well as significant training time. New procedures alone will not resolve the ongoing potential for future disregard of proper policies and controls.

- The potential for abuse of the DPV payment method is extensive enough that the city should consider a full audit of payments made via DPV to ensure that no fraud or abuse has occurred.

The OIG is encouraged by certain remedial steps the city has taken in response to the preliminary report. Accordingly, the OIG requests that we are provided with a status report in 90 days, or by May 31, 2016, regarding the progress of the city’s corrective actions in response to this matter.
RESOLUTION NO.________________

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, WAVING BY UNANIMOUS CONSENT THE FORMAL COMPETITIVE BIDDING PROCESS, RATIFYING AND AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO ISSUE A BLANKET PURCHASE ORDER BETWEEN ATRIUM PERSONNEL INC. D/B/A TRANSHIRE AND THE CITY OF HOLLYWOOD FOR TEMPORARY EMPLOYMENT SERVICES IN ESTIMATED EXPENDITURE OF $315,000 IN FISCAL YEAR 2013, AN ESTIMATED EXPENDITURE OF $620,000 IN FISCAL YEAR 2014 AND A NOT TO EXCEED AMOUNT OF $200,000 IN FISCAL YEAR 2015.

WHEREAS, the City of Hollywood occasionally requires the use of temporary employment services for various Blue Collar and White Collar services to maintain sufficient staffing level in order to meet operational needs: and

WHEREAS, Section 38.46 of the City’s Purchasing Ordinance authorizes the Director of Procurement Services to join with other governmental entities in cooperative purchasing plans when it is in the best interest of the City; and

WHEREAS, the temporary employment services had been competitively bid by the Southeast Florida Governmental Purchasing Cooperative Purchasing Group in which the City of Hollywood is an active participant, with the City of Coral Springs, Florida acting as the lead agency, their Bid Number 08-D-001F; and

WHEREAS, the Cooperative Purchasing Group awarded the competitively bid contract to Atrium Personnel Inc. d/b/a Transhire in FY13 to provide various Blue Collar and White Collar temporary employment services; and

WHEREAS, the Hollywood Police Department identified additional temporary employment services beyond the initial scope of services awarded to Atrium Personnel Inc. d/b/a Transhire, such as Communications, Background Personnel, Crime Scene and Case Advocate; and

WHEREAS, Atrium Personnel Inc, d/b/a Transhire, offered to provide these additional temporary employment services based upon terms and conditions of the Cooperative Purchasing Group contract that was awarded in FY13; and

WHEREAS, the Hollywood Police Department negotiated contract pricing with Atrium Personnel Inc, d/b/a Transhire based on current base pay for the various employment services; and
WHEREAS, Purchasing Ordinance, Section 38.40 (C)(8) provides that Purchases of, and contracts for, supplies or contractual services, when the City Commission declares by unanimous vote that competitive bidding is not in the best interest of the City are exempt from the competitive bidding process. Contract which the City Manager is otherwise authorized to award he may waive competitive bidding and competitive proposals; and

WHEREAS, the City Commission hereby declares that competitive bidding would not be in the best interest of the City; and

WHEREAS, the Director of Human Resources, the Police Chief and the Director of Procurement Services recommend that the City Commission approve the ratification and the establishment of a Blanket Purchase Order with Atrium Personnel Services d/b/a Transhire; and

WHEREAS, temporary staffing is funded from salary savings made available by vacant authorized positions, as needed, and is charged to Account Number 01.2042.00295.521.001310 (Salaries and Wages – Temporary) under the appropriate Programs within the Police Department;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That it hereby waives by unanimous consent the competitive bidding requirements and ratifies and authorizes the issuance, by the appropriate City Officials, of a blanket purchase order between Atrium Personnel Inc, d/b/a Transhire, for an estimated expenditure of $315,000 in fiscal year 2013, an estimated expenditure of $620,000 in fiscal year 2014, and a not to exceed amount of $200,000 in fiscal year 2015.

Section 2: That this resolution shall be in full force and effect retroactive to October 1, 2012.
RESOLUTION DECLARING "BEST INTEREST" EXEMPTION FROM COMPETITIVE BIDDING AND APPROVING ISSUANCE OF BLANKET PURCHASE ORDER TO TRANSHIRE FOR TEMPORARY EMPLOYMENT SERVICES

PASSED AND ADOPTED this ________ day of ______________, 2014.

______________________________
PETER BOBER, MAYOR

ATTEST:

______________________________
PATRICIA A. CERNY, MMC, CITY CLERK

APPROVED AS TO FORM AND LEGALITY for the use and reliance of the City of Hollywood, Florida, only.

______________________________
JEFFREY P. SHEFFEL, CITY ATTORNEY
CITY OF HOLLYWOOD, FLORIDA
INTEROFFICE MEMORANDUM
Office of Human Resources

DATE: August 21, 2014 FILE: HRRM-14-676
TO: Joel Wasserman, Division Director of Procurement Services
VIA: Tammie Hechler, Director of Human Resources
FROM: Tami Thornton, Human Resources Administrator
SUBJECT: Request to establish and execute a Blanket Purchase Order with Atrium Personnel Inc. d/b/a Transhire for temporary employment services.

ISSUE:
To establish and execute a Blanket Purchase Order for temporary employment services with Atrium Personnel Inc. d/b/a Transhire.

EXPLANATION:
The Hollywood Police Department identified the need to employ additional temporary positions beyond the initial scope of services awarded to Atrium Personnel Inc. d/b/a Transhire through the Southeast Florida Governmental Purchasing Cooperative Purchasing Group in which the City of Hollywood is an active participant. Transhire provided these additional services beginning October 1, 2012, based on the terms and conditions of the Cooperative Purchasing Group contract. The Police Department has negotiated contract pricing with Atrium Personnel Inc. d/b/a Transhire based on the current base pay for the various employment services.

RECOMMENDATION:
Establish a Blanket Purchase Order with Atrium Personnel Inc. d/b/a Transhire for temporary employment services.

c City Manager
   City Attorney
   Assistant City Manager/Police Chief
Temporary Employment Services for
City of Hollywood

Tammie Hechler, Director of Human Resources
City of Hollywood, FL
2600 Hollywood Blvd.
Room 206
Hollywood, FL 33020

DEFINITIONS

For purposes of this Proposal, “CLIENT” refers to and includes the entity named above and its
parents, subsidiaries, affiliates, and successors. This includes CLIENT’s facilities located at:
3250 Hollywood Blvd, Hollywood, FL 33021

For purposes of this Proposal, “TRANSHIRE” refers to and means its parents, subsidiaries,
affiliates, and successors

SCOPE OF WORK

TRANSHIRE will furnish all personnel necessary for the day-to-day operations for the CLIENT.
Temporary employees must be available and report for work within twenty-four (24) work hours
of notification.

TEMP TO HIRE

Should an opening for a permanent position within the CLIENT come available, the temporary
worker may apply for this position. The CLIENT reserves the right to hire this temporary
worker without any financial obligation to TRANSHIRE.

GUARANTEE OF RATES

TRANSHIRE guarantees the bill rates as set forth in Exhibit A through 12 months, unless there
is an increase due to government mandated costs. Current bill rates represent 25% gross mark up
based on established pay rates as per the CLIENT.

OVERTIME

Should any assignment require the temporary employee to work more than forty (40) hours in
any given week, TRANSHIRE shall pay an overtime rate equal to 1-1/2 times the hourly rate
specified in TRANSHIRE’s bid.
QUANTITIES

No warranty or guarantee is given or implied as to the total amounts to be purchased resulting from this contract. The quantities stated in this bid are estimates of annual usage, to be used for bid comparison purposes only. All services will be ordered on an as needed basis. The minimum request will be for one (1) day (eight (8) hours).

POSITION CLASSIFICATIONS: See Exhibit A

TERMINATION

Upon seven (7) calendar days written notice delivered by certified mail, return receipt requested, to TRANSHIRE, the CLIENT may without cause and without prejudice to any other right or remedy, terminate the agreement for the CLIENTS convenience whenever the CLIENT determines that such termination is in the best interest of the CLIENT. Where the agreement is terminated for the convenience of the CLIENT the notice of termination to TRANSHIRE must state that the contract is being terminated for the convenience of the CLIENT under the termination clause and the extent of termination. Upon receipt of the notice of termination for convenience, TRANSHIRE shall promptly discontinue all work at the time and to the extent indicated on the notice of termination, terminate all outstanding sub-contractors and purchase orders to the extent that they relate to the terminated portion of the Contract and refrain from placing further orders and sub-contracts except as they may be necessary, and complete any continued portions of the work.

ASSIGNMENT

TRANSHIRE shall not assign or transfer its rights, title or interests in the Agreement nor shall TRANSHIRE delegate any of the duties or obligations undertaken by TRANSHIRE without CLIENT’s prior written approval.

APPLICABLE LAWS, ORDINANCE, RULES, CODES AND REGULATIONS

Familiarity with Laws: Notice is hereby given that the TRANSHIRE must be familiar with all Federal, State and Local Laws, ordinances, rules, codes and regulations that may affect the work. Ignorance on the part of TRANSHIRE will in no way relieve him from the responsibility of compliance therewith. CLIENT is providing the following list of references for the convenience of TRANSHIRE. These requirements may apply under the appropriate circumstance. Inclusion herein does not constitute any waiver by the CLIENT or any admission or agreement that these laws, orders or rules actually apply to this project.

Nondiscrimination and Equal Opportunity Employment: During the performance of the Contract, TRANSHIRE agrees as follows:

1. TRANSHIRE shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, or national origin. TRANSHIRE shall take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, creed, color, or national origin. Such
action shall include, but not be limited to the following: Employment, upgrading; demotion or transfer, recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training; including apprenticeship. TRANSHIRE agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting officer setting forth the provisions of this nondiscrimination clause.

2. In the event of TRANSHIRE's noncompliance with the nondiscrimination clauses of the Contract or with any of such rules, regulations, or orders, the Contract may be canceled, terminated, or suspended in whole or in part without liability to CLIENT.

INDEMNIFICATION

a. GENERAL INDEMNIFICATION: The parties agree that one percent (1%) of the total compensation paid to TRANSHIRE for the work of the Contract shall constitute specific consideration to TRANSHIRE for the indemnification to be provided under the Contract. To the fullest extent permitted by laws and regulations, TRANSHIRE shall indemnify, defend, save and hold harmless the CLIENT, its officers, agents and employees, from or on account of all claims, damages, losses, liabilities and expenses, direct, indirect or consequential arising out of or alleged to have arisen out of or in consequence of the operations of TRANSHIRE or his Subcontractors, agents, officers, employees or independent contractors pursuant to or in the performance of the contract.

b. PATENT AND COPYRIGHT INDEMNIFICATION: TRANSHIRE agrees to indemnify, defend, save and hold harmless the CLIENT, its officers, agents and employees, from all claims, damages, losses, liabilities and expenses arising out of any alleged infringement of copyrights, patent rights and/or the unauthorized or unlicensed use of any material, property or other work in connection with the performance of the Contract.

c. TRANSHIRE shall pay all claims, losses, liens, settlements or judgments of any nature whatsoever in connection with the foregoing indemnifications including, but not limited to, reasonable attorney's fees (including appellate attorney's fees) and costs.

d. CLIENT reserves the right to select its own legal counsel to conduct any defense in any such proceeding and all costs and fees associated therewith shall be the responsibility of TRANSHIRE under the indemnification agreement. Nothing contained herein is intended nor shall it be construed to waive CLIENT’s rights and immunities under the common law or Florida Statute 768.28 as amended from time to time.

INSURANCE

Worker's Compensation Insurance for statutory obligations imposed by Worker's Compensation or Occupational Disease Laws, including, where applicable, the United States Longshoremen's and Harbor Worker's Act, the Federal Employer's Liability Act and the Homes Act. Employer's Liability Insurance shall be provided with a minimum of One Hundred Thousand and xx/100 dollars ($100,000.00) per accident. TRANSHIRE shall agree to be responsible for the employment, conduct and control of its employees and for any injury sustained by such employees in the course of their employment.
a. **Comprehensive Automobile Liability Insurance** for all owned, non-owned and hired automobiles and other vehicles used by TRANSHIRE in the performance of the work with the following minimum limits of liability:

$1,000,000 Combined Single Limit, Bodily Injury and Property Damage Liability per occurrence

d. **Comprehensive General Liability** with the following minimum limits of liability:

$1,000,000 Combined Single Limit, Bodily Injury and Property Damage Liability per occurrence

c. Coverage shall specifically include the following with minimum limits not less than those required for Bodily Injury Liability and Property Damage:

1. Premises and Operations;
2. Independent Contractors;
3. Product and Completed Operations Liability;
4. Broad Form Property Damage;
5. Broad Form Contractual Coverage applicable to the Contract and specifically confirming the indemnification and hold harmless agreement in the Contract; and
6. Personal Injury coverage with employment contractual exclusions removed and deleted.

d. The required insurance coverage shall be issued by an insurance company authorized and licensed to do business in the State of Florida, with the following minimum qualifications in accordance with the latest edition of A.M. Best's Insurance Guide:

    Financial Stability B+ - A+

e. All required insurance policies shall preclude any underwriter's rights of recovery or subrogation against CLIENT with the express intention of the parties being that the required insurance coverage protects both parties as the primary coverage for any and all losses covered by the above described insurance.

f. TRANSHIRE shall ensure that any company issuing insurance to cover the requirements contained in this Contract agrees that they shall have no recourse against CLIENT for payment or assessments in any form on any policy of insurance.

g. The clauses "other Insurance Provisions" and "Insurers Duties in the Event of an Occurrence, Claim or Suit" as it appears in any policy of insurance in which CLIENT is named as an additional named insured shall not apply to CLIENT. CLIENT shall provide written notice of occurrence within fifteen (15) working days of CLIENT's actual notice of such an event.

h. TRANSHIRE shall not commence work under the Contract until after he has obtained all of the minimum insurance herein described.
i. TRANSHIRE agrees to perform the work under the Contract as an independent contractor, and not as a sub-contractor, agent or employee of CLIENT.

j. Violation of the terms of this paragraph and its subparts shall constitute a breach of the Contract and CLIENT, at its sole discretion, may cancel the Contract and all rights, title and interest of TRANSHIRE shall thereupon cease and terminate.

Signature

[Signature]

Scott Rasbach
Name

Vice President
Title

August 27, 2014
Date
## EXHIBIT A

### TransHire

#### Current positions / Rates

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<tr>
<td>Academy Advisor</td>
<td>$40.63</td>
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CERTIFICATE OF LIABILITY INSURANCE

ATRIPER-01 MOERLERN

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERRS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER
Insurance Office of America-LNC
1055 West State Road 434
Longwood, FL 32760

INSURED
Atrium Personnel, Inc.
3601 West Commercial Boulevard
Suite 12
Fort Lauderdale, FL 33309-3320

INSURERS AFFORDING COVERAGE
Zurich American Insurance Company
16535

INSURED:
Atrium Personnel, Inc.
3601 Weal Commercial Boulevard
Suite 12
Fort Lauderdale, FL 33309-3320

COVERAGES

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A AUTOMOBILE LIABILITY

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B WORKERS' COMPENSATION AND EMPLOYERS' LIABILITY

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DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES (ACORD 181), Additional Remarks Schedule, may be attached if more space is required.

City of Hollywood is an Additional Insured with respect to General Liability on a Primary Non-Contributory basis, when required by written contract.

CERTIFICATE HOLDER

City of Hollywood
3260 Hollywood Blvd
Hollywood, FL 33021

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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CERTIFICATE OF LIABILITY INSURANCE

ATRIPER-01 MOERLERN

DATE (MM/DD/YYYY) 8/27/2014

CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFRS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

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PRODUCER
Insurance Office of America-LNG
1825 West State Road 434
Longwood, FL 32750

CONTACT
NAME: [Blank]
PHONE (407) 788-3000
FAX (407) 788-7933
E-MAIL [Blank]
ADDRESS: [Blank]

INSURED
Atrium Personnel, Inc.
3801 West Commercial Boulevard
Suite 12
Fort Lauderdale, FL 33309-3320

CERTIFICATE NUMBER: PRA585359702

COVERAGE: COMMERCIAL GENERAL LIABILITY

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OTHER: [Blank]

A X COMMERCIAL GENERAL LIABILITY

CLAIMS-MADE

POLICY NUMBER: PRA585359702

POLICY EFF (MM/DD/YYYY) 07/20/2014

POLICY EXP (MM/DD/YYYY) 07/20/2015

LIMITS

EACH OCCURRENCE $1,000,000

DAMAGE TO RENTED PREMISES $100,000

MED EXP (Any one person) $10,000

PERSONAL & ADV INJURY $1,000,000

GENERAL AGGREGATE $2,000,000

PRODUCTS - COMPRO AGG $2,000,000

COMBINED SINGLE LIMIT $(es accident) $1,000,000

BODILY INJURY (Per person) $0

BODILY INJURY (Per accident) $0

PROPERTY DAMAGE (Per occurrence) $0

AGGREGATE $0

DED RETENTION $

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

City of Hollywood is an Additional Insured with respect to General Liability on a Primary Non-Contributory basis, when required by written contract.

CERTIFICATE HOLDER
City of Hollywood
3250 Hollywood Blvd
Hollywood, FL 33021

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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ACORD 25 (2014/01) The ACORD name and logo are registered marks of ACORD
### Remaining FY2014 Temp Staffing Projections (TransHire)

<table>
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<tr>
<th>Count</th>
<th>Position Title</th>
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<th>Bill Rate</th>
<th>Projected Weekly Hours</th>
<th>Assignment Duration (Weeks)</th>
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**TOTAL** $95,875.20
# FY2015 Temporary Staffing Projections (Transhire)

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<th>Anticipated Assignment Duration (Weeks)</th>
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</tr>
<tr>
<td>Records</td>
<td>Clerical Specialist</td>
<td>26.52</td>
<td>306.00</td>
<td>8,115.12</td>
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<td></td>
</tr>
<tr>
<td><strong>Total FY13</strong></td>
<td></td>
<td></td>
<td>10,081.75</td>
<td>316,648.86</td>
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<table>
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<th>Title</th>
<th>Avg Rate</th>
<th>FY14 Hours</th>
<th>Paid FY14</th>
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<tr>
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<td>Dispatch</td>
<td>23.87</td>
<td>24.00</td>
<td>572.88</td>
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<td>23.87</td>
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<td>911 Communications</td>
<td>Dispatch</td>
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<td>6,492.64</td>
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<td>Dispatch</td>
<td>23.87</td>
<td>29.00</td>
<td>692.23</td>
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<tr>
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<td>Dispatch</td>
<td>24.52</td>
<td>1,053.50</td>
<td>25,829.58</td>
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<td>911 Communications</td>
<td>Dispatch</td>
<td>23.77</td>
<td>308.00</td>
<td>7,321.82</td>
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<tr>
<td>CID</td>
<td>Case Advocate</td>
<td>21.08</td>
<td>715.75</td>
<td>15,085.56</td>
</tr>
<tr>
<td>CID</td>
<td>Case Advocate</td>
<td>21.08</td>
<td>717.00</td>
<td>15,111.68</td>
</tr>
<tr>
<td>CID</td>
<td>Crime Analyst</td>
<td>36.90</td>
<td>851.25</td>
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<td>Latent Print Examiner</td>
<td>39.72</td>
<td>725.50</td>
<td>28,818.21</td>
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<tr>
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<td>Academy Advisor</td>
<td>42.84</td>
<td>1,478.50</td>
<td>63,339.12</td>
</tr>
<tr>
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<td>Background Investigator</td>
<td>38.82</td>
<td>35.50</td>
<td>1,377.99</td>
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<tr>
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<td>Background Investigator</td>
<td>39.72</td>
<td>1,375.25</td>
<td>54,629.93</td>
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<tr>
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<td>Background Investigator</td>
<td>39.71</td>
<td>1,217.50</td>
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<td>Background Investigator</td>
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<td>45,768.93</td>
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<td>645.50</td>
<td>27,644.28</td>
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<td>Personnel</td>
<td>Background Investigator</td>
<td>42.83</td>
<td>682.25</td>
<td>29,218.58</td>
</tr>
<tr>
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<td>26.48</td>
<td>528.25</td>
<td>13,987.91</td>
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<td>26.52</td>
<td>703.00</td>
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<tr>
<td><strong>Total FY14 through 7/27/14</strong></td>
<td></td>
<td></td>
<td>15,049.00</td>
<td>517,287.11</td>
</tr>
</tbody>
</table>
I have reviewed the above-captioned agreement for form and legality, and the general business terms and other significant provisions are as follows:

1) Department/Office involved – Human Resources

2) Type of Agreement – Blanket Purchase Order

3) Method of Procurement (RFP, bid, etc.) – “Best interest” exemption

4) Term of Contract
   a) initial – Indefinite
   b) renewals (if any) –
   c) who exercises option to renew –

5) Contract Amount - $315,000 in FY 2013 (est.), $620,000 in FY 2014 (est.) and not-to-exceed $200,000 in FY 2015.

6) Termination rights – City can terminate without cause by giving 7 days’ notice.

7) Indemnity/Insurance Requirements – Developer will indemnify City and provide insurance.

8) Scope of Services – Vendor will furnish temporary employment services on an as-needed basis.

9) City’s prior experience with Vendor – Yes.

10) Other significant provisions – City can hire any worker furnished by vendor without any financial obligation to vendor.

cc: Cathy Swanson-Rivenbark, City Manager
STATEMENT OF BUDGET IMPACT
(Policy Number 94-45)
Budgetary Review of Proposed Resolution &
Ordinances with Financial Implication.

Date: August 27, 2014  BIS 14-240

File: TMP-2014-00506

Proposed Legislation:

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD,
FLORIDA, WAVING BY UNANIMOUS CONSENT THE FORMAL COMPETITIVE
BIDDING PROCESS, RATIFYING AND AUTHORIZING THE APPROPRIATE CITY
OFFICIALS TO ISSUE A BLANKET PURCHASE ORDER BETWEEN ATRIUM
PERSONNEL INC. D/B/A TRANSHIRE AND THE CITY OF HOLLYWOOD FOR
TEMPORARY EMPLOYMENT SERVICES IN ESTIMATED EXPENDITURE OF
$315,000 IN FISCAL YEAR 2013, AN ESTIMATED EXPENDITURE OF $620,000 IN
FISCAL YEAR 2014 AND A NOT TO EXCEED AMOUNT OF $200,000 IN FISCAL
YEAR 2015.

Statement of Budget Impact:

1. □ No Budget Impact associated with this action;
2. X Sufficient resources are identified /available;
3. □ Budgetary resources not identified/unavailable;
4. □ Potential revenue is possible with this action;
5. □ Will not increase the cost of Housing;
6. □ May increase the cost of Housing; (CDAB review required)

Explanation:

This Resolution seeks to have the City Commission waive by unanimous consent the
formal competitive bidding process, ratifying and authorizing the appropriate City
Officials to issue a blanket purchase order between Atrium Personnel, Inc. D/B/A
Transhire and the City of Hollywood for temporary employment services in an estimated
expenditure of $315,000.00 in fiscal year 2013, an estimated expenditure of
$620,000.00 in fiscal year 2014 and a not to exceed amount of $200,000 in fiscal year
2015.
The City of Hollywood occasionally requires the use of temporary employment services to maintain sufficient staffing level in order to meet operational needs, and Section 38.46 of the City's Purchasing Ordinance authorizes the Director of Procurement Services to join with other governmental entities in cooperative purchasing plans when it is in the best interest of the City.

Temporary employment services had been competitively bid by the Southeast Florida Governmental Purchasing Cooperative Purchasing Group in which the City of Hollywood is an active participant. The City of Coral Springs, Florida acted as the lead agency under Bid Number 08-D-001F. The Cooperative Purchasing Group awarded the competitively bid contract to Atrium Personnel Inc. d/b/a Transhire in FY13 to provide various Blue Collar and White Collar temporary employment services.

The Hollywood Police Department identified additional temporary employment services beyond the initial scope of services awarded to Atrium Personnel Inc. d/b/a Transhire, such as Communications, Background Personnel, Crime Scene and Case Advocate; and Atrium Personnel Inc. d/b/a Transhire, offered to provide these additional temporary employment services based upon terms and conditions of the Cooperative Purchasing Group contract that was awarded in FY13. The Hollywood Police Department negotiated contract pricing with Atrium Personnel Inc. d/b/a Transhire based on current base pay for the various employment services.

Purchasing Ordinance, Section 38.40 (C)(8) provides that Purchases of, and contracts for, supplies or contractual services, when the City Commission declares by unanimous vote that competitive bidding is not in the best interest of the City are exempt from the competitive bidding process. For those contracts which the City Manager is otherwise authorized to award, he/she may waive competitive bidding and competitive proposals.

Temporary staffing funding was made available for FY13 and FY14 from salary savings due to vacant authorized positions and is available in the FY15 budget subject to passage and adoption by the City Commission. Temporary staffing expenses are charged to Account Number 01.2042.00295.521.001310 (Salaries and Wages - Temporary) under the appropriate Programs within the Police Department.

PREPARED BY: Hilde Johnson  
Management & Budget Analyst

APPROVED BY: Mirtha Dziedzic  
Assistant Director, Budget and Financial Services
EXHIBIT 2
Thanks Tami

Let me restate...For all the positions you have been using Transhire for, it has only been a verbal agreement.

Tami,
Do we have any written agreement/contract with Transhire? My understanding is that everything is oral>
Thanks

Vincent R. Affanato,
Assistant Chief of Police
Hollywood, Florida Police Department
3250 Hollywood Boulevard
Hollywood, Florida 33021
954.967.4300 vaffanato@hollywoodfl.org
OIG 14-027

EXHIBIT 3
RESOLUTION NO. R-2013-310

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AUTHORIZING YEAR END BUDGETARY TRANSFERS AND ADJUSTMENTS FOR FISCAL YEAR 2013 AS SET FORTH IN EXHIBIT ONE, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City budget is currently appropriated at the Department level; and

WHEREAS, the City's accounting policies and system allow departments flexibility in transferring budgeted funds within the departments where necessary to meet operational needs; and

WHEREAS, certain accounts must be distributed at year end, such as Accrued Leave and Wage Contingencies, to cover the impacts of retirement disbursements, reclassifications and temporary assignments to cover employee absences; and

WHEREAS, as a result, individual divisions and/or account groups may have exceeded individual budget account appropriations, but the overall category and/or department will still be within budgetary limits; and

WHEREAS, making the year-end budgetary transfers set forth in Exhibit One attached hereto and made a part hereof by reference, will accomplish this goal;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That the budgetary transfers and adjustments, as may be needed and set forth in Exhibit One, are hereby approved, adopted and accepted.

Section 2: That the transfers and adjustments authorized by this Resolution shall be effective retroactively to September 30, 2013.
RESOLUTION AUTHORIZING FY 2013 YEAR END BUDGETARY TRANSFERS AND
ADJUSTMENTS AS STATED IN THE ATTACHED EXHIBIT ONE.

Section 3: That this resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 6 day of NOV, 2013.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM & LEGALITY
For the use and reliance of the City of Hollywood, Florida, only.

JEFFREY P. SHEFFEL, CITY ATTORNEY
EXHIBIT 1

TRANSFERS/REALLOCATIONS
FY 2013 OPERATING BUDGET

The following items are transfers and/or reallocations of existing FY 2013 allocations between accounts in the FY 2013 Operating Budget.

<table>
<thead>
<tr>
<th>TRANSFER FROM:</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning 01.1410.00</td>
<td>Personnel Costs</td>
<td>(95,000)</td>
</tr>
<tr>
<td>Planning 01.1416.00</td>
<td>Personnel Costs</td>
<td>(180,000)</td>
</tr>
<tr>
<td>Planning 01.1420.00</td>
<td>Personnel Costs</td>
<td>(45,000)</td>
</tr>
<tr>
<td>Police 01.2040.00</td>
<td>Personnel Costs</td>
<td>(250,000)</td>
</tr>
<tr>
<td>Police 01.2041.00</td>
<td>Personnel Costs</td>
<td>(100,000)</td>
</tr>
<tr>
<td>Police 01.2042.00</td>
<td>Personnel Costs</td>
<td>(50,000)</td>
</tr>
<tr>
<td>Police 01.2044.00</td>
<td>Personnel Costs</td>
<td>(200,000)</td>
</tr>
<tr>
<td>Police 01.2044.00</td>
<td>Personnel Costs</td>
<td>(150,000)</td>
</tr>
<tr>
<td>Police 01.2046.00</td>
<td>Personnel Costs</td>
<td>(30,000)</td>
</tr>
<tr>
<td>Human Resc 01.1132.00</td>
<td>Personnel Costs</td>
<td>(1,310,000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSFER TO:</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fire 01.2151.00</td>
<td>Personnel Costs</td>
<td>1,085,000</td>
</tr>
<tr>
<td>PRCA 01.3151.00</td>
<td>Personnel Costs</td>
<td>110,000</td>
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<tr>
<td>PRCA 01.3151.00</td>
<td>Operating Costs</td>
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<td></td>
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<td>1,310,000</td>
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</table>

ROLLOVERS
FY 2013 OPERATING BUDGET

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<tbody>
<tr>
<td>xx.xxxxx.xxxxx</td>
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<tr>
<td>xx.xxxxx.xxxxx</td>
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<td>19,000</td>
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</table>

<table>
<thead>
<tr>
<th>Department/Count Numt:</th>
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<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Community 01.1511.00</td>
<td>NEIGHBORHOOD REDEVELOPMENT CHALLENGE GRT</td>
<td>19,000</td>
</tr>
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To rollover open encumbrance of Tree Trust Funds earmarked for the Neighborhood Redevelopment Challenge grant within Community Development.

ADJUSTMENTS
FY 2013 OPERATING BUDGET

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<tr>
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<tr>
<td>xx.xxxxx.xxxxx</td>
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<td>Department</td>
<td>Description</td>
<td>Amount</td>
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<tr>
<td>------------</td>
<td>------------------------------------------------------------------</td>
<td>--------</td>
</tr>
<tr>
<td>Public Work</td>
<td>Vehicle - Police Lease Purchase FY 13</td>
<td>380,000</td>
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<td>380,000</td>
</tr>
</tbody>
</table>

To recognize fund balance in the Central Services Fund, Fund 57, used as funding advanced for the purchase of replacement Police vehicles and the expenditure of funds for the Police vehicles received to date as part of the FY 13 vehicle replacement plan.

<table>
<thead>
<tr>
<th>Department</th>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Public Utiliti</td>
<td>Revenue - Flouridation Grant</td>
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<tr>
<td></td>
<td></td>
<td>100,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>100,000</td>
</tr>
</tbody>
</table>

To recognize the proceeds of a Water Flouridation Grant received from the Florida Department of Environmental Protection and to establish expenditure funding for grant related expenditures.
EXHIBIT 4
Policy:
To establish a procedure for payment of certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures.

Practice:
Certain recurring purchases, because they are available from only one (1) source or are not readily adaptable to competitive purchasing procedures, are exempt from bid requirements. Because of the wide range of possible interpretation as to which purchases are exempt, only those categories listed below will qualify as exceptions to normal purchasing procedures; however, such purchases in excess of twenty-five thousand dollars ($25,000) require a formal written contract approved by the City Manager.

Responsibility

<table>
<thead>
<tr>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>City’s template for Direct Payment Vouchers (DPV) will be used for requesting payment for certain transactions. These transactions are of a noncompetitive nature where neither price nor quantity is improved through a procurement process.</td>
</tr>
<tr>
<td>Payment Voucher will be approved by the Department Head and forwarded to Financial Services.</td>
</tr>
<tr>
<td>The Financial Services Department will be responsible for authorizing the use of a DPV as the appropriate payment mechanism. Fund availability is verified during the entry of the DPV system.</td>
</tr>
<tr>
<td>Procurement Services Division will be responsible for the monitoring of payments made through this mechanism.</td>
</tr>
<tr>
<td>The DPV will be processed as follows:</td>
</tr>
<tr>
<td>The form will be completed and approved by the authorized person within the department. Only those expenditures, which exceed twenty-five thousand dollars ($25,000), require the City Manager’s approval. The form will be forwarded to the Financial Services Department with invoices or other appropriate documentation attached. The Financial Services Department will authorize and process the DPV for payment with the appropriate check issue date.</td>
</tr>
<tr>
<td>The DPV is a City form available on-line for Microsoft word users.</td>
</tr>
<tr>
<td>The original form is sent to the Financial Services Department where it is kept on file after processing. The originating Department should make a copy for their records and route a copy to the Procurement Services division.</td>
</tr>
<tr>
<td>No purchase in excess of fifty thousand dollars ($50,000) may be made utilizing this form unless prior Commission approval has been obtained.</td>
</tr>
<tr>
<td>Subject: Direct Payment Voucher (DPV)</td>
</tr>
<tr>
<td>--------------------------------------</td>
</tr>
<tr>
<td>( ) Complete Revision</td>
</tr>
<tr>
<td>( ) New</td>
</tr>
</tbody>
</table>

Reference: Policy and Procedures Manual Procurement Services Division

Procedure Coordinator: Financial Services, Procurement Services Division.
EXHIBIT 5
Merino, Jennifer

From: Micheline Vitale
Sent: Friday, February 28, 2014 9:18 AM
To: Patrick Gill
Cc: Robin Sloan; Yolanda Maldonado-Juriga
Subject: RE: BSO Reimbursement of 9-1-1 Dispatch costs in FY2014
Attachments: FY14.xlsx

Pat,
See attached spreadsheet. Major Basler is requesting the time sheets and I will bring the Temp timesheets and invoices to you this morning.

From: Patrick Gill
Sent: Thursday, February 27, 2014 12:29 PM
To: Robin Sloan
Cc: Micheline Vitale; Yolanda Maldonado-Juriga
Subject: FW: BSO Reimbursement of 9-1-1 Dispatch costs in FY2014

Hi Robin,

The attached spreadsheet for Cost of Temps appears to an Excel spread sheet. Could you send the spreadsheet to me in Excel so I can use it as part of the October reimbursement package to the County. Can you also start assembling the November and December individual time sheets for the temps and invoices from TransHire for those temps. I will also need the Employee daily timesheets used to prepare the PD payroll that for the telecommunicators same as the ones provided for October. Any questions, please call me.

Thanks

From: Robin Sloan
Sent: Friday, January 03, 2014 4:24 PM
To: Patrick Gill
Cc: Matthew Lalla; Ernie Acosta; Micheline Vitale
Subject: BSO Reimbursement of 9-1-1 Dispatch costs in FY2014

Hi Pat:
Attached please find the cost of temps covering 9-1-1 Dispatch staffing shortfalls in FY2014, along with supporting documents.
Please include these costs with your request for reimbursement of Dispatch personnel.

Let me know if you need additional information or a different format.

Thanks!

Robin Sloan
Financial Analyst, Fiscal Affairs
Hollywood Police Department
Email: rsloan@hollywoodfl.org
Tel: 954-967-4375
<table>
<thead>
<tr>
<th>2041-293</th>
<th>2045-348</th>
<th>2042-295</th>
<th>2041-272</th>
<th>2045-000</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Records</td>
<td>Crime Scene</td>
<td>911 Comm.</td>
<td>Personnel</td>
<td>CID</td>
<td>Total</td>
</tr>
<tr>
<td>$ 1,219.92</td>
<td>$ 676.26</td>
<td>$ 907.06</td>
<td>$7,794.54</td>
<td>$ 2,236.08</td>
<td>$ 12,833.86</td>
</tr>
<tr>
<td>$ 20,625.93</td>
<td>$ 13,346.19</td>
<td>$47,966.92</td>
<td>$152,339.85</td>
<td>$21,335.16</td>
<td>$255,614.05</td>
</tr>
</tbody>
</table>

01.2041.00293.521.001310 $ 1,219.92
01.2045.00348.521.001310 $ 676.26
01.2042.00295.521.001310 $ 907.06
01.2041.00272.521.001310 $ 7,794.54
01.2045.00000.521.001310 $ 2,236.08

$ 12,833.86
**Policy:**
To establish a procedure for payment of certain recurring purchases that are available from one (1) source or are not readily adaptable to competitive purchasing procedures.

**Practice:**
Certain recurring purchases, because they are available from only one (1) source or are not readily adaptive to competitive purchasing procedures, are exempt from bid requirements.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>User Department</td>
<td>Prepares a DPV form with supporting backup and forwards it to the General Accounting Division.</td>
</tr>
<tr>
<td>Clerical Specialist</td>
<td>Receives the DPV and backup (package). Date stamps DPV package. Forwards DPV package to Accountants for review.</td>
</tr>
<tr>
<td>Accountant</td>
<td>Accountant reviews DPV package and verifies backup supports payment amount. Verifies the account being charged has sufficient funds available. Communicates with originating department to resolve any questions that may have arisen. Once satisfied with the DPV, approves DPV and forwards DPV package to the Accounts Payable Accounting Specialist. Forwards any DPV questions that can not be resolved at the Accountant level to the Director of General Accounting (or his designee) for resolution.</td>
</tr>
<tr>
<td>Accounting Specialist</td>
<td>Verifies total on DPV agrees to supporting documentation. Enters DPV into the Government e-Management Solutions for payment. DPV will be processed with regular Accounts Payable Check Run. Refer to Policy GA-AP-01</td>
</tr>
</tbody>
</table>

---

**Issue Date:** June 2000  
**Revision Date:** Sept. 2007  
**Approved by:** Director of Financial Services
City of Hollywood, Florida
DIRECT PAYMENT VOUCHER
TO FINANCE DEPARTMENT

FY13

Date: 10/10/2013

Pay to: Vendor No. 30812
Name: Atrium Personnel d/b/a TransHire
Address: 3601 W. Commercial Blvd., Ste. 12
City: Ft. Lauderdale
State/Zip FLORIDA 33309


<table>
<thead>
<tr>
<th>Line</th>
<th>Item Description</th>
<th>Unit Price</th>
<th>Unit Quantity</th>
<th>Extension/Total</th>
</tr>
</thead>
<tbody>
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<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>2</td>
<td>Dues &amp; Membership Fee</td>
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<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>3</td>
<td>Postage Meter/Stamps</td>
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<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>4</td>
<td>Host Account Reimbursements</td>
<td>$0.00</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>5</td>
<td>Licenses, Permits, Certificates</td>
<td>$0.00</td>
<td></td>
<td>$0.00</td>
</tr>
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Total: $13,527.61

City Manager Signature (if required)

[Signature]

Date: 10/10/13

Distribution List:
dpv (rev10/8/2001)

Finance Procurement Services Department Copy
City of Hollywood, Florida

DIRECT PAYMENT VOUCHER
TO FINANCE DEPARTMENT

Date: 10/7/2013

Pay to: Atrium Personnel d/b/a TransHire
Name: Pay to: Vendor No. 30812
Address: 3601 W. Commercial Blvd., Ste. 12
City: Ft. Lauderdale
State/Zip FL 33309


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Total: $11,714.62

Originated by: Lora Serritella #263
Department/Division: Police - Fiscal Affairs

Financial Services: Date: 10/7/13

City Commission or City Manager Action:

City Manager Signature (if required):
**DIRECT PAYMENT VOUCHER**

**TO FINANCE DEPARTMENT**

---

**Pay to:** Vendor No. 30812  
**Name:** Atrium Personnel/ & TransHire  
**Address:** 3601 W. Commercial Blvd., Ste. 12  
**City:** Ft. Lauderdale  
**State/Zip:** FLORIDA 33309

**Date:** 12/12/2013  
**Pay to:**  
**Vendor No.** 30812  
**Amount of Payment:** $12,645.51


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**Total:** $12,645.51

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**Originated by:** Lora Serbyn 49263  
**Department/Division:** Police/Recreation Affairs  
**Financial Services:**  
**City Commission or City Manager Action:**
City of Hollywood, Florida
DIRECT PAYMENT VOUCHER
TO FINANCE DEPARTMENT

Pay to: Vendor No. 30812  
Name: Atrium Personnel d/b/a TransHire  
Address: 3601 W. Commercial Blvd., Ste. 12  
City: Ft. Lauderdale  
State/Zip: FLORIDA 33309

Amount of Payment: $12,193.84


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Total: $12,193.84

Originated by: Lora Scribner  
Department/Division: Police/Fiscal Affairs  
Financial Services:  
City Commission or City Manager Action:

City Manager Signature (if required)

Distribution List: dpv (rev/10/8/2001)
City of Hollywood, Florida
DIRECT PAYMENT VOUCHER
TO FINANCE DEPARTMENT

Pay to: Vendor No. 30812
Name: Atrium Personnel d/b/a Trans4Hire
Address: 3601 W. Commercial Blvd., Ste. 12
City: Ft. Lauderdale
State/Zip FLORIDA 33309

Amount of Payment: $15,209.99
Account No.: SEE ATTACHED
Invoice Number: 59938


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Total: $15,209.99

Originated by: Lora Sadowski, A2763
Department/Division: Police, Fiscal Affairs
Financial Services: ____________________________ Date: 1/3/14
City Commission or City Manager Action: ____________________________ Date: ____________________________

City Manager Signature (if required)

Distribution List: Procurement Services Department Copy
City of Hollywood, Florida

DIRECT PAYMENT VOUCHER
TO FINANCE DEPARTMENT

Pay to: Vendor No. 30812
Name: Atrium Personnel d/b/a TransHire
Address: 3601 W. Commercial Blvd., Ste. 12
City: Ft. Lauderdale
State/Zip 33309

Amount of Payment: $15,313.84
Date: 1/6/2014

Explanation of Payment: Payment for temporary employment for week of 12/09/13 through 12/22/13.

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Total: $15,313.84

Originated by: M. Vitale X4375
Department/Division: Police-Fiscal Affairs
financial Services: __________ Date: __________
City Commission or City Manager Action: __________ Date: __________

City Manager Signature (if required) __________

Distribution List: Finance Personnel Services Department Copy

dpv (rev/08/8/2001)
Major Sanchez and Lieutenant Pereira,

As you aware, there are concerns involving the legal implications and ethical decisions recently made when Transhire employees were directed to apply to a new temporary staffing agency. This issue rose to the City Attorney and City Manager.

As a result, the City will be maintaining relationships with both temporary staffing agencies. Transhire employees must remain with Transhire and time card sheet submissions must continue to be submitted with Transhire for the existing employees. For any new temporary employees that fit under the positions listed with A & Associates (not previously with Transhire), time sheets should be submitted to them.

Human Resources has been speaking with both of these agencies to advise them of this direction.

Please let us know if you have any questions or concerns.

Tami Thornton
Human Resources Administrator

City of Hollywood
Office of Human Resources
954.921.3639 (phone)
954.921.3487 (fax)

Think Green! Please do not print this e-mail unless necessary

How are we doing? Would you please take a moment to complete a quick survey? Click here for the survey.

"Serving those who serve Hollywood by enhancing the employment experience, promoting teamwork, empowering employees and providing quality service."
Hi Tami,

I've updated and documented the items we discussed yesterday regarding a recruitment and retention strategy plan for police. This is a framework for discussion with Frank. Please review and let me know what else should be included/omitted. I will broaden this into a full plan once we receive feedback from Frank.

All my best,

Joshua Kittinger
Human Resources Analyst - Public Safety
Office of Human Resources and Risk Management
954.921.3217 (phone)
954.921.3487 (fax)

Think Green! Please do not print this e-mail unless necessary

How are we doing? Would you please take a moment to complete a quick survey? Click here for the survey.

"Serving those who serve Hollywood by enhancing the employment experience, promoting teamwork, empowering employees and providing quality service."
Police Recruitment and Retention Strategy Plan

I. Police Hiring Process
   a. Structured Application Processing
      i. Certified and Non-Certified Police Officer job postings will open on the 1st day of every quarter (i.e. January 1st, April 1st, July 1st, October 1st)
      ii. Posting will remain open for 10-11 weeks
   b. Predictable Delivery of Civil Service List
      i. HR staff will validate/finalize Civil Service List last 1-2 weeks of the quarter
      ii. HR staff will provide validated Civil Service list of qualified and complete applications to HPD the 1st day of every quarter
   c. Expediting Interview Process
      i. Oral Board (1) conducting interviews with all applicants from Civil Service list over a two week block during the first month of quarter
   d. Expediting Background Check Process
      i. Utilize staffing agency (TransHire) to hire additional P/T Background Investigator to higher volume of candidate processing

II. Recruiting Efforts & Advertising
   a. Recruiting:
      i. HPD assign officer(s) to Recruit in Person at the following (HR Recruiter to attend as well):
         1. Training Locations (BMST & Swim)
            a. Miami-Dade North (Gratigny) - Monthly
            b. Broward College – Central (Davie) - Monthly
         2. Colleges / Universities
            a. Criminal Justice Programs (Site Visits)
               i. FIU / FAU / Broward College / Nova - Quarterly
               ii. FAMU – Q1 & Q3
               iii. Bethune-Cookman University – Q2 – Q4
            ii. HR Recruiter to re-establish relationships with career/school counselors at targeted local universities
b. Advertising
   i. Job Postings
      1. Free Job Postings on Police/Law Enforcement Websites
      2. Paid Job Posting on Police/Law Enforcement Websites
   ii. Marketing Brochures
      1. Job Fairs at Colleges
      2. Training Facilities
      3. Certification Facilities
   iii. Social Media
      1. Facebook page for HPD
      2. Official Twitter account for HPD

III. Retention
   a. Academy Reimbursement
      i. 2 year commitment for police recruits who HPD pays for their Police Academy
      ii. If resign before 2 years they will be obligated to pay back entire amount
   b. Housing Allowance
      i. Monthly Stipend
      ii. Agreements with local apartments to reduce rent rates for officers
   c. Signing Bonus
      i. $1000 - $2000 signing bonus
      ii. 2 year commitment linked to signing bonus

IV. Telecommunicator II
   a. Immediate plan (1-3 months)
      i. Utilize staffing agency (TransHire) to hire 2-3 Telecommunicator Field Training Officers (FTOs) to expedite the training of 6 current new hires
      ii. Request Union to increase paygrade for Telecommunicators II from paygrade 25 to 31 (Existing employees are leaving to work thru TransHire at a rate of pay at $20/hr)
      1. Tier A – paygrade 25 = $17.88
      2. Tier A – paygrade 31 = $20.80
      3. Tier B – paygrade 25 = $16.05
      4. Tier B – paygrade 31 = $18.61
b. Short-term plan (3-6 months)
   i. Identify/Hire 10 candidates (Currently have 500 applications)
   ii. Conduct Job Profile Meetings
       1. Open forum to discuss the realities of the Tele II work requirements/environment
       2. Include Supervisors and Maj. Reddings and Maj. Affanato
       3. Create Promotion Video to advertise this position/outline importance
          a. Testimonials
             i. Tele IIs
             ii. Supervisors
             iii. Police and Fire staff

c. Long-term plan (6-12 months)
   i. Interview Tele II incumbents and develop screening tool to identify which candidates have the aptitude and fortitude to be a Telecommunicator II for the long-haul
   ii. Reduce Turnover
   iii. Improve/Maintain FL (PSAPs) Response Time % within 10 secs to consistently over 90%

V. Applicant/Hires Reports
   a. Report of Applicant Numbers (Year over Year – Past 7 years)
      i. Total # Applied
      ii. Total # Submitted to HPD
      iii. Total # Failed and for what reason
           1. Failed Interview
           2. Failed Psych
           3. Failed Poly
           4. Failed Background
           5. Other
      iv. Total # Hired
      v. Total # Left Department
         1. Voluntarily (Exit Interviews for Reason Why?)
         2. Involuntarily
OIG 14-027

APPENDIX A
February 2, 2016

John W. Scott, Inspector General
Broward Office of the Inspector General
One North University Drive, Suite 111
Plantation, Florida 33324

Re: City of Hollywood Response to OIG Preliminary Report, Ref. No OIG 14-027

Dear Mr. Scott:

The City of Hollywood appreciates the opportunity to respond to the preliminary report provided by your office regarding the City’s use of temporary staffing services in fiscal years 2013 and 2014. This response is offered pursuant to Section 12.01(D)(2)(a) of the Charter of Broward County which allows the municipality, as well as any individuals referenced in the preliminary report, an opportunity to respond. As such, the City of Hollywood’s response will provide detailed information on the corrective measures taken by the City to date and the additional work underway to address issues raised in the report. It will not reflect the individual responses of employees (current or former), referenced in the preliminary report, who have the opportunity to provide their own responses.

The City of Hollywood takes compliance with its code of ordinances, policies and procedures extremely seriously which is why this matter was referred by the Hollywood City Commission to your office for investigation and why the City administration has undertaken a number of reforms and measures to address the code and policy violations that occurred with the use of temporary employees from Atrium Personnel, Inc. dba TransHire. Additionally, upon reviewing the preliminary report, my office engaged the services of Phil Rosenberg, an experienced consultant in public sector human resource issues, policy development and organizational culture and problem solving. I understand Mr. Rosenberg has already been in touch with you per his assignment to examine a series of points, as outlined below, related to the findings of your investigation:

- Was the conduct of any of the persons mentioned by in the Inspector General, who report through the City Manager’s chain of command and are still employed by the City of Hollywood, sufficient to support disciplinary action?
- If so, what factors should be considered in determining the level of such action?
o To what degree was an organizational culture present in the City of Hollywood which may have given rise to or supported the inappropriate actions which occurred?

o To what degree might the City's personnel policies and practices have been contributing factors?

o What additional actions should be considered to prevent or mitigate risks of subsequent failures of the types presented in the Inspector General’s report?

Also, Mr. Rosenberg will be speaking with each of the parties named in the report and their responses will provide further insights for me to use in creating programs and plans to aggressively change the dynamics in the organization which led to the lapses you have cited. Mr. Rosenberg’s work will be completed in approximately 3 weeks and shared directly, and in an unedited form, with your office.

We will be creating organizational diagnostics relative to each of several citywide administrative processes and protocols to identify areas for modernization, greater efficiency, and improvement. These will include the procurement processes used throughout the organization and human resources practices. This is based upon the understanding I have derived from the initial review of your preliminary report that there is a greater need for a culture of responsibility and compliance with standards and practices set citywide.

It is important to note, as your report states, that several of the individuals referenced in the report no longer work for the City of Hollywood including City Manager, Cathy Swanson-Rivenbark; Assistant City Manager/Chief of Police, Frank Fernandez; Assistant Chief of Police Vincent Affanato; General Accounting Division Director, Patrick Gill; and Human Resources Director, Gail Reinfeld. The City’s executive management team has been substantially restructured with additional oversight of the City’s financial services functions provided by an Assistant City Manager for Finance and Administration and the position and function of Assistant City Manager for Public Safety separated from the position and function of Chief of Police.

In addition to these staffing changes, several policy and procedural changes have already been instituted to strengthen contract management procedures, prevent the misuse of direct payment vouchers and tighten procedures for requesting and using temporary personnel. Increased training on these procedures has been undertaken for all employees involved in the procurement of goods and services. These reforms are detailed below:

**Use of Temporary Staffing Services:** Human Resources Policy #006 on the retention of temporary staffing/recruitment agencies has been strengthened to include a clearly defined process and the steps need to request, obtain and pay for a temporary worker.

The policy was distributed to all directors and hiring managers and is readily available on the City’s intranet under HR Policies and Procedures.
A request for temporary staffing form was created which defines the type of worker needed, the duration of the assignment and the total estimated hours anticipated. It includes approval of funding. This form has been implemented and is now required for all temporary worker requests.

**Direct Payment Voucher Use:** The Direct Payment Voucher (DPV) policy has been revised and incorporated into HR Policies and Procedures as HR-084 making it more readily available to employees through the City's intranet.

This policy, finalized and distributed in March 2015, clearly specifies the appropriate use of DPV's and requires all use of DPV's to be approved by the Procurement Division for compliance with purchasing ordinances before being forwarded to the General Accounting Division to confirm appropriate account numbers and availability of funds. The DPV form has been revised to require additional review and signatures. Any DPV determined to be over-budget requires the review and approval of the Division of Management and Budget to assure compliance with all budgetary policies and procedures before being processed for payment.

**Contract Management:** A professional position of Contract Compliance Officer has been created and filled with an individual with significant experience in contact administration, review and enforcement. This position reports to the City Manager and is tasked with ensuring the City's contracting and contract monitoring processes are brought up to date, effectively managed and weaknesses in individual contacting are identified early and corrected expeditiously. A Master Contract List (MCL) of all City contracts for goods and services has been compiled. The Contract Routing form and process has been revised to ensure all applicable Departments/Offices have reviewed a contract prior to execution. The City's Procurement Division is in the process of implementing new contract software through BidSync to allow more efficient contract tracking and important notifications.

**Procurement Training:** Increased training for employees involved in the procurement of goods and services has been instituted. In fiscal year 2015 five procurement specific training sessions were held, along with an additional 10 comprehensive Procurement/Ethics Training sessions. Additional training is scheduled for this year.


**New Contracts in Place for Temporary Staffing:** Blanket purchase orders (BPO) have been established and contracts approved by the City Commission for three temporary staffing vendors awarded through the SE Florida Government Purchasing Cooperative Group. The establishment of BPO's ensures the tracking of all expenditures of funds to these vendors.
OpenGov: The City is currently working with OpenGov to make financial records and budget information more readily available and easier to understand through the City's website. The OpenGov platform helps the public see how tax dollars are being spent through clear, charts and graphs that help increase transparency and promote public engagement and confidence in the functions of government.

The City, as your office notes, faced some credible staffing challenges in FY 2013 and FY 2014 in which critical public safety issues required a much more extensive use of temporary staffing than in prior years. These services were needed to maintain the City’s 911 dispatch center during an extended delay of nearly a year in the transition to a regional 911 dispatching system and to complete necessary background checks required to process hundreds of applications for vacancies caused by the departure of nearly a third of the sworn officer force within the Hollywood Police Department from FY 2011 to FY 2013. These needs tested the policies and procedures of the City in place at that time and there were significant failures and lapses.

We are committed to putting into place any and all additional measures that are needed to ensure compliance and accountability. I regard your report as important, not only as an historic review of events which happened but should not have, but as a guidepost and basis for planning for a future in which these kind of events do not happen again in the City.

Upon the completion of the work of our consultant and the receipt of the final report from your office, a plan will be developed for the review and additional activities I described above. The details of this plan will be shared with your office. Further, this plan and any subsequent actions will be shared with members of the City Commission for their review and comments. The Commission has already asked that steps be taken to consider the addition of an internal audit function in the City in furtherance of the concepts of openness and compliance with rules, polices and ordinances.

I want to reiterate our appreciation for the fact that your report constitutes a call to action to which we are responding assertively. I invite your comments back to me once you see the course of the work we are pursuing. Please know that you are free and encouraged to contact me directly with any questions, comments or suggestions you may have.

Sincerely,

Dr. Wazir Ishmael
City Manager

c. Mayor, Vice Mayor and City Commissioners
City Attorney
Assistant City Managers
Chief Officers
Department/Office Directors
OIG 14-027

APPENDIX B
John W. Scott  
Inspector General  
Broward Office of the Inspector General  
One North University Drive, Suite 111  
Plantation, FL 33324

RE: Preliminary Report of Misconduct and Gross Mismanagement by the City of Hollywood in the Procurement of Temporary Employee Services

Inspector General Scott,

The residents and I, as the initiators of the request to look into presumed misdeeds by the City Administration, would like to thank you and all involved for taking an interest and making the time to perform an investigation such as the one your office is conducting.

The preliminary report is very unsettling; we conducted a special commission meeting on January 26, 2016 in hopes of finding out more from the people involved. The residents were disappointed when those individuals were not made available to answer questions that might have shed light on the subject – after all, it is their money. One resident was concerned when hearing a commissioner ask why elected officials were not interviewed, and making it seem as if the scrutiny of your office would be swayed by their influence. This same commissioner has shared troubling comments regarding secrecy and behind-the-scenes deals in the past. The concerned resident recalled a similar odd avowal made back in a commission meeting on January 15, 2014, resolution R-2014-004 where Commissioner Blattner said "...If you didn’t want to pass it, let’s do it in secret..." when the item became contentious.

It is this mindset that worries residents, where city representatives unveil that when important issues arise with the potential of being controversial, it would be acceptable to do them surreptitiously. This implies that the City of Hollywood is run as an oligarchical organization that doesn’t have to involve, consider, or answer to its citizens.

Your office’s investigation has been one of many steps necessary to shine light on current circumstances so that we may take action towards functioning as a transparent city that puts its residents above special interests. We are grateful to you for your efforts in bringing what happened to light, and hope that the conclusion will bring back the trust in our local government that many feel we have lost.

Sincerely,

Peter D. Hernandez  
Vice Mayor, District 2

CC: Mayor and City Commission  
City Manager

Our Mission: We are dedicated to providing municipal services for our diverse community in an atmosphere of cooperation, courtesy and respect. We do this by ensuring all who live, work and play in the City of Hollywood enjoy a high quality of life.

"An Equal Opportunity and Service Provider Agency"
February 3, 2016

Re: Joel Wasserman/response to OIG Preliminary Report Ref. No. OIG 14-027

Dear Mr. Scott:

The City of Hollywood's February 2, 2016 letter did not offer the responses of the individuals referenced in the OIG's draft report. I therefore, offer the following response on my behalf.

There were two concerns the OIG stated in its report as it pertains to me: 1) as Director of the Procurement Services Division, the division and I did not realize that city employees were circumventing the procurement process which included the circumvention of the necessary approvals by the City Commission; and, 2) I permitted the City Commission to consider a resolution approving payments to Transhire (temp employee service) retroactively to fiscal year 2013. I will respond to these concerns in order.

Context is critical to having a fair and complete understanding of the facts and my position. As to individuals who circumvented the procurement process and avoided City Commission approval, I was misled as to the facts. I trusted that key city employees who seek information about the procurement process are open and honest with me about the facts. As to the presentation of the Resolution approving previous expenditures in Fiscal Year 2013, I trusted those who subsequently made edits to the Resolution by adding "FY13" would have highlighted the major edit.

I was told at the outset that the hiring of temporary workers was within very small parameters – not many workers, not for workers outside those who were part of the Transhire contract, and not for a long period of time. The parameters of the City’s needs were presented to me as 8+ hours over two occasions.

In short, I was misled. The expediency that others sought to fill 80 plus positions over months, were meant to avoid my attention and the Procurement Services Division’s awareness. Indeed, on page 10, footnote 5 of the OIG report states: “The OIG notes, however, that the transfers appear to have been spearheaded by the Assistant Chief of Police, who had no access to or authority over potential temp contracts and was acting under the assumption (as previously explained to him by Human Resources) that the city was utilizing the Co-op contract for his department’s temps.” Nowhere did either the Assistant Chief or any member of Human

1 Attached to this response are memos and emails sent to me illustrating the representations made to me regarding the size and scope of the request for temp employees.
Resources seek advice or assistance from the Procurement Services Division about how to hire within the rules. In fact, I am not listed in the report, page 17-18, where the OIG identifies each individual who knew or should have known about the violations of City code.²

Consequently, on page 9 of the draft report the remark: “The Procurement Director admitted that he was not involved in negotiating any pricing with Transhire despite his responsibilities over the city’s procurement process” is inaccurate and false. Using the term “admitted” implies fault on my part, which is improperly placed. It also implies that I had knowledge that the arrangement with Transhire existed outside of the Co-op agreement. I did not have anything to do with any additional negotiations; I did not have anything to do with the negotiation with Transhire for the temporary workers described in the report.

Remarks suggesting that the Procurement Services Division had failed to detect the error (page 21), are incorrect, as I must first be aware of an issue and the division is not tasked with auditing other departments for compliance with the Purchasing Code. While I do have responsibilities over the city’s procurement process, those involved took efforts to deliberately avoid the procurement process and circumvent the training, policies, and procedures provided by the Procurement division and me. One of the first steps in protecting the City in the purchasing arena is to alert the Procurement Services Division of an intent to initiate the purchasing process.

I did not state in my interview that the "city was nevertheless contractually obligated to Transhire." (OIG, Report, pg. 32). I have no opinion on the legality or binding nature of the agreement at issue. I also did not use the term, "defacto contract," and did not think the unapproved payments to Transhire were authorized.

On page 33 of the report it stated that I said in my interview: "The Procurement Services Division is not involved with such transactions," -- Direct Payment to Vendor ("DPV"). What I stated was: "The Procurement Services Division was not involved with such transactions. I was emphasizing again that those who obligated the City took measures to avoid the Procurement division.

As to the misleading resolution presented to the Commission approving the expenditures to Transhire, the initial draft of the Resolution did not include a reference to Fiscal Year 2013. I trusted that small but significant changes would be brought to my attention, they were not. In this case, the addition of Fiscal Year 13 ("FY13") to the resolution without the change being brought to my attention, redlined or highlighted in the edited document, or otherwise disclosed to me, created the situation the OIG described.

Neither the Procurement Services Division nor I are meant to watch over other city officials who are tasked with following the proper procedure. It is now clear the design by those officials was to avoid the training, formalities, and protection the Procurement Services Division provides.

² “There was no interaction with the city’s Human Resources Department or the Procurement Division.” (Scott Rasbach, VP Transhire, Report, pg. 23).
There are many ways to ensure compliance with the City’s procurement policy; some of which were outlined in the City's response letter to the OIG on February 2, 2016.

I look forward to assisting with the implementation of those policies to ensure this situation can never happen again.

In light of these facts and perspective that I have shared, the OIG should amend to report to include the clarifications stated in this response.

Very truly yours,

Joel Wasserman
Director of Procurement Services.
To: Gail Dixon  
City of Coral Springs  
Fax: 954-344-1186

From: Linda Silvey  
City of Hollywood Procurement Technician  
Fax: 954-921-3086 Phone: 954-921-3200

Pages: Cover & 12  
Address: Procurement Services  
2600 Hollywood Blvd., Room 303

Date: August 14, 2009  
Hollywood, FL 33020

Comments:

Attached is the Coop Survey for Temporary Employment Services (Blue and White Collar), as completed by our Human Resources Department, and some potential bidders.

Thank you.
CO-OP SURVEY SHEET

SURVEY RESPONSE DUE DAY & DATE: FRIDAY, AUGUST 21, 2009

1. Product: TEMPORARY EMPLOYMENT SERVICES (BLUE & WHITE COLLAR)

2. Do you have a current contract for this item?    _ Yes √ No

   If yes, please complete:
   Vendor Name: ____________________________________________
   Address/City/State: _________________________________________
   Contract Expiration Date: _________________________________
   Vendor Name: ____________________________________________
   Address/City/State: _________________________________________
   Vendor Name: ____________________________________________
   Address/City/State: _________________________________________

   Please attach tabulation sheet or price sheet.

3. Anticipated _______ / _______ per delivery location,
   (Attach additional sheets, if needed)

   Secretarial, Labor, Other Services

   __________________________________________________________

   Total Anticipated Volume: ________ / _______ times per year?  
   (All locations)

4. Specifications are attached to this Survey Sheet.
   Are these specifications approved?    _ Yes √ No

   If No, state objection below:
   ___________________________________________________________________
   ___________________________________________________________________

5. Special Requirements: ____________________________________________
   _________________________________________________________________
   _________________________________________________________________
6. Recommended Vendors: (Please attach your suggested bidder's list)

Bidder List attached?  
[ ] Yes  [ ] No

7. I understand that a signature on this survey form is a commitment by my entity to participate in any resulting co-operative bid for this product.

Authorized Signature: 

Title: Human Resource Officer  Date Submitted: 8/11/09

PLEASE COMPLETE THE FOLLOWING:

8. City/Organization Name: City of Hollywood

Address: 2000 Hollywood Blvd, Pm 204, Hollywood, FL 33020

Principal Contact: Tami Thornton, Human Resource Officer

(Name & title of respondent)

Telephone No.: 954-921-3039

SURVEY SHEET MAY BE RETURNED BY MAIL, EMAIL, OR FAX NUMBER INDICATED BELOW.

RETURN SURVEY SHEET NO LATER THAN: FRIDAY, AUGUST 21, 2009

MAIL:
RETURN SURVEY TO: CITY OF CORAL SPRINGS
ATTN: GAIL DIXON
9551 W SAMPLE RD
CORAL SPRINGS, FL 33065

EMAIL SURVEYS TO: gad@coralsprings.org

FAX NUMBER FOR RSVP: (954) 344-1186

TELEPHONE NO.: (954) 344-1104
BROWARD GOVERNMENTAL CO-OPERATIVE PURCHASING GROUP

STATEMENT OF NON-PARTICIPATION

If you do not wish to participate in the co-operative bid for ____________________________, please complete and return this form to:

CITY OF CORAL SPRINGS
GAIL DIXON
9551 W SAMPLE RD
CORAL SPRINGS, FL 33065

OR FAX RETURN TO: (954) 344-1186

Your response is important to the success of this co-operative bid effort. Failure to respond may result in the deletion of your governmental entity from future co-op bid surveys.

CITY/ORGANIZATION NAME: ____________________________________________

ADDRESS: ____________________________________________________________

PRINCIPAL CONTACT: __________________________________________________
(Name & Title)

TELEPHONE NO.: ______________________________________________________

AUTHORIZED SIGNATURE: _____________________________________________

TITLE: ________________________________ DATE: __________

WE CHOOSE NOT TO PARTICIPATE IN THE CO-OPERATIVE BID BECAUSE:

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________

_____________________________________________________________________
Bidder's List

Clerical

Personnel One
3475 Sheridan Street #103
Hollywood, FL 33021
Phone 954-983-4000
Fax 954-964-3430

Careerxchange
9050 Pines Blvd., Suite 150
Pembroke Pines, FL 33024
954-437-0070
Fax 954-431-3699

Randstad
15815 Pines Blvd.
Pembroke Pines, FL 33027
954-430-2365
Fax 954-430-4077

Labor & Custodial

Labor for Hire
PO Box 50462
Lighthouse Point, FL 33074-0462
954-942-4044
Fax 954-942-8404

Labor Finders
337 SW 27th Ave
Ft. Lauderdale, FL - 33312
954-581-7774

Labor Ready
2020 Scott Street
Hollywood, FL 33020
954-922-6913
Fax 954-922-6914
CHARACTERISTICS OF THE CLASS

This is moderately complex clerical and reception work. Duties include a variety of clerical tasks, including non-routine administrative matters and heavy public contact work. Work is reviewed through conferences, observation of work in progress, and written reports for results obtained and adherence to established policies and procedures.

EXAMPLES OF ESSENTIAL FUNCTIONS

1. Operates a computer, photocopier, shredder, printer, calculator, facsimile machine, typewriter, microfiche, pager or intercom system, NCIC/FCIC Teletype machine, or cash register.

2. Responds to telephone or radio inquiries; greets the general public, contractors, and vendors; provides information and directs callers; acts as a receptionist.

3. Maintains filing systems of correspondence, forms, cards, receipts, permits, plans, reports, and records; maintains log books, ledgers or other audit and tracking records.

4. Opens, sorts, and distributes correspondence; inventories, and requisitions supplies and equipment; issues and processes permits.

5. Acts as a liaison between superiors, other City employees, and the general public.

6. Generates statistics; requests additional information as needed; researches, collects, and compiles data; verifies reports for accuracy; collates reports.

7. Responds to or directs inquiries to appropriate personnel or department.

8. Types and proofreads correspondence, reports, forms, permits, bids, applications, invoices, press releases, records, memoranda, and letters from notes, copy or rough draft; records minutes of meetings.

9. Processes employee payroll records; updates accounts payable records and vendor’s lists; maintains appointment calendar; schedules meetings and activities.

10. Performs related as required for this position description only.
REQUIREMENTS

A. Training and Experience:

High school education or G.E.D., plus specific vocational preparation or on-the-job training or previous experience in custodial work, or an equivalent combination of training and experience. Must be able to speak, read and write English and understand basic arithmetic.

B. Knowledge, Abilities and Skills:

Knowledge of cleaning materials, equipment, methods and procedures.

Ability to use and maintain a variety of cleaning equipment.

Ability to understand and carry out oral and written instructions.

Ability to establish and maintain effective working relationships with fellow employees and the public.
CHARACTERISTICS OF THE CLASS

This is unskilled and limited semi-skilled work in the cleaning and maintenance of municipal property.

Employees in this class utilize a variety of common and specialized equipment to perform routine manual work. Work is physically demanding and incumbents are occasionally exposed to adverse weather conditions. Assignments and work methods are outlined in detail and work may be subject to close supervision.

EXAMPLES OF ESSENTIAL FUNCTIONS

1. Loads and unloads dirt, lumber, asphalt and reinforcing steel.
2. Mows, rakes and loads grass; assists in the watering of grass, shrubbery and trees.
3. Prepares ground and sets forms for concrete work; mixes, pours and levels concrete; breaks pavement and saws concrete; repairs asphalt roadways.
4. Excavates and backfills ditches; operates compaction tampers to level ground.
5. Sweeps and polishes floor; vacuums carpeting; moves and cleans furniture; cleans restrooms, collects and disposes of trash.
6. Assembles field sports equipment; lines playing areas.
7. Performs minor repairs to equipment and buildings.
8. Assist skilled personnel in the fulfillment of their assignments.
9. Performs related work as required for this position description only.
LABORER

DEPT: Various
CODE: 6004
PAYGRADE: 5

CHARACTERISTICS OF THE CLASS

This is unskilled and limited semi-skilled work in the cleaning and maintenance of municipal property.

Employees in this class utilize a variety of common and specialized equipment to perform routine manual work. Work is physically demanding and incumbents are occasionally exposed to adverse weather conditions. Assignments and work methods are outlined in detail and work may be subject to close supervision.

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3. Prepares ground and sets forms for concrete work; mixes, pours and levels concrete; breaks pavement and saws concrete; repairs asphalt roadways.
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5. Sweeps and polishes floor; vacuums carpeting; moves and cleans furniture; cleans restrooms, collects and disposes of trash.
6. Assembles field sports equipment; lines playing areas.
7. Performs minor repairs to equipment and buildings.
8. Assist skilled personnel in the fulfillment of their assignments.
9. Performs related work as required for this position description only.
REQUIREMENTS

A. Training and Experience:

Graduation from High School or G.E.D.

B. Knowledge, Abilities and Skill:

Knowledge of the potential hazards of the materials and equipment used in building and grounds maintenance.

Skill in the use of tools and maintenance equipment.

Ability to perform heavy manual tasks.

Ability to understand and follow oral and simple written instructions.

Ability to establish and maintain effective working relationships with fellow employees and the public.
DATE: August 3, 2009

TO: Southeast Florida Government Purchasing Cooperative Group

FROM: Gail Dixon, Purchasing Agent II
City of Coral Springs-Purchasing Division

SUBJECT: Renewal of Temporary Employment Services Contract

The City of Coral Springs will be renewing the contract for Temporary Employment Services on behalf of the Southeast Florida Governmental Purchasing Cooperative Group in approximately thirty (30) days. The enclosed survey package is being forwarded to you for your review, completion and return or your acknowledgement of non-participation.

The return of the completed survey is critical to our Cooperative Bid invitation. In order to establish participation, quantities and delivery requirements, we need your completed forms returned NO LATER THAN: FRIDAY, AUGUST 21, 2009.

Only those entities returning completed, signed Cooperative Survey Sheets shall be included in the contract renewal. If you have an existing contract but would like to participate in the Contract at the expiration of your current contract, you may do that by completing the Survey Sheet indicating this information and include your later requirements in the spaces provided reflecting the approximate effective date of commencement.

Your assistance and cooperation in having the response to our request returned prior to the due date is greatly appreciated. We look forward to your prompt response (survey may be returned by mail or by fax).

Encl.
Joel Wasserman

From: Vincent Affanato
Sent: Wednesday, January 02, 2013 8:30 AM
To: Joel Wasserman
Cc: Tami Thornton; Joshua Kittinger (joshkitt@gmail.com)
Subject: RFP

Joel,

Frank requested that I get with you to discuss the RFP for the Background Investigators. Can you call me when you get a moment-4373.
Thanks,
Va

Major Vincent Affanato
Hollywood, Florida Police Department
3250 Hollywood Boulevard
Hollywood, Florida 33021
954.967.4373
vaaffanato@hollywoodfl.org
Hi Vinne,

Attached are the sample background RFPs we found from other cities. If the City plans to move forward, we could use these as starting points to draft Hollywood's RFP. Also if any stand out, please let me know and I could follow up with that city to see what success they have had with their contract.

Joel

JOEL WASSERMAN
Director, Procurement Services
City of Hollywood | P.O. Box 229045
Hollywood | Florida | 33022-9045
t. 954 921 3290 | f. 954 921 3086
jwasserman@hollywoodfl.org

CLICK HERE TO SEE OUR BIDS!

Think Green! Please do not print this e-mail unless necessary
Joel,

ACM has inquired into outsourcing our pre-employment background investigations. I have received a quote from a retired FBI agent who has his own company. Please advise if there is a quicker way to get a contract than bid process. I anticipate a yearly cost of outsourcing work of approximately $10,000.
Hello Major,

The estimated cost of $10,000 only requires 3 quotes or if there is a contract awarded through a competitive process by another City we could look at piggybacking.

Are you aware of any vendors already awarded by another agency? Do you have a description/scope of services and how it would billed that the Department could request pricing from 3 vendors? If not, Procurement Services could work with the Department to research contracts and/or obtain the necessary quotes.

When we have identified a vendor awarded or 3 comparable quotes we could establish a Blanket Purchase Order.

Let me know how you want to proceed.

Joel

JOEL WASSERMAN
Director, Procurement Services
City of Hollywood | P.O. Box 229045
Hollywood | Florida | 33022-9045
t. 954 921 3290 | f. 954 921 3086
jwasserman@hollywoodfl.org

CLICK HERE TO SEE OUR BIDS!

Think Green! Please do not print this e-mail unless necessary

From: Tomas Sanchez
Sent: Thursday, July 18, 2013 2:43 PM
To: Joel Wasserman
Subject: outsourcing Background investigations

Joel,

ACM has inquired into outsourcing our pre-employment background investigations. I have received a quote from a retired FBI agent who has his own company. Please advise if there is a quicker way to get a contract than bid process. I anticipate a yearly cost of outsourcing work of approximately $10,000

Major Tomas Sanchez
Hollywood Police Department
3250 Hollywood Blvd.
Hollywood, FL 33021
Joel Wasserman

From: Tomas Sanchez  
Sent: Thursday, July 18, 2013 4:35 PM  
To: Joel Wasserman  
Subject: RE: outsourcing Background investigations  
Attachments: Sharpscan@hollywoodfl.org_20130718_161628.pdf; Applicant Investigations Proposal.doc

Joel,

Attached is our requirements for the background investigations. Attached is one quote which we received from a known vendor. If your shop could gather some quotes. I have been told the costs range from the attached $27.00 an hour to $65.00 an hour.

Major Tomas Sanchez  
Hollywood Police Department  
3250 Hollywood Blvd.  
Hollywood, FL 33021  
Office 954.967.4373

From: Joel Wasserman  
Sent: Thursday, July 18, 2013 3:03 PM  
To: Tomas Sanchez  
Cc: Janice English; Ralph Dierks  
Subject: RE: outsourcing Background investigations

Hello Major,

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Are you aware of any vendors already awarded by another agency? Do you have a description/scope of services and how it would billed that the Department could request pricing from 3 vendors? If not, Procurement Services could work with the Department to research contracts and/or obtain the necessary quotes.

When we have identified a vendor awarded or 3 comparable quotes we could establish a Blanket Purchase Order.

Let me know how you want to proceed.

Joel

JOEL WASSERMAN  
Director, Procurement Services  
City of Hollywood | P.O. Box 229045  
Hollywood | Florida | 33022-9045  
t. 954 921 3290 | f. 954 921 3086  
jwasserman@hollywoodfl.org

CLICK HERE TO SEE OUR BIDS!
From: Tomas Sanchez  
Sent: Thursday, July 18, 2013 2:43 PM  
To: Joel Wasserman  
Subject: outsourcing Background investigations  

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Major Tomas Sanchez  
Hollywood Police Department  
3250 Hollywood Blvd.  
Hollywood, Fl. 33021  
Office 954.967.4373
FACSIMILE TRANSMITTAL SHEET

TO:  Major Tomas Sanchez  FROM:  Tye R. Sager

COMPANY:  Hollywood Police Department  DATE:  7/5/2013

FAX NUMBER:  954-967-4311  TOTAL NO. OF PAGES INCLUDING COVER:  2

PHONE NUMBER:  954-967-4373  SENDER'S REFERENCE NUMBER:  954-445-7004

RE:  Proposal for background investigations

☐ URGENT  ☑ FOR REVIEW  ☐ PLEASE COMMENT  PLEASE REPLY  ☐ PLEASE RECYCLE

NOTES/COMMENTS:
Sager Investigations, Inc.

Applicant Investigations Proposal

Concerning the possibility of contracting to conduct Background Investigations for the Hollywood Police Department, Sager Investigations, Inc. submits the following proposal:

Fees

We are willing to accept the rate of $27/hour and additional expenses (mileage, tolls, parking). Standard Mileage rate, as set by the IRS is 56.5 cents per mile for business miles driven.

Caseload Accommodated

In order to cover key points in the background check (listed below) each case will require 14 man hours. This number is the maximum and could be lower depending on the circumstances of each investigation. It is estimated we could handle 4-5 cases per 2 week period, dependent on hours expended per case.

Items Covered

Regarding each investigation, the following matters will be accurately and vigorously investigated regarding each applicant:

- Neighborhood Interviews
- Supervisor Interview
- Co Worker Interviews (minimum 2)
- Self Employment Interview via random client
- References/Associates Interview (HPD indicates there will be 5, plus one developed)
- Counseling Interview
- Education (business office, campus police, etc)
- Rental Records Check

Investigative Points

During the course of the background investigation, contacts will be interviewed with the purpose of developing numerous areas of consideration regarding the candidate. These areas include, but are not limited to Character, Associates, Reputation, Ability, Personal Bias or Prejudice, Financial Responsibility, Abuse of Alcohol or Prescription Drugs, Use of Illegal Drugs, Affiliations, Personal Behavior and Recommendation.

Sager Investigations will utilize several different checklists regarding these interviews. Each checklist is tailored to the interviewee and attempts to maximize important information while minimizing time involved in the interview itself.
Checklists

- Neighbor Interview
- Neighbor Interview Not knowledgeable
- Supervisor Interview
- Co-Worker/Subordinate Interview
- Self-Employment Interview
- Unemployment Verifier Interview
- References/Associates Interview
- Roommate Interview
- Ex-Spouse Interview
- Counseling
- Counseling Interview
- Education Checklist
- Official Personnel File Checklist
- Divorce Verification Checklist
- Arrest/Law Enforcement Checklist
- Credit Record Checklist
- Bankruptcy Court Record Checklist
- Citizenship/Legal Residency/Immigration Status Checklist
- Rental Records Checklist
- Real Estate Record Checklist
- Birth Record Checklist

R.F.
From: Joel Wasserman  
Sent: Monday, August 12, 2013 11:54 AM  
To: Ralph Dierks  
Subject: FW: outsourcing Background investigations

Ralph,

Could you please have Janice follow up on the status of this request.

Thank you,

Joel

JOEL WASSERMAN  
Director, Procurement Services  
City of Hollywood | P.O. Box 229045  
Hollywood | Florida | 33022-9045  
t. 954 921 3290 | f. 954 921 3086  
jwasserman@hollywoodfl.org

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From: Joel Wasserman  
Sent: Monday, July 29, 2013 3:19 PM  
To: Ralph Dierks  
Subject: FW: outsourcing Background investigations

Ralph,

Could you please have Janice follow up with Major Sanchez to help obtain additional quotes for these services.

Thank you,

Joel

JOEL WASSERMAN
From: Tomas Sanchez  
Sent: Thursday, July 18, 2013 4:35 PM  
To: Joel Wasserman  
Subject: RE: outsourcing Background investigations

Joel,

Attached is our requirements for the background investigations.  
Attached is one quote which we received from a known vendor.  
If your shop could gather some quotes, I have been told the costs range from the attached $27.00 an hour to $65.00 an hour.

Major Tomas Sanchez  
Hollywood Police Department  
3250 Hollywood Blvd.  
Hollywood, FL 33021  
Office 954.967.4373

From: Joel Wasserman  
Sent: Thursday, July 18, 2013 3:03 PM  
To: Tomas Sanchez  
Cc: Janice English; Ralph Dierks  
Subject: RE: outsourcing Background investigations

Hello Major,

The estimated cost of $10,000 only requires 3 quotes or if there is a contract awarded through a competitive process by another City, we could look at piggybacking.

Are you aware of any vendors already awarded by another agency? Do you have a description/scope of services and how it would billed that the Department could request pricing from 3 vendors? If not, Procurement Services could work with the Department to research contracts and/or obtain the necessary quotes.

When we have identified a vendor awarded or 3 comparable quotes we could establish a Blanket Purchase Order.

Let me know how you want to proceed.

Joel
From: Tomas Sanchez  
Sent: Thursday, July 18, 2013 2:43 PM  
To: Joel Wasserman  
Subject: outsourcing Background investigations

Joel,

ACM has inquired into outsourcing our pre-employment background investigations. I have received a quote from a retired FBI agent who has his own company. Please advise if there is a quicker way to get a contract than bid process. I anticipate a yearly cost of outsourcing work of approximately $10,000

Major Tomas Sanchez  
Hollywood Police Department  
3250 Hollywood Blvd.  
Hollywood, FL 33021  
Office 954.967.4373
DATE: June 25, 2013

TO: Southeast Florida Government Purchasing Cooperative Group

FROM: Gail Dixon, Purchasing Agent II
City of Coral Springs-Purchasing Division

SUBJECT: Temporary Employment Services

The City of Coral Springs will be issuing a Bid Invitation on behalf of the Southeast Florida Governmental Purchasing Cooperative Group for Temporary Employment Services in approximately thirty (30) days. The enclosed survey package is being forwarded to you for your review, completion and return or your acknowledgement of non-participation.

The return of the completed survey is critical to our Cooperative Bid invitation. In order to establish participation, quantities and delivery requirements, we need your completed forms returned NO LATER THAN: Friday, July 12, 2013.

Only those entities returning completed, signed Cooperative Survey Sheets shall be included in any resulting contract award. If you have an existing contract but would like to participate in the Contract at the expiration of your current contract, you may do that by completing the Survey Sheet indicating this information and include your later requirements in the spaces provided reflecting the approximate effective date of commencement.

Your assistance and cooperation in having the response to our request returned prior to the due date is greatly appreciated. We look forward to your prompt response (survey may be returned by mail or by fax).

Encl.
CO-OP SURVEY SHEET  
SOUTHEAST FLORIDA GOVERNMENTAL PURCHASING COOPERATIVE GROUP

SURVEY RESPONSE DUE DAY & DATE: Friday, July 12, 2013

1. Product: Temporary Employment Services

2. Do you have a current contract for this item?  Yes  No
   If yes, please complete:
   Vendor Name: __________________________________________
   Address/City/State: _______________________________________
   Contract Expiration Date: _________________________________
   Please attach tabulation sheet or price sheet.

3. Anticipated annual usage

<table>
<thead>
<tr>
<th>Position</th>
<th>Annual Requirement in Hours</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Blue Collar</strong></td>
<td></td>
</tr>
<tr>
<td>Custodian</td>
<td>80</td>
</tr>
<tr>
<td>Maintenance Worker</td>
<td>120</td>
</tr>
<tr>
<td>Lead Worker</td>
<td></td>
</tr>
<tr>
<td>Water Plant Operator</td>
<td></td>
</tr>
<tr>
<td>Facilities Technician</td>
<td></td>
</tr>
<tr>
<td>Equipment Operator II</td>
<td></td>
</tr>
<tr>
<td>Inspector I</td>
<td></td>
</tr>
<tr>
<td><strong>White Collar</strong></td>
<td></td>
</tr>
<tr>
<td>Receptionist</td>
<td>80</td>
</tr>
<tr>
<td>Office Assistant</td>
<td>20</td>
</tr>
<tr>
<td>Principal Office Assistant</td>
<td></td>
</tr>
<tr>
<td>Senior Office Assistant</td>
<td>40</td>
</tr>
<tr>
<td>Permit Services Representative</td>
<td></td>
</tr>
<tr>
<td>Legal Secretary</td>
<td></td>
</tr>
<tr>
<td>Accounting Clerk I</td>
<td>40</td>
</tr>
<tr>
<td>Accounting Assistant</td>
<td></td>
</tr>
<tr>
<td>Accountant</td>
<td></td>
</tr>
<tr>
<td>Information Services Technician</td>
<td></td>
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<tr>
<td>Information Services Specialist</td>
<td></td>
</tr>
<tr>
<td>Public Works Inspector</td>
<td>40</td>
</tr>
<tr>
<td>Park Ranger</td>
<td>140</td>
</tr>
</tbody>
</table>
4. Specifications are attached to this Survey Sheet.
Are these specifications approved?  \[\checkmark\text{Yes}\quad _\text{No}\]

If No, state objection below:

____________________________________________________

5. Special Requirements:

____________________________________________________

6. Recommended Vendors: (Please attach your suggested bidder's list)
Bidder List attached?  \[\checkmark\text{Yes}\quad _\text{No}\]

7. I understand that a signature on this survey form is a commitment by my entity to participate in any resulting co-operative bid for this product.

Authorized Signature: [signature]
Title: Human Resource Administrator
Date Submitted: 7-11-13

PLEASE COMPLETE THE FOLLOWING:

8. City/Organization Name: City of Hollywood
Address: 5600 Hollywood Blvd, Rm 206, Hollywood, Fl 33020
Principal Contact: Tanji Thornton, HR Administrator
(Name & title of respondent)
Telephone No.: 954-921-3639

SURVEY SHEET MAY BE RETURNED BY MAIL OR FAX NUMBER INDICATED BELOW.

RETURN SURVEY SHEET NO LATER THAN: ____________________________

BY MAIL:
RETURN SURVEY TO:
Gail Dixon, Purchasing Agent II
City of Coral Springs
9551 W Sample Rd.
Coral Springs, FL 33065
Phone: 954 344-1104

FAX NUMBER FOR RSVP: (954) 344-1186  EMAIL RETURN TO: gdixon@coralsprings.org
Bidders' List

Clerical

Transhire
3601 W. Commercial Blvd. Suite 12
Ft. Lauderdale, FL 33309
954-4845401

Personnel One
3475 Sheridan Street #103
Hollywood, FL 33021
Phone 954-983-4000
Fax 954-964-3430

Careerxchange
9050 Pines Blvd., Suite 150
Pembroke Pines, FL 33024
954-437-0070
Fax 954-431-3699

Randstad
15815 Pines Blvd.
Pembroke Pines, FL 33027
954-430-2365
Fax 954-430-4077

Labor & Custodial

Labor for Hire
PO Box 50462
Lighthouse Point, FL 33074-0462
954-942-4044
Fax 954-942-8404

Labor Finders
337 SW 27th Ave
Ft. Lauderdale, FL - 33312
954-581-7774

Labor Ready
2020 Scott Street
Hollywood, FL 33020
954-922-6913
Fax 954-922-6914
Thanks Tami.

Yes...I want to participate....I will try to get it to you today.

Good Morning Tami,

We did not hear back from your office whether or not you wish to participate in this coop bid.

Please let us know either way, it's due back to them by tomorrow.

Thank you.

Linda Silvey

Budget & Procurement Technician

City of Hollywood
From: Indra Sarju [mailto:sarjui@cityofaventura.com]
Sent: Thursday, July 11, 2013 10:31 AM
To: sficcoop@live.com
Subject: Coop Survey: DEADLINE FOR TEMP EMPLOYMENT BID

Please complete the Temporary Employment survey and response to Gail Dixon, City of Coral Springs at GDixon@coralsprings.org. Thanks

Indra

_____________________________________________________________

From: Gail Dixon [GDixon@coralsprings.org]
Sent: Tuesday, July 09, 2013 10:34 AM
To: Indra Sarju
Subject: SURVEY DEADLINE FOR TEMP EMPLOYMENT BID

Indra,

Please forward to the Co-op Membership.

Hi all – The deadline for the Temporary Employment Survey is this Fri July 12th. While I have received surveys back from several agencies, there are still agencies currently utilizing the contract that haven't sent the survey back. PLEASEEEEE complete the survey and send it back to me so you can be included in the contract usage and use the contract when it's awarded. (I have received surveys from: Davie, Deerfield, Ft. Lauderdale, Greenacres, Hallandale Beach, Miami Gardens, North Lauderdale, Oakland Park, and Sunrise. I received no's from Children's Council,

Attachments:
image001.jpg (4 KB)
Hi Joel,

I had sent a request to HR already to see if they wanted to participate and fill out the forms if they did.

Linda

From: Joel Wasserman  
Sent: Thursday, June 27, 2013 11:04 AM  
To: Ian Superville; Linda Silvey  
Cc: Ralph Dierks  
Subject: FW: Coop Survey for TEMPORARY PERSONNEL SERVICES SURVEY'

Could you please contact and work with HR on providing a response to the survey.

JOEL WASSERMAN  
Director, Procurement Services  
City of Hollywood | P.O. Box 229045  
Hollywood | Florida | 33022-9045  
t. 954 921 3290 | f. 954 921 3086  
jwasserman@hollywoodfl.org

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From: Indra Sarju [mailto:sarjul@cityofaventura.com]  
Sent: Tuesday, June 25, 2013 2:27 PM  
To: selfcoop@live.com  
Subject: Coop Survey for TEMPORARY PERSONNEL SERVICES SURVEY'

Coop Members:

Can you please complete the attached survey on or before July 12, 2013 for the Temporary Personnel Services and return to Gail Dixon, City of Coral Springs at GDixon@coralsprings.org. Thanks

Indra
Indra

Please send the survey for Temporary Personnel Services out to the Co-op membership. Please only send the survey back, do not send the position descriptions back...

Thanks,

GAIL DIXON
Purchasing Agent II
Purchasing Division Finance Department
gdixon@coralsprings.org * Phone 954-344-1104 * Fax 954-344-1186
City of Coral Springs, Florida * 9551 West Sample Road * Coral Springs, Florida 33065

The City of Coral Springs is a public entity subject to Chapter 119 of the Florida Statutes concerning public records. Email messages are covered under Chapter 119 and are thus subject to public records disclosure. All email messages sent and received are captured by our server and retained as public records.
This footnote also confirms that this email message has been swept for the presence of computer viruses, and illegal or questionable content. This system is a private system and is monitored for electronic tampering. Violators will be prosecuted to the fullest extent of the law.
Hi Tami,

Does your office have any interest in participating in this coop bid?

If so, please complete and return to our office, the attached.

Thank you.

Linda Silvey
Budget & Procurement Technician
City of Hollywood
Procurement Services
2600 Hollywood Boulevard, Room 303
Hollywood, FL 33020
(954) 921-3200 phone
(954) 921-3552 fax
lsilvey@hollywoodfl.org

From: Ian Superville
Sent: Wednesday, June 26, 2013 5:03 PM
To: Linda Silvey
Subject: FW: Coop Survey for TEMPORARY PERSONNEL SERVICES SURVEY

Hi Linda,

Please forward to HR

Thanks, Ian

From: Indra Sarju [mailto:sarju@cityofaventura.com]
Sent: Tuesday, June 25, 2013 2:27 PM
To: seflcoop@live.com
Subject: Coop Survey for TEMPORARY PERSONNEL SERVICES SURVEY

Coop Members;

Can you please complete the attached survey on or before July 12, 2013 for the Temporary Personnel Services and return to Gail Dixon, City of Coral Springs at GDixon@coralsprings.org.

Thanks
From: Gail Dixon [GDixon@coralsprings.org]
Sent: Tuesday, June 25, 2013 11:15 AM
To: Indra Sarju
Subject: TEMPORARY PERSONNEL SERVICES SURVEY

Indra

Please send the survey for Temporary Personnel Services out to the Co-op membership. Please only send the survey back, do not send the position descriptions back...

Thanks,

GAIL DIXON
Purchasing Agent II
Purchasing Division Finance Department
gdixon@coralsprings.org * Phone 954-344-1104 * Fax 954-344-1186
City of Coral Springs, Florida * 9551 West Sample Road * Coral Springs, Florida 33065

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________________________________________________________________________________________
DATE: January 17, 2012

TO: Department/Office Directors

FROM: Joel Wasserman, Procurement Services Director

SUBJECT: Procurement Services Training

________________________________________

ISSUE:

City Wide Procurement Services Division training in the month of February.

EXPLANATION:

Over the past year there have been many changes in personnel throughout the City. As the City of Hollywood continues to progress with our changing work loads, it is important to ensure employees at every level have a greater understanding and working knowledge of our City’s Purchasing Ordinance and the Procurement Policies and Procedures.

Throughout the month of February the Procurement Services Division will be available to meet with your Department/Office to provide informational training on “How to Procure” and “From Requisition to Payment.” These two separate training sessions are geared towards any individual who is involved in the procurement process.

“How to Procure” provides an overview of the City’s Purchasing Ordinances, Procurement policies, procedures and forms.

“From Requisition to Payment” provides an overview of how to enter Requisitions in GEMS to the approval process of Purchase Order.

Each training session could take up to an hour, depending on questions. To help enhance communications the training will be facilitated by the Procurement Team assigned to work with your Department/Office.

To help schedule these training sessions I am requesting a contact person to be assigned from your Department or Office to coordinate the necessary number of training courses with the assigned Procurement Team.

RECOMMENDATION:

Respectfully request you forward me the name of a contact person from your Department/Office who will be responsible for coordinating the Procurement training session(s) by January 25, 2012.

C: Interim City Manager
    City Attorney
    Acting Assistant City Manager
    Director of Financial Services and Information Technology
    Procurement Services
Procurement Services Training Sessions

Department of Public Works
Laura Borgesi
Charles Lassiter
Lori Underwood
Everett Lawson

Department of Public Utilities
Gail Kasha
Carlos Aguilera
Patricia Lemke

Office of the City Manager
Linda D'Arpino

Public Affairs & Marketing
Pauline Wallace

Office of Community and Economic Development
Dalila Rodriguez

Department of Financial Services & Information Technology
Alice Waterhouse
Doreen Lam (group of staff members attending)

Community Redevelopment Agencies
Bryan Cahen

Department of Planning & Development Services
Yimey Bickford

Office of the City Commission
Judith, Nancy, Dina, Cheryl

Office of the City Clerk
Pat Cerny, Michelle Anzalone, Sonya Edwards

City Attorney's Office
Stacie Hirsch

Office of Human Resources
Jeane Carver-St. Luce

Department of Parks, Recreation & Cultural Arts
Sandra Betton

Office of Parking Services & Intergovernmental Affairs
Rosanne Regan, Ben Schneider, Tamikia Bacon, Mary Chinea, Lori Mertens-Black, Tony Derosa

Fire Rescue & Beach Safety
Chief Eric Busenbarrick
<table>
<thead>
<tr>
<th>NAME / SIGNATURE</th>
<th>DEPARTMENT / DIVISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beverly Smith</td>
<td>PRCA</td>
</tr>
<tr>
<td>Eric Brown</td>
<td>PHCA</td>
</tr>
<tr>
<td>Dr. Yass</td>
<td>PRCA</td>
</tr>
<tr>
<td>Wilde Johnson</td>
<td>PHCA</td>
</tr>
<tr>
<td>Ernest Leon</td>
<td>PW</td>
</tr>
<tr>
<td>Shuee Chaves</td>
<td>Corp Center</td>
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<tr>
<td>Turk Bryant</td>
<td>PRCA</td>
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<tr>
<td>Barbara Olsen</td>
<td>PW</td>
</tr>
<tr>
<td>Laura A. Borgesi</td>
<td>PW</td>
</tr>
<tr>
<td>Ovis Cortez</td>
<td>Treasury</td>
</tr>
<tr>
<td>Pauline C. Wallace</td>
<td>com-Rubic Affairs</td>
</tr>
<tr>
<td>Jose Vazquez</td>
<td>P.W.</td>
</tr>
<tr>
<td>NAME / SIGNATURE</td>
<td>DEPARTMENT / DIVISION</td>
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</tr>
<tr>
<td>Charles Lassiter</td>
<td>PW - ESD</td>
</tr>
<tr>
<td>Lorri Underwood</td>
<td>P.W. 5700/5770</td>
</tr>
<tr>
<td>Jane Carver-St Lucie</td>
<td>H.R.</td>
</tr>
<tr>
<td>Sandra Betton</td>
<td>PRCA</td>
</tr>
<tr>
<td>Yvonne Parcey</td>
<td>PRCA</td>
</tr>
<tr>
<td>Alice D'Emilio</td>
<td>PW</td>
</tr>
<tr>
<td>Sonya Edwards</td>
<td>City Clerk</td>
</tr>
<tr>
<td>Peter E. Hall</td>
<td>P.W.</td>
</tr>
<tr>
<td>Joel E. Hall</td>
<td>PW</td>
</tr>
<tr>
<td>Joseph E.</td>
<td>P.W.</td>
</tr>
</tbody>
</table>
Thank you for participating in the Introduction to Procurement training, we hope you were able to take away new and useful information along with a greater understanding of the Procurement process.

We welcome your additional feedback and suggestions to help enhance future training sessions to provide you with the resources you need. Additionally, we encourage you to continue to communicate with us on your Procurement needs.

Thank you again and have a great weekend!

Joel

JOEL WASSERMAN
Director, Procurement Services
City of Hollywood | P.O. Box 229045
Hollywood | Florida | 33022-9045
t. 954 921 3290 | f. 954 921 3086
jwasserman@hollywoodfl.org

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February 2, 2016

John Scott  
Inspector General  
One North University Drive, Suite 111  
Plantation, FL 33324

RE: OIG Preliminary Report, Ref. No. OIG 14-027

Dear Mr. Scott:

Please find attached my written response to the above referenced OIG Preliminary Report concerning the City of Hollywood. The below points are further described in my written response:

- The legal level of control for the City of Hollywood's budget is at the department level.
- Based on the City's "Budget Control" policies, there was no need to complete a series of budget transfers as the Police Department budget was not exceeded (i.e., the legal level of control was not exceeded).
- The City Commission approved a budget for each relevant fiscal year to fund the policing function at the department level. How that function is accomplished through a mix of full-time, part-time, overtime, or temporary personnel does not violate City budget policies as long as the bottom line of the department funding is not exceeded – which it did not.
- The City has implemented revisions to the Direct Payment Voucher process to prevent the reoccurrence of vendor payment without a valid contract. Despite having provided these revised DPV procedures to the OIG, these process changes are not referenced in the Preliminary OIG Report - inaccurately giving the impression to readers of the report that this issue continues within the City.

I am hopeful that you and your staff will review my response and the responses of other City of Hollywood staff prior to preparing the final report on this matter. Such consideration is necessary for the final report to present a complete and accurate picture to the City Commission and to the citizens of Hollywood.

Regards,

Matthew Lalla  
Financial Services Director

Our Mission: We are dedicated to providing municipal services for our diverse community in an atmosphere of cooperation, courtesy and respect. We do this by ensuring all who live, work and play in the City of Hollywood enjoy a high quality of life.

"An Equal Opportunity and Service Provider Agency"
Summary of Written Response

- As indicated in the attached exhibits and more fully described in my written response, the legal level of control for the City of Hollywood’s budget is the department level – as it is for most local jurisdictions. This directly contradicts the allegations made in the Preliminary OIG Report under the heading of “City Officials Violated City Budget Policies”.
- Although the topic of budget control at the department level was brought up by the two City staff members with primary responsibility for the development and administration of the City’s budget (myself and Mirtha Dziedzic, Assistant Director, Budget & Financial Services), the topic of budget control was excluded from our interview summaries.
- Based on the City’s “Budget Control” policies, there was no need to complete a series of budget transfers as suggested in the Preliminary OIG Report as the Police Department budget was not exceeded (i.e., the legal level of control was not exceeded).
- The City Commission approved a budget for each relevant fiscal year to fund the policing function at the department level. How that function is accomplished through a mix of full-time, part-time, overtime or temporary personnel does not violate City budget policies as long as the bottom line of the department funding is not exceeded – which did not occur.
- The City of Hollywood has implemented revisions to the Direct Payment Voucher (DPV) process to prevent the reoccurrence of vendor payments without a valid contract. Despite having provided these revised DPV procedures to the Office of the Inspector General, these process changes are not referenced in the Preliminary OIG Report – inaccurately giving the impression to readers of the report that this issue continues within the City.
- The Office of the Inspector General did not interview the person serving as the Accounting Director (staff member responsible for directly supervising and controlling the City’s payment process) during the period, fiscal years 2013 and 2014, covered by the investigation.
- In addition, the Office of the Inspector General did not interview persons serving in the Fiscal Affairs section of the Police Department (responsible for developing and administering the Police Department budget and financial reporting requirements while overseeing the grants management, purchasing and accounting functions) during the period covered by the investigation.
- No employee of the Financial Services Department spoke with anyone at Transhire about temporary employee staffing.
- No employee of the Financial Services Department directed current or former City employees to apply with Transhire so they could be engaged by the City.
Under the Heading of “City Officials Violated City Budget Policies”

Included in this section of the Preliminary OIG Report are allegations that “the controls published in the City’s Budget Policies were completely disregarded at the direction of Mr. Lalla, the Finance Director” (page 10 of the report). During the January 2014 meeting cited in the report, I did tell the then Police Chief and his staff not to be concerned with individual personal services budget line items as long as the totals for all staffing did not exceed the department’s budget. My statement is in complete compliance with the City’s budget policies.

As indicated in the attached excerpt from page 1-21 of the City’s Fiscal Year 2014 Budget Book, included as Exhibit 1 to this written response, under the heading of “Budget Control”:

“Although budgets normally are prepared at all these levels of detail, the City of Hollywood has designated the Department as the “legal level of control”. This level of control is the lowest level at which management may not assign resources without legislative approval of the City Commission”.

This same language was also included in the City of Hollywood’s FY 2013 Budget Book under the heading of “Budget Control”.

This level of budgetary control is common among local jurisdictions as indicated in Exhibits 2, 3, and 4 to this written response:

- Exhibit 2 from the City of Miramar’s FY 2016 Annual Budget: “The level of budgetary control is established at the department level”.
- Exhibit 3 from the Broward County FY 2016 Adopted Operating Budget: “Budgetary control of the operating budget is maintained at the department level by fund”.
- Exhibit 4 from the City of Fort Lauderdale FY 2016 Adopted Budget: “The City’s annual operating budget is approved by the City Commission at the fund and department level”.

The Preliminary OIG Report cites budget policies related to line item budget transfers (these policies are included in the City’s Budget Book under the heading of “Budget Amendments”) on page 5 of the report and implies on page 11 that these policies were violated at my direction. The report suggests that a series of budget transfers should have been completed within the Police Department budget to avoid violating these budget policies of the City. These allegations fail to recognize the previously mentioned City budget policy concerning budget control. Based on the City’s “Budget Control” policies, there was no reason to complete the budget transfers suggested by the OIG as the Police Department’s budget was not exceeded and the legal level of budgetary control was not violated.

These allegations also fail to recognize the budget authority provided through the City Commission’s approval of the FY 2014 Operating and Capital Budget as evidenced in Resolution R-2013-275 (Exhibit 5) and the distinction made in this Resolution and the prior City Commission Resolutions (R-92-481, R-93-412, R-94-408, R-2013-48; attached as Exhibits 6, 7, 8, and 9) referenced in Section 2 of this Resolution concerning budget transfers between personal services accounts, operating accounts, and capital accounts. Resolution R-2013-275
appropriated for FY 2014 the amounts for “the City of Hollywood’s appropriation centers”. Appropriation centers in this Resolution means the department-wide amounts for the budget categories of personal services, operating expenses, capital outlay, debt service, etc. (Similar budget authority was provided by the City Commission for the FY 2013 budget through the approval of Resolution R-2012-304.)

On page 11 of the report, the OIG suggests that budget transfers were not completed for use of temporary personnel because “those efforts had been extremely burdensome”. This “quote” is taken out of context and not related to any issue involving Transhire. In my interview I mentioned the administrative burdens placed on the Budget Office after 2 or 3 internal reorganizations of the Police Department by the Police Chief at that time (Frank Fernandez). Each time the Police Chief decided to initiate such an internal reorganization it would create extensive work within the Budget Office. For that reason, the Police Chief was informed at the aforementioned January 2014 meeting that the Budget Office would not complete budget transfers between line items related to future reorganizations within the Police Department. The Police Chief was told that if he wanted to track individual expenditures associated with the internal reorganizations that he could task his Fiscal Affairs group with that activity. The absence of budget transfers was in no way related to the issues involving Transhire and the comment concerning burdensome budget transfers was related to Police Department reorganizations. The misuse of this “quote” also appears in the interview summary on pages 29 and 30 of the OIG report.

On page 11 of the report, the OIG also “found his account of a year-end reconciliation was contradicted by the actual resolution filed with the Commission. A review of the exhibit to the resolution reveals that it does not address any transfers relating to police personnel costs from one line to another”. Again, this observation by the OIG does not recognize that within the City of Hollywood budgetary control is at the department level. The lack of need to transfer additional funds into the Police Department validated the resources allocated at the department level through the City Commission approved budget of this Public Safety function. There was no need to include the Police Department in the year-end reconciliation as adequate budget resources were available to fund in aggregate the full-time, part-time, overtime, and temporary services costs associated with the functions carried out through the Police Department. In fact, a review of Exhibit 3 of the OIG report (year-end reconciliation Resolution R-2013-310) shows that a total of $780,000 was transferred from the Police Department to the Fire Rescue and Parks Departments to cover shortfalls in those department budgets. It should be noted that had there been a need to include the Police Department in the year-end reconciliation, the City was authorized to do so under Florida Statutes – specifically F.S. Chapter 166.241(4).

On page 12 of the report, “the OIG found that the Finance Director’s directive was in violation of the city’s published Budget Policies”. As previously mentioned, the legal level of control for the City of Hollywood’s budget is at the department level. Given that budget control is at the department level, the budget policies cited by the OIG under the heading of “Budget Amendments” do not apply as the OIG suggests. The OIG is citing budget policies which apply at the “object level” (line item level) which is not the designated level of legal control for the City's
published budget book or the City Commission approved Resolutions which established
departmental appropriations for fiscal years 2013 and 2014.

**Under the Heading of “Failure of City’s Accounting Controls”**

On page 14, the report states: “At the end of FY 2013, the city had spent over $300,000 with
Transhire, which, according to the Finance Director’s account of events, required reconciliation
by November 2013 and **was a topic which was discussed at meetings he attended**
(emphasis added). This is simply inaccurate. As previously noted, the Police Department had
not exceeded its department budget and was therefore not included in the year-end
reconciliation. Also, Transhire spending was not a topic discussed at meetings concerning the
Police Department’s personal services budget. The discussions concerning the Police
Department’s budget focused on the aggregate level of spending for full-time, part-time,
overtime, and temporary services and how the aggregate level of spending could not exceed the
department’s allocated budget. In addition, as noted on page 28 of the report, the Finance
Director stated that he first learned of the Transhire issue on August 27, 2014 (not at any point
earlier).

On page 14, the report states: “The Accounting Director and his predecessor had provided
R.A.H. and other accountants with authorization codes to override the system to allow for
payments to be made from overbudget line items. R.A.H. would only execute this override with
authorization from the Accounting Director. He stated that the Accounting Director told him that
he (the Accounting Director) **had been directed to authorize the temps services budget
overrides by management above his level**” (emphasis added). This statement seems to imply
that the Finance Director or City Manager provided such authorization for overrides. This is
simply not the case as I never provided such authorization to any employee. The OIG did not
interview as part of its Transhire investigation the City staff member (the Accounting Director
during FY 2013 and 2014) who was responsible for directly supervising and controlling the City’s
payment process. An interview with the person who served as the Accounting Director (now a
retired employee of the City) may have allowed greater understanding and accuracy related to
this issue.

Under this heading, the report lists a number of deficiencies of the Direct Payment Voucher
process. The City has acknowledged the deficiencies of the DPV process, but the OIG report
does not acknowledge the changes in procedures made in the City’s vendor payment processing
which prevent the reoccurrence of such an issue – despite the OIG being provided a copy of the
revised procedures (Exhibit 10 to this written response). The DPV form and associated
procedures were revised to ensure that all payments made through this method are tied to a
contract approved by the City Commission or by the City Manager (for contracts up to the City
Manager’s spending threshold of $50,000). Changes in the City’s payment processing led to a
number of contracts being approved by the City Commission to ensure that a valid contract was
in place for all payments made.
Written Response of Matthew Lalla, Financial Services Director, Concerning the Preliminary Report of the Inspector General, Ref. No. 14-027

The City Commission approved the following list of contracts which were initiated at the request of the Financial Services Department as a result of the revised payment process preventing potential violations of the City’s Code of Ordinances:

- Resolution R-2014-357
  o Approved on December 3, 2014
  o Amount: $700,000
  o Vendor: Verizon Wireless

- Resolution R-2015-030
  o Approved on February 4, 2015
  o Amount: $830,000
  o Vendor: AT&T

- Resolution R-2015-031
  o Approved on February 4, 2015
  o Amount: $23,500
  o Vendor: AT&T

- Resolution R-2015-062
  o Approved on April 1, 2015
  o Amount: $560,000
  o Vendor: SunGard Public Sector, Inc.

- Resolution R-2015-108
  o Approved on May 6, 2015
  o Amount: $0 – Subsidized by Florida Dept. of Agriculture & Consumer Svcs.
  o Vendor: Village Youth Services, Inc.

Interview Summary for Matthew Lalla

The Interview summary (pages 28-31 of the Preliminary OIG Report) fails to mention that the topic of budgetary control at the department level was discussed. I personally noted the questions asked and topics discussed during my four (4) hour interview with the OIG (completed two pages of notes). A number of the quotes found on page 12 of the report and in my interview summary do not match my recollection of the interview with the OIG which occurred in March 2015. Numerous quotes are attributed to me (and other City staff) despite there being no written transcript and no audio or video recording of the interview.

Based on recent personal discussions, the topic of budget control at the department level was also brought up by Mirtha Dziedzic in her interview with the OIG. It is difficult to understand why this topic was excluded from the interview summaries of the two City staff with primary responsibility for the development and administration of the City budget. Conversely, the topic of
Written Response of Matthew Lalla, Financial Services Director, Concerning the Preliminary Report of the Inspector General, Ref. No. 14-027

budget control at the department level was included in the interview summaries of Kee Eng, Budget Manager and Ernesto Acosta, Accounting Director (appointed after the period – fiscal years 2013 and 2014 – related to the OIG investigation).

On page 29, the report states: “He stated that he believed there was no contract between the city and Transhire”. This statement in the OIG report, taken out of context, fails to correlate the timeframe associated with this observation. After the Transhire issue came to my attention at the end of August 2014, I determined that no valid contract existed. As written, the OIG report seems to imply that I had knowledge of the status of the Transhire contract prior to the August 27, 2014 agenda review meeting – which I did not.

**Corrective Actions Taken by the City of Hollywood**

- As previously discussed, the City has revised the DPV form and associated procedures to ensure that payments are tied to a valid contract approved by either the City Commission or the City Manager (if no more than $50,000).
  - The ability of these revised procedures to prevent a reoccurrence of the issues associated with Transhire is evidenced by the list of contracts which required City Commission approval before a payment would be made by the Financial Services Department.

- The City has created a Contract Routing Form to ensure all applicable City Departments have reviewed a contract prior to execution.

- Additional Procurement Code training sessions have been held and a Procurement Code Guide has been distributed to inform City staff of the revisions to the City’s Procurement Code.

- The City has established Blanket Purchase Orders for the use of temporary staffing to ensure that expenditures in this area are properly tracked and associated with a valid contract.

- The City has hired a Contract Compliance Manager and a Master Contract List has been compiled.
The second type of budget amendment brings about change in the total appropriation for a department or fund. The four types of changes that require legislative approval by the City Commission prior to modifying the adopted budget are:

- The acceptance of an award of grant funding;
- The appropriation of additional funding if expenditures are projected to exceed budgeted amounts;
- Adjustments to reflect unanticipated revenues or receipts; and
- Re-appropriation of monies from one fund to another when deemed necessary.

BUDGET CONTROL

The budget is developed on a programmatic basis and depicts the various services that are provided by the City and the resources that are allocated for the provision of these services. The programs outlined in the budget are implemented by the various departments and offices within the City.

Normally there are a number of levels of detail in an appropriated budget. Consider, for example, the following level of detail:

<table>
<thead>
<tr>
<th>Fund</th>
<th>General Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td>Fire-Rescue</td>
</tr>
<tr>
<td>Program</td>
<td>Fire Prevention</td>
</tr>
<tr>
<td>Function</td>
<td>Public Safety</td>
</tr>
<tr>
<td>Object</td>
<td>Personal Services - Salaries &amp; Wages</td>
</tr>
</tbody>
</table>

Although budgets normally are prepared at all of these levels of detail, the City of Hollywood has designated the Department as the “legal level of control.” This level of control is the lowest level at which management may not reassign resources without legislative approval of the City Commission.

In all cases, annual operating appropriations lapse at the fiscal year end to the extent that they have not been expended, lawfully encumbered, or appropriated to on-going capital improvement projects. Additionally, expenditures should not exceed appropriations at the departmental level.
BUDGET ADOPTION

The City and its component units’ fiscal year begins on October 1 of each year and ends the thirtieth day of September the following year. Annually, the City Manager submits to the City Commission a proposed budget for the upcoming fiscal year based upon Commission established priorities, which are included as part of a detailed financial plan prepared by the leaders of the various departments and offices. Upon receipt of the proposed budget, a series of workshops are held with the City Commission. The Commission may make modifications by consensus of its members; however, no votes are taken at a Commission workshop. Before the adoption of the budget, the Commission holds two public hearings where the public is given an opportunity to make comments. During these hearings the Commission may again make revisions to the budget by majority vote. On or before the thirtieth day of September, the City Commission adopts the budget and property tax rate by the affirmative vote of at least a majority of its members. Upon final adoption, the budget is in effect for the ensuing fiscal year and becomes the authority for the various departments and offices to expend funds subject to controls established by the City Code of Ordinances and Florida Statutes.

BUDGET AMENDMENTS

From time to time, it becomes necessary to modify the adopted budget. The procedure for amending the budget depends on the type of change that is needed.

If expenditure will cause the object level to exceed its budget, a budget transfer request must be submitted to the Office of Budget Administration for approval. These changes do not affect the bottom line total for a department. These changes include transfers from one line item to another, within a department’s operating budget, or changes between divisions within a department. All budget transfer requests must state to and from accounts. It must also explain the reason for the available funds in the transferring account and the need for the funds in the receiving account.

- Budget transfer requests of $5,000 or less require approval by the department head and authorization by the Assistant Director of Budget & Financial Services and the Director of Financial Services.
- Budget transfers between $5,001 and $50,000 require the City Manager’s approval and may be done without approval of the City Commission. The transfers however, must be made within the same office or department within a distinct fund, including but not limited to the reallocation of funding for a position reclassification and the creation of accounts and transfer of funds necessitated by the creation or amendment of a division within a department or the creation or amendment of a special office within the Office of the City Manager. All administrative budget transfers are documented and tracked in the City’s computerized financial management system.
- All budget transfers over $50,000 must be approved by the City Commission.
Financial Policies

The City of Miramar financial policies set forth the basic framework for the overall fiscal management of the City. These policies represent a foundation and provide guidelines for evaluating both current activities and proposals for future programs, and also to assist the City Commission and the City Manager in making decisions.

Budgetary Controls

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget that the City Commission approved. The level of budgetary control is established at the department level. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control.

Administrative budget transfers may occur upon approval of the City Manager as long as the final fund appropriation does not increase. Budget Amendments are submitted as needed to the Commission for their consideration.

Operating Budget Policies

Basis of Budgeting
The basis of budgeting refers to the period when revenues and expenditures are recognized in the funds and reported on the financial statements.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Governmental and Fiduciary Funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the current fiscal year.

Proprietary Funds (Enterprise and Internal Service Funds) use the accrual basis of accounting which recognizes revenues when earned and expenses when incurred.

Annual operating budgets are adopted for all Governmental Funds except for the Capital Projects Fund in which effective budgetary control is achieved on a project-by-project basis when funding sources become available.

All appropriations lapse at the end of the year. However, encumbrances relating to Capital Improvement Program (CIP) are generally re-appropriated into the following year’s budget.

Basis of Accounting
The basis of accounting refers to when revenues and expenditures are recognized in the accounting period in which they become available to finance expenditures of the fiscal period. The General Fund, Special Revenue Funds, Debt Service Funds and Capital Project Funds are prepared on a modified accrual basis of accounting except that encumbrances are treated as the equivalent of expenditures, as opposed to a reservation of fund balance.

The differences between the basis of budget and the full accrual basis of accounting include:

- Budgeting the full amount of capital expenditures as expense rather than depreciating it.
- Presenting debt service expense net of restricted investment proceeds.

The Comprehensive Annual Financial Report (CAFR) shows the status of the City’s finance on the basis of “generally accepted accounting principles” (GAAP), which is the same method the City’s budget is prepared.

- Current revenues will support current expenditures.
Budgetary control of the operating budget is maintained at the department level by fund. This means that the overall appropriations for a department cannot be increased without Board approval; however, funds may be transferred administratively within a department by fund. This explains the emphasis in the operating budget document on departmental summaries classified by fund. These summaries are found at the beginning of each departmental section.

The operating budget is organized by function (i.e., Human Services, Public Works, Transportation, etc.), which coincides with the County departmental organization structure. The departments are separated into divisions, which represent discrete activities. Divisions are separated into sections, which represent a specific program or group of inter-related programs.

The division summaries depict historical cost information and adopted budget by type of costs (i.e., personal services, operating expenses, capital expenses, etc.) and total number of positions. Revenues attributed to a particular division are also presented. The division summaries also include significant budget comments such as basic appropriation changes and new services or enhancements.

The section summaries describe a specific program or inter-related programs. These pages include a statement regarding the goal of the program, a brief description of each program, performance measures, major highlights or objectives, and specific funding and positions per section.

In summary, the operating budget reflects a comprehensive decision-making document, which is designed to communicate to the reader a very clear picture of Broward County government: its programs, policies, and goals.
Financial Policies

be modified based on the express purpose of spreading improvement costs equally over a long period of time so that future citizens become responsible for portions of the cost.

- With each bond offering and at least annually, the City shall fully disclose its financial position and fiscal management practices.

BOND RATINGS

A summary of the City's bond ratings for outstanding long-term debt is as follows:

General Obligation
Moody's: Aa1
Standard & Poor's: AA+

Special Obligation
Moody's: A1
Standard & Poor's: AA

Water & Sewer Bonds
Moody's: Aa1
Standard & Poor's: AA+

General Obligation Bonds are secured by the full faith and credit of the City. The outstanding General Obligation Bonds will be repaid from ad valorem taxes.

Special Obligation Bonds are secured by pledged funds consisting of non-ad valorem revenues.

AMENDMENT/TRANSFER POLICIES

The City's annual operating budget is approved by the City Commission at the fund and department level. Any change in the budget, change between departments, or a change between funds is considered an amendment and must be approved by the City Commission. The City Commission also approves all allocations from General Fund Contingencies.

Budget Transfers are changes to the budget within a department and fund. This process provides for ongoing adjustments to the operating budget and enhance reporting and control over expenditure/revenue items but does not impact the bottom line adopted budget for that department. The City Manager has the delegated authority to approve Budget Transfers.
RESOLUTION NO. R-2013-275


WHEREAS, the Fiscal Year 2014 Operating Budget estimate of ad valorem tax revenues and other sources of revenues and the requirement for expenditures and other uses of all City Operating Funds by Departments, Divisions and Offices, has heretofore been prepared by the City Manager of the City of Hollywood and submitted to the City Commission, all as required by Section 6.04, subsection (6) of the Charter of the City; and

WHEREAS, said proposed Operating Budget which totals $462,112,376 ($449,311,146 net of interfund transfers) for all Operating Funds for Fiscal Year 2014 was presented at a public hearing held by the City Commission. Included in the proposed operating budget is the General Fund Operating Budget of $197,736,124;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That the Operating Budget of the City of Hollywood for the fiscal year beginning October 1, 2013, as set forth in detail in Exhibit 1, attached hereto, and by this reference made a part hereof, is hereby approved, adopted and accepted as the Operating Budget of the City of Hollywood, Florida, for the Fiscal Year 2014.

Section 2: That there is hereby appropriated for said fiscal year the several amounts set forth in Exhibit 2 which defines the City of Hollywood’s appropriation centers, consistent with the Operating Budget allocations, which shall permit said appropriations to occur consistent with City of Hollywood Code of Ordinances §38.11 and City of Hollywood Resolution number (R-92-481, as amended by R-93-412, R-94-408 and R-2013-048), as subject to amendment. Further, that there be established within the General Fund a non-departmental appropriations center for contingencies and reserves and that budgetary transfers shall be authorized between this center and other appropriation centers as approved in accordance with City of Hollywood Resolution number (R-92-481, as amended by R-93-412, R-94-408 and R-2013-048).

Section 3: That the foregoing appropriations are hereby declared to constitute the funds out of the total Operating Fund Budgets from which salaries and other necessary payments, expenditures and transfers may be made, respectively, within
each Department of the City of Hollywood, and the funds for the sinking funds of the City from which General and Water and Sewer Revenue Debt service expenditures may be made in the manner provided by the Charter and the Code of Ordinances of the City of Hollywood, Florida.

Section 4: That revenues deposited in the Special Revenue Fund are available for expenditure through appropriation as provided by the Charter and the Code of Ordinances of the City of Hollywood, Florida.

Section 5: That the Fiscal Year 2014 Budget by Fund shall include the re-appropriation and reauthorization of encumbrances, contracts, capital allocations and other commitments of balances identified and outstanding, reserved or accrued as of September 30, 2013, and the City Manager is hereby authorized to carry out said reappropriations and capital allocations.

Section 6: That the City Manager or her designee is hereby authorized to make the interfund loans and transfers included in the attached Exhibit 1.

Section 7: That the City Manager is hereby authorized to transfer to the insurance and central services funds, which operate on a cost-reimbursement basis, an amount lower than that appropriated by this resolution based on their final operating results for the fiscal year.

Section 8: That all resolutions or parts of resolutions in conflict herewith be and the same are hereby repealed to the extent of such conflict.

Section 9: That if any word, phrase, clause, subsection or section of this resolution is for any reason held unconstitutional or invalid, the invalidity thereof shall not affect the validity of any remaining portions of this resolution.
FISCAL YEAR 2014 OPERATING BUDGET

Section 10: That this resolution shall be in full force and effect immediately upon its passage and adoption.

ADVERTISED on the 19 day of Sept, 2013.

PASSED AND ADOPTED on this 23 day of Sept, 2013.

PETER BOBER, MAYOR

ATTEST

PATRICIA A. CERNY, MMC
CITY CLERK

APPROVED AS TO FORM AND LEGALITY
for the use and reliance of the
City of Hollywood, Florida, only

JEFFREY P. SHEFFEL, CITY ATTORNEY
## EXHIBIT 1: FUND SUMMARY
### FISCAL YEAR 2014

**GENERAL FUND**

### BEGINNING BALANCE

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Property Taxes</td>
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<tr>
<td>Utility Service Tax</td>
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<td>Utility Franchise Tax</td>
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<td>Simplified Communications Tax</td>
<td>11,115,352</td>
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<td>Occupational License</td>
<td>6,500,000</td>
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<td>Building Permits</td>
<td>2,032,532</td>
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<tr>
<td>Premium Taxes</td>
<td>4,045,042</td>
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<tr>
<td>State Shared Revenues</td>
<td>2,470,940</td>
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<td>County Shared Revenues</td>
<td>128,106</td>
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<tr>
<td>Court Fines</td>
<td>1,471,074</td>
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<tr>
<td>Other Shared Revenues</td>
<td>1,357,041</td>
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<tr>
<td>Governmental Fees</td>
<td>1,003,694</td>
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<tr>
<td>Service Reimbursements</td>
<td>1,966,047</td>
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<tr>
<td>Penalty Fees-Permits</td>
<td>211,290</td>
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<tr>
<td>Miscellaneous Income</td>
<td>719,668</td>
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<tr>
<td>Reimbursement-Other Funds</td>
<td>7,182,476</td>
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<tr>
<td>Public Safety Fees</td>
<td>318,919</td>
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<tr>
<td>Reimbursements</td>
<td>323,764</td>
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<td>Fees for Services</td>
<td>5,621,085</td>
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<td>Violation Surcharges</td>
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<td>Property Maintenance Surcharges</td>
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<td>Rents</td>
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<td>Fire Rescue Assessment</td>
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<td>Interest Earned</td>
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<td>Transfers from Other Funds</td>
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<td>Refunds</td>
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<td>In Lieu of Taxes</td>
<td>36,758</td>
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**TOTAL REVENUES**

\[
197,736,124
\]

### APPROPRIATIONS

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<tr>
<th>Description</th>
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<tbody>
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<tr>
<td>Operating Expenses</td>
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<tr>
<td>Capital Outlay</td>
<td>4,900</td>
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<td>Debt Service</td>
<td>4,835,039</td>
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<tr>
<td>Non-Operating Expenses</td>
<td>14,538,773</td>
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**TOTAL APPROPRIATIONS**

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175,036,124
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### RESERVES

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**TOTAL RESERVES**

\[
22,700,000
\]

### TOTAL APPROPRIATIONS AND RESERVES

\[
197,736,124
\]
### DEBT SERVICE FUND

**BEGINNING BALANCE**

0

**REVENUES**

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<tr>
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<th>Amount</th>
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<td>Transfer from General Fund</td>
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<tr>
<td>Transfer from Golf Fund</td>
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<td>Transfer from Central Services Fund</td>
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<td>Transfer from Special Fund</td>
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**TOTAL REVENUES**

6,850,897

**APPROPRIATIONS**

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<tbody>
<tr>
<td>Debt Service</td>
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**TOTAL APPROPRIATIONS**

6,850,897

**RESERVES**

0

**TOTAL APPROPRIATIONS AND RESERVES**

6,850,897

---

### DEBT SERVICE FUND - GENERAL OBLIGATION

**BEGINNING BALANCE**

0

**REVENUES**

<table>
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<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Taxes - Voted Debt Service</td>
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<tr>
<td>Interest Earned - Voted Debt Service</td>
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</tr>
</tbody>
</table>

**TOTAL REVENUES**

3,938,638

**APPROPRIATIONS**

<table>
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<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Expenses</td>
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</tr>
<tr>
<td>Debt Service</td>
<td>3,938,638</td>
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</table>

**TOTAL APPROPRIATIONS**

3,938,638

**RESERVES**

0

**TOTAL APPROPRIATIONS AND RESERVES**

3,938,638

---

### GENERAL CAPITAL OUTLAY

**BEGINNING BALANCE**

225,000

**REVENUES**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Transfer from General Fund</td>
<td>525,000</td>
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<tr>
<td>Future Debt Financing</td>
<td>2,405,000</td>
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</table>

**TOTAL REVENUES**

3,155,000

**APPROPRIATIONS**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Construction</td>
<td>3,155,000</td>
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**TOTAL APPROPRIATIONS**

3,155,000

**RESERVES**

0
EXHIBIT 1: FUND SUMMARY
FISCAL YEAR 2014
TOTAL APPROPRIATIONS AND RESERVES

3,155,000
**EXHIBIT 1: FUND SUMMARY**
**FISCAL YEAR 2014**

**GAS TAX FUND**

<table>
<thead>
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<th>Category</th>
<th>Amount</th>
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<td>0</td>
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<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>2,375,779</td>
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<td>State Fuel Tax Refund</td>
<td>61,693</td>
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<tr>
<td>Interest Earned</td>
<td>769</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>2,438,241</td>
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<tr>
<td><strong>APPROPRIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Transportation Related Appropriations</td>
<td>100,000</td>
</tr>
<tr>
<td>Capital Improvement Program</td>
<td>50,000</td>
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<tr>
<td>Operating Transfer - General Fund</td>
<td>379,173</td>
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<tr>
<td>Debt Service</td>
<td>1,909,068</td>
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<tr>
<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td>2,438,241</td>
</tr>
<tr>
<td><strong>RESERVES</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
<td>2,438,241</td>
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### EXHIBIT 1: FUND SUMMARY  
**FISCAL YEAR 2014**  
**WATER AND SEWER ENTERPRISE FUND**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>BEGINNING BALANCE</strong></td>
<td>31,378,308</td>
</tr>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Bulk Water - Charges for Service</td>
<td>5,392,064</td>
</tr>
<tr>
<td>Bulk Sewer - Charges for Service</td>
<td>19,920,533</td>
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<tr>
<td>Interest Earnings</td>
<td>88,000</td>
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<tr>
<td>Retail Water - Charges for Service</td>
<td>32,526,040</td>
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<tr>
<td>Retail Sewer - Charges for Service</td>
<td>33,131,950</td>
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<td>Miscellaneous Revenue</td>
<td>3,707,627</td>
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<tr>
<td>Renewal, Replacement and Improvement</td>
<td>32,755,834</td>
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<td>Water Reserve Capacity</td>
<td>300,000</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>159,220,356</td>
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<td><strong>APPROPRIATIONS</strong></td>
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<tr>
<td>Personal Services</td>
<td>24,227,994</td>
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<td>Operating Expenses</td>
<td>20,993,414</td>
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<td>Capital Outlay</td>
<td>34,000</td>
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<td>Debt Service</td>
<td>21,307,048</td>
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<tr>
<td>Non-Operating Expenses</td>
<td>28,223,758</td>
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<tr>
<td>Capital Improvement Plan</td>
<td>33,055,834</td>
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<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td>127,842,948</td>
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<td><strong>RESERVES</strong></td>
<td></td>
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<td>Net Position</td>
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<td><strong>TOTAL RESERVES</strong></td>
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<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
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### STORM WATER UTILITY ENTERPRISE FUND

<table>
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<td><strong>REVENUES</strong></td>
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<tr>
<td>Charges for Services</td>
<td>2,910,000</td>
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<td>Interest Earned</td>
<td>1,500</td>
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<td>Miscellaneous Revenue</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>10,828,068</td>
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<tr>
<td><strong>APPROPRIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>1,361,063</td>
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<td>Operating Expenses</td>
<td>729,053</td>
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<td>Capital Outlay</td>
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<td>Debt Service</td>
<td>108,594</td>
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<td>Non-Operating Expenses</td>
<td>712,790</td>
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<td>Capital Improvement Plan</td>
<td>135,000</td>
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<td>3,046,500</td>
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<td><strong>RESERVES</strong></td>
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<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
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## EXHIBIT 1: FUND SUMMARY
### FISCAL YEAR 2014
### GOLF ENTERPRISE FUND

<table>
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<th>Category</th>
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<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>2,812,766</td>
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<tr>
<td>Other Golf Course Revenues - Eco Grande &amp; HBG&amp;CC</td>
<td>155,000</td>
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<tr>
<td>Interest Earned</td>
<td>0</td>
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<tr>
<td>Fund Balance</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>2,967,766</td>
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<td><strong>APPROPRIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>158,804</td>
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<tr>
<td>Operating Expenses</td>
<td>2,331,990</td>
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<td>Capital Outlay</td>
<td>146,141</td>
</tr>
<tr>
<td>Debt Service</td>
<td>10,000</td>
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<tr>
<td>Non-Operating Expenses</td>
<td>320,831</td>
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<td><strong>RESERVES</strong></td>
<td></td>
</tr>
<tr>
<td>Net Position</td>
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<tr>
<td><strong>TOTAL RESERVES</strong></td>
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### SANITATION ENTERPRISE FUND

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<td>2,514,253</td>
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<tr>
<td><strong>REVENUES</strong></td>
<td></td>
</tr>
<tr>
<td>Charges for Services</td>
<td>12,910,776</td>
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<tr>
<td>Fines and Forfeits</td>
<td>8,000</td>
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<td>Reimbursement from MRF</td>
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<td>15,617,874</td>
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<td></td>
</tr>
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<td>Personal Services</td>
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<tr>
<td>Operating Expenses</td>
<td>10,638,033</td>
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<td>Non-Operating Expenses</td>
<td>1,173,141</td>
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<tr>
<td>Capital Improvement Plan</td>
<td>500,000</td>
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<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td>13,603,621</td>
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<td><strong>RESERVES</strong></td>
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<td><strong>TOTAL RESERVES</strong></td>
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<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
<td>15,617,874</td>
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</table>
EXHIBIT 1: FUND SUMMARY  
FISCAL YEAR 2014

**PARKING ENTERPRISE FUND**

<table>
<thead>
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<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
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<tr>
<td><strong>REVENUES</strong></td>
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<tr>
<td>Charges for Services</td>
<td>4,004,088</td>
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<td>Fines and Forfeits</td>
<td>399,000</td>
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<td>Miscellaneous Revenue</td>
<td>3,031,241</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td>9,901,137</td>
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<tr>
<td><strong>APPROPRIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>2,686,066</td>
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<tr>
<td>Operating Expenses</td>
<td>1,912,335</td>
</tr>
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<td>Capital Outlay</td>
<td>0</td>
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<td>Debt Service</td>
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<tr>
<td>Non-Operating Expenses</td>
<td>1,874,645</td>
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<td>Capital Improvement Plan</td>
<td>1,050,000</td>
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<td>8,484,329</td>
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<td><strong>RESERVES</strong></td>
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<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
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**CENTRAL SERVICE FUND**

<table>
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<th>Category</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td><strong>BEGINNING BALANCE</strong></td>
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<tr>
<td><strong>REVENUES</strong></td>
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<tr>
<td>Charges for Services</td>
<td>16,456,586</td>
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<tr>
<td>Reimbursements from Capital Projects</td>
<td>1,516,130</td>
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<td>0</td>
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<tr>
<td><strong>TOTAL REVENUES</strong></td>
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</tr>
<tr>
<td><strong>APPROPRIATIONS</strong></td>
<td></td>
</tr>
<tr>
<td>Personal Services</td>
<td>7,669,586</td>
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<tr>
<td>Operating Expenses</td>
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<td>Capital Outlay</td>
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<td>Non-Operating Expenses</td>
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</tr>
<tr>
<td>Net Position</td>
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</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
<td>18,227,307</td>
</tr>
</tbody>
</table>
**EXHIBIT 1: FUND SUMMARY**
**FISCAL YEAR 2014**

### INSURANCE FUND

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BEGINNING BALANCE</td>
<td>510,053</td>
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<tr>
<td>REVENUES</td>
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</tr>
<tr>
<td>CHARGES FOR SERVICES</td>
<td>29,406,122</td>
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<td>MISCELLANEOUS</td>
<td>1,168,573</td>
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<td><strong>TOTAL REVENUES</strong></td>
<td><strong>31,084,748</strong></td>
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<td>APPROPRIATIONS</td>
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<tr>
<td>PERSONAL SERVICES</td>
<td>792,201</td>
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<td>OPERATING EXPENSES</td>
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<td>CAPITAL OUTLAY</td>
<td>0</td>
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<tr>
<td>DEBT SERVICE</td>
<td>0</td>
</tr>
<tr>
<td>NON-OPERATING EXPENSES</td>
<td>29,390,964</td>
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<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td><strong>30,574,695</strong></td>
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<tr>
<td>RESERVES</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
<td><strong>31,084,748</strong></td>
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</tbody>
</table>

### RECORDS PRESERVATION FUND

<table>
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<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>BEGINNING BALANCE</td>
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<td>CHARGES FOR SERVICES</td>
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<td>INTEREST EARNINGS</td>
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<td><strong>TOTAL REVENUES</strong></td>
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<tr>
<td>APPROPRIATIONS</td>
<td></td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td>11,000</td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS</strong></td>
<td><strong>11,000</strong></td>
</tr>
<tr>
<td>RESERVES</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL APPROPRIATIONS AND RESERVES</strong></td>
<td><strong>146,220</strong></td>
</tr>
</tbody>
</table>

**SUBTOTAL ALL FUNDS** 462,112,376
**LESS INTERFUND TRANSFERS** (12,801,230)
**TOTAL ALL FUNDS** 449,311,146
### EXHIBIT 2

**APPROPRIATION BY FUND AND APPROPRIATION CENTER**

<table>
<thead>
<tr>
<th>Fund and Appropriation Center</th>
<th>Personal Services</th>
<th>Operating Expenses</th>
<th>Capital Outlay</th>
<th>Debt Service</th>
<th>Non-Operating Expenses</th>
<th>Fund Balance 9/30/2012</th>
<th>Improvement Plan</th>
<th>Capital Appropriations</th>
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<tbody>
<tr>
<td><strong>GENERAL FUND:</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPECIAL OFFICES:</td>
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<td></td>
<td></td>
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<td></td>
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<td>1,039,415</td>
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<td>1,395,178</td>
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<td>Assistant City Manager</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intergovernmental Relations</td>
<td>0</td>
<td>205,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>205,000</td>
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<td>980,030</td>
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<td>7,598,766</td>
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<td><strong>FINANCE &amp; INFORMATION TECHNOLOGY</strong></td>
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<tr>
<td>Cash and Receivables Management</td>
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<td>1,642,616</td>
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<td>191,500</td>
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Exhibit 2
Page 1 of 4
### EXHIBIT 2

**APPROPRIATION BY FUND AND APPROPRIATION CENTER**

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<tr>
<th>Personal Services</th>
<th>Operating Expenses</th>
<th>Capital Outlay</th>
<th>Debt Service</th>
<th>Non-Operating Expenses</th>
<th>Fund Balance 9/30/2012</th>
<th>Capital Improvement Plan</th>
<th>Total Appropriations</th>
</tr>
</thead>
</table>

#### FIRE / RESCUE:
- **Administrative Services**
  - 1,714,839
  - 687,851
  - 0
  - 385,534
  - 0
  - 2,788,224
- **Operations**
  - 35,972,515
  - 3,193,541
  - 0
  - 0
  - 0
  - 39,166,056
- **Fire Marshall**
  - 2,261,891
  - 150,786
  - 0
  - 0
  - 0
  - 2,412,677

**TOTAL - FIRE / RESCUE**
- 39,949,245
- 4,032,178
- 0
- 385,534
- 0
- 44,366,957

#### PARKS & RECREATION:
- **Administration**
  - 728,274
  - 258,277
  - 0
  - 360,469
  - 0
  - 1,347,020
- **Recreation**
  - 1,750,656
  - 1,339,765
  - 0
  - 0
  - 0
  - 3,090,421
- **Hollywood Marina**
  - 241,731
  - 145,462
  - 0
  - 0
  - 0
  - 387,193
- **Aquatics**
  - 345,660
  - 39,996
  - 0
  - 0
  - 0
  - 385,656
- **Special Events**
  - 367,859
  - 120,756
  - 0
  - 0
  - 0
  - 488,615
- **Cultural Arts**
  - 698,132
  - 733,249
  - 0
  - 0
  - 5,000
  - 1,436,381
- **Urban Maintenance**
  - 0
  - 0
  - 0
  - 0
  - 0
  - 0
- **Parks & Athletics**
  - 1,873,173
  - 892,542
  - 0
  - 0
  - 0
  - 2,765,715

**TOTAL - PARKS & RECREATION**
- 6,005,485
- 3,530,047
- 0
- 360,469
- 5,000
- 9,901,001

#### PUBLIC WORKS:
- **Public Works Administration**
  - 1,016,502
  - 182,204
  - 0
  - 91,325
  - 0
  - 1,290,031
- **Streets & Highways**
  - General Maintenance
    - 72,667
    - 182,475
    - 0
    - 0
    - 0
    - 255,142
  - Grounds ROW Maintenance
    - 104,405
    - 856,358
    - 0
    - 0
    - 0
    - 960,763
  - Urban Forest/Tree Management
    - 847,497
    - 522,774
    - 0
    - 0
    - 0
    - 1,370,271
  - Beautification Operations
    - 868,576
    - 626,340
    - 0
    - 0
    - 0
    - 1,494,916
- **Beautification, Ballfields & Beaches**
  - Beach Maintenance
    - 1,115,390
    - 491,179
    - 0
    - 0
    - 0
    - 1,606,569
- **Buildings & Grounds**
  - Building Trades
    - 801,002
    - 658,597
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    - 0
    - 0
    - 1,459,599
  - Building Maintenance
    - 527,183
    - 571,084
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    - 0
    - 1,098,267
  - Street Maintenance
    - 1,072,614
    - 1,250,602
    - 0
    - 0
    - 0
    - 2,323,216
  - City Hall Custodial
    - 173,584
    - 200,113
    - 0
    - 0
    - 0
    - 373,697
- **Engineering Services**
  - 1,685,307
  - 376,905
  - 0
  - 0
  - 0
  - 2,062,212

**TOTAL - PUBLIC WORKS**
- 8,264,727
- 5,918,631
- 0
- 91,325
- 0
- 14,294,683

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Exhibit 2
Page 2 of 4
## Exhibit 2
### Appropriation by Fund and Appropriation Center

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<tr>
<th>DEBT SERVICE:</th>
<th>Personal Services</th>
<th>Operating Expenses</th>
<th>Capital Outlay</th>
<th>Debt Service</th>
<th>Non-Operating Expenses</th>
<th>Fund Balance 9/30/2012</th>
<th>Capital Improvement Plan</th>
<th>Total Appropriations</th>
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| TOTAL GENERAL FUND            | 125,156,422       | 30,500,990         | 4,900          | 4,835,039    | 14,538,773             | 22,700,000              | 197,736,124             | 197,736,124            |

Exhibit 2
Page 3 of 4
### EXHIBIT 2

**APPROPRIATION BY FUND AND APPROPRIATION CENTER**

<table>
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<tr>
<th>Fund and Appropriation Center</th>
<th>Personal Services</th>
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<td>0</td>
<td>135,220</td>
<td>0</td>
<td>0</td>
<td>146,220</td>
</tr>
<tr>
<td><strong>TOTAL - OTHER FUNDS</strong></td>
<td>38,188,161</td>
<td>44,253,894</td>
<td>515,141</td>
<td>36,618,955</td>
<td>63,363,466</td>
<td>45,175,801</td>
<td>36,260,834</td>
<td>264,376,252</td>
</tr>
<tr>
<td><strong>SUBTOTAL ALL FUNDS</strong></td>
<td>163,344,583</td>
<td>74,754,884</td>
<td>520,041</td>
<td>41,453,994</td>
<td>77,902,239</td>
<td>67,875,801</td>
<td>36,260,834</td>
<td>462,112,376</td>
</tr>
<tr>
<td>(LESS) INTERFUND TRANSFERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>-12,801,230</td>
</tr>
<tr>
<td><strong>TOTAL ALL FUNDS</strong></td>
<td>163,344,583</td>
<td>74,754,884</td>
<td>520,041</td>
<td>41,453,994</td>
<td>77,902,239</td>
<td>67,875,801</td>
<td>36,260,834</td>
<td>449,311,146</td>
</tr>
</tbody>
</table>
NOTICE OF PROPOSED TAX INCREASE

The City of Hollywood, Florida has tentatively adopted a measure to increase its property tax levy.

Last year's property tax levy:

A. Initially proposed tax levy............................................ $75,189,863
B. Less tax reductions due to Value Adjustment
   Board and other assessment changes......................... $ 213,018
C. Actual tax levy................................................................. $74,976,845

This year's proposed tax levy.................................................. $78,044,408

All concerned citizens are invited to attend a public hearing on the tax increase to be held on

Monday, September 23, 2013
5:30 p.m.

at

Hollywood City Hall, Room 219
2600 Hollywood Boulevard
Hollywood, Florida

A FINAL DECISION on the proposed tax increase and the budget will be made at this hearing.

Dated this 19th day of September, 2013.

THE MIAMI HERALD /DISPLAY AD
PUBLISH: Thursday, September 19, 2013
FURNISH PROOF OF PUBLICATION
BUDGET SUMMARY
CITY OF HOLLYWOOD - FISCAL YEAR 2013-2014

THE PROPOSED OPERATING BUDGET EXPENDITURES OF THE
CITY OF HOLLYWOOD ARE 28.38% MORE THAN LAST YEAR'S TOTAL OPERATING EXPENDITURES.

<table>
<thead>
<tr>
<th>Est. Revenue, Balances and Other Sources</th>
<th>General Fund</th>
<th>Enterprise Funds</th>
<th>Other Governmental Funds</th>
<th>Internal Services Fund</th>
<th>Total Operating Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Proposed Tax Millage</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating Budget</td>
<td>$74,645,829</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>$74,645,829</td>
</tr>
<tr>
<td>Voted Debt Service</td>
<td>--</td>
<td>--</td>
<td>$3,938,638</td>
<td>--</td>
<td>3,938,638</td>
</tr>
<tr>
<td>Franchise Taxes</td>
<td>11,115,362</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>11,115,362</td>
</tr>
<tr>
<td>Licenses and Permits</td>
<td>6,077,574</td>
<td>$16,000</td>
<td>--</td>
<td>--</td>
<td>6,095,674</td>
</tr>
<tr>
<td>Intergovernmental Revenue</td>
<td>17,307,549</td>
<td>--</td>
<td>2,437,472</td>
<td>--</td>
<td>19,745,021</td>
</tr>
<tr>
<td>Charges for Services</td>
<td>20,728,695</td>
<td>116,049,967</td>
<td>--</td>
<td>$47,031,281</td>
<td>191,806,943</td>
</tr>
<tr>
<td>Fines and Forfeits</td>
<td>1,750,414</td>
<td>407,000</td>
<td>--</td>
<td>--</td>
<td>2,167,414</td>
</tr>
<tr>
<td>Miscellaneous Revenue</td>
<td>920,976</td>
<td>3,444,415</td>
<td>769</td>
<td>1,516,130</td>
<td>39,881,910</td>
</tr>
<tr>
<td>Reimbursements</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>9,148,523</td>
</tr>
<tr>
<td>OTHER SOURCES</td>
<td>5,599,451</td>
<td>350,882</td>
<td>10,005,897</td>
<td>--</td>
<td>15,956,230</td>
</tr>
<tr>
<td><strong>Total Revenue and Other Sources</strong></td>
<td>175,036,124</td>
<td>154,270,264</td>
<td>16,382,776</td>
<td>48,547,411</td>
<td>394,236,575</td>
</tr>
<tr>
<td><strong>Prior Year Operating Balance and Reserves</strong></td>
<td>22,700,000</td>
<td>44,411,157</td>
<td>764,644</td>
<td>67,875,801</td>
<td></td>
</tr>
<tr>
<td><strong>Total Revenue, Other Sources and Balances</strong></td>
<td>$197,736,124</td>
<td>$198,681,421</td>
<td>$16,382,776</td>
<td>$49,312,055</td>
<td>$462,112,376</td>
</tr>
<tr>
<td><strong>Less Interfund Transfers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(12,801,230)</td>
</tr>
<tr>
<td><strong>Total Estimated Revenue and Balances</strong></td>
<td>$197,736,124</td>
<td>$198,681,421</td>
<td>$16,382,776</td>
<td>$49,312,055</td>
<td>$449,311,146</td>
</tr>
</tbody>
</table>

**Proposed Expenditures/Expenses and Other Uses:**

<table>
<thead>
<tr>
<th>General Expenditures/Expenses and Other Uses</th>
<th>General Fund</th>
<th>Enterprise Funds</th>
<th>Other Governmental Funds</th>
<th>Internal Services Fund</th>
<th>Total Operating Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Safety</td>
<td>112,128,261</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>112,128,261</td>
</tr>
<tr>
<td>Physical Environment</td>
<td>6,302,966</td>
<td>114,192,716</td>
<td>$3,155,000</td>
<td>--</td>
<td>125,650,402</td>
</tr>
<tr>
<td>Transportation</td>
<td>2,323,216</td>
<td>4,994,410</td>
<td>100,000</td>
<td>--</td>
<td>7,021,617</td>
</tr>
<tr>
<td>Economic Environment</td>
<td>7,784,562</td>
<td>--</td>
<td>50,000</td>
<td>--</td>
<td>7,834,562</td>
</tr>
<tr>
<td>Culture/Recreation</td>
<td>11,507,570</td>
<td>2,490,794</td>
<td>--</td>
<td>--</td>
<td>13,998,364</td>
</tr>
<tr>
<td>Debt Service</td>
<td>3,871,018</td>
<td>22,678,326</td>
<td>12,690,803</td>
<td>1,436,637</td>
<td>40,383,163</td>
</tr>
<tr>
<td>Internal Services</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>28,806,122</td>
<td>28,806,122</td>
</tr>
<tr>
<td>Other Uses</td>
<td>14,333,798</td>
<td>10,600,428</td>
<td>379,173</td>
<td>2,304,798</td>
<td>27,618,195</td>
</tr>
<tr>
<td><strong>Total Expenditures/Expenses/Other Uses</strong></td>
<td>175,036,124</td>
<td>154,270,264</td>
<td>16,382,776</td>
<td>48,547,411</td>
<td>394,236,575</td>
</tr>
<tr>
<td><strong>Fund Balance and Reserves</strong></td>
<td>22,700,000</td>
<td>44,411,157</td>
<td>--</td>
<td>764,644</td>
<td>67,875,801</td>
</tr>
<tr>
<td><strong>Total Appropriated Expenditures/Expenses/Other Uses and Balances</strong></td>
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<td>$49,312,055</td>
<td>$449,311,146</td>
</tr>
</tbody>
</table>

The Tentative, Adopted, and/or Final Budgets are on file in the Office of the Above Mentioned Taxing Authority as a Public Record.

Dated this 19th day of September, 2013.

THE MIAMI HERALD/DISPLAY AD
PUBLISH: Thursday, September 19, 2013
FURNISH PROOF OF PUBLICATION
RESOLUTION # R-92-481

RESOLUTION POLICY - TRANSFER OF BUDGETARY FUNDS WITHIN APPROPRIATION CENTERS

WHEREAS, the City Commission has ratified that appropriate administrative guidelines and procedures be established to minimize appropriation imbalances through properly authorized transfers within appropriation centers; and

WHEREAS, the City Commission has determined that it is in the fiscal interest of the City for budgetary control purposes;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

SECTION 1: That the following policy is approved:

1. Funds can only be transferred between line items within their department (or divisions).

2. Funds can only be transferred within a distinct fund.

3. Funds can only be transferred between operating accounts excluding personal service and capital accounts except with the written authorization of the City Manager.

4. The maximum amount transferred from a line item is $5,000 with the approval of the Budget Director and Finance Director.

5. A transfer of between $5,001 and $25,000 must be approved by the City Manager, without delegation.

6. All transfers over $25,000 must be approved by the City Commission.

SECTION 2: That the following procedures be accepted:

1. A department head completes a "Request for Transfer of Funds" form (see attached) and directs it to the Budget Director detailing the following information:
a. The amount of transfer.

b. The divisional line item from which the funds will be transferred and an explanation as to why those funds are not needed for their original intent.

c. The divisional line item where the funds are needed and an explanation for the unexpected need of additional funds.

2. The Budget Director and Finance Director sign the memorandum signifying approval for operating transfers below $5,000.

3. The City Manager has final approval of all transfers over $5,000 and up to $25,000 as well as any personal service or capital account transfers.

SECTION 3: This Resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED THIS 14th day of December 1992.

MARA GIULIANTI, MAYOR

ATTEST:

MARTHA LAMBOS, CITY CLERK

ENDORSED AS TO FORM AND LEGALITY:

ALAN B. KOSLOW, CITY ATTORNEY
RESOLUTION POLICY R-92-481 - TRANSFER OF BUDGETARY FUNDS WITHIN APPROPRIATION CENTERS - REVISED

WHEREAS, on December 16, 1992, the City Commission approved administrative guidelines and procedures for minimizing appropriation imbalances through properly authorized transfers within appropriation centers; and

WHEREAS, the Policy has proven to be effective for budgetary control purposes; and

WHEREAS, modifications in the administrative guidelines and procedures are recommended not changing the substance of the Policy;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

SECTION 1: That the Policy for Transfer of Budgetary Funds (R-92-481) is amended as follows:

1. Funds can only be transferred between line items within their departments (or divisions): appropriation centers.

2. Funds can only be transferred within a distinct fund.

3. Funds can only be transferred between operating and/or capital accounts excluding personal service and capital accounts except with the written authorization of the City Manager.

4. The maximum amount transferred from a line item is $5,000 with the approval of the Budget Director and Finance Director.

5. A transfers of between $5,001 and $25,000 must be approved by the City Manager, without delegation.

6. All transfers over $25,000 must be approved by the City Commission.

(Coding: Words in struck-through type are deletions from existing policy; words underscored are additions.)
SECTION 2: That the following procedures be accepted.

1. A department head completes a "Request for Transfer of Funds" form and directs it to the Budget Director detailing the following information:
   a. The amount of transfer.
   b. The divisional line item from which the funds will be transferred and an explanation as to why those funds are not needed for their original intent.
   c. The divisional line item where the funds are needed and an explanation for the unexpected need of additional funds.

2. The Budget Director and the Finance Director sign the memorandum signifying approval for operating and/or capital transfers below $5,000.

3. The City Manager has final approval of all transfers over $5,000 and up to $25,000 as well as any personal service or capital account transfers.

SECTION 3: This Resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 24th day of September, 1993.

Mara Giuliani, Mayor

ATTEST:

Martha S. Lambos, City Clerk

ENDORSED AS TO FORM AND LEGALITY:

Pamela S. Terranova, Acting City Attorney
RESOLUTION AMENDING CITY OF HOLLYWOOD, FLORIDA, RESOLUTION NUMBER R-93-412 - "TRANSFER OF BUDGETARY FUNDS WITHIN APPROPRIATION CENTERS" AND ESTABLISHING A PROCEDURE FOR THE ADMINISTRATIVE TRANSFER OF BUDGETED POSITIONS WITHIN APPROPRIATION CENTERS

WHEREAS, the City Commission previously approved administrative guidelines and procedures for minimizing appropriation imbalances through properly authorized transfers within appropriation centers; and

WHEREAS, the Policy has proven to be effective for budgetary control purposes; and

WHEREAS, modifications in the administrative guidelines and procedures are recommended, which do not change the substance of previously approved policies;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

SECTION 1: That the Policy for Transfer of Budgetary Funds (R-93-412 amending R-92-481) is further amended as follows:

* * *

7. Budgeted positions and associated appropriations may be transferred within appropriation centers with the written authorization of the City Manager. Budgeted position transferred between appropriation centers must be approved by the City Commission.

SECTION 2: This resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 21st day of September, 1994.

Mara Giulianti, Mayor

ATTEST:

Martha S. Lambos, City Clerk

ENDORSED AS TO FORM AND LEGALITY:

Jamie Alan Cole, City Attorney
RESOLUTION NO. R-2013-048

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, AMENDING RESOLUTION NUMBER R-92-481 ("TRANSFER OF BUDGETARY FUNDS WITHIN APPROPRIATION CENTERS"), AS PREVIOUSLY AMENDED, TO REVISE THE TRANSFER AMOUNTS AUTHORIZED TO BE APPROVED BY THE CITY MANAGER AND/OR CITY COMMISSION.

WHEREAS, the City Commission previously approved administrative guidelines and procedures for minimizing appropriation imbalances through properly authorized transfers within appropriation centers; and

WHEREAS, the policy has proven to be effective for budgetary control purposes; and

WHEREAS, the current threshold amount for approval of budget transfers by the City Manager does not match the procurement authority of the City Manager; and

WHEREAS, modifications in the administrative guidelines and procedures are recommended, which do not change the substance of previously approved policies;

NOW THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA:

Section 1: That the Policy of Transfer of Budgetary Funds (R-92-481, as amended by R-93-412 and R-94-408) is further amended as follows:

1. Funds can only be transferred between line items within appropriation centers.
2. Funds can only be transferred within a distinct fund.
3. Funds can only be transferred between operating and/or capital accounts excluding personal service accounts except with the written authorization of the city manager.
4. The maximum amount transferred from a line item is $5,000.00 with the approval of the Budget Director and Finance Director.
5. A transfer of between $5,001.00 and $25,000.00 must be approved by the City Manager, without delegation.
6. All transfers over $25,000.00 must be approved by the City Commission.
7. Budgeted positions and associated appropriations may be transferred within appropriation centers with the written authorization of the City Commission.


Manager. Budgeted positions transferred between appropriation centers must be approved by the City Commission.

Section 2: That this resolution shall be in full force and effect immediately upon its passage and adoption.

PASSED AND ADOPTED this 20 day of Feb, 2013.

PETER BOBER, MAYOR

ATTEST:

PATRICIA A. CERNY, MMC, CITY CLERK

APPROVED AS TO FORM AND LEGALITY
For the use and reliance of the
City of Hollywood, Florida, only.

JEFFREY P. SHEFFEL, CITY ATTORNEY
HR-084  DIRECT PAYMENT VOUCHERS

ORIGINATING DATE:  March 10, 2015

**PURPOSE:**

To establish a procedure for payment of certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures.

**POLICY:**

Certain recurring purchases, because they are available from one (1) source or are not readily adaptable to competitive purchasing procedures, are exempt from bid requirements. Because of the wide range of possible interpretation as to which purchases are exempt, only those categories listed below will qualify as exceptions to normal purchasing procedures; however, such purchases in excess of twenty-five thousand dollars ($25,000) require a formal written contract approved by the City Manager and/or Commission action.

Departments that desire exemptions other than those listed shall provide a memorandum of justification to the Procurement Services Division. If the exemption is granted, the using department will be notified and the exemption will be added to the basic list.

The following are the transactions allowed under this policy:

<table>
<thead>
<tr>
<th>Transaction Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subscriptions/Dues/Memberships</td>
<td>Fees paid for newspapers, periodicals, trade journals, professional or other organization which are required or benefit City operations.</td>
</tr>
<tr>
<td>Postage Meters/Stamps</td>
<td>Amount paid for stamps or to fill postage meters for City operations.</td>
</tr>
<tr>
<td>Host Account Reimbursements</td>
<td>Amounts paid for specific events and/or reimbursement to City employees for approved host expenses.</td>
</tr>
<tr>
<td>Licenses, Permits or Certificates</td>
<td>Amount paid to regulatory agencies for professional competency, permits, licenses, certificates and auto tag fees which are required or benefit City operations</td>
</tr>
<tr>
<td>Court Cost/Other Gov't Agency/Taxes</td>
<td>Amounts paid to Federal/State/Local courts or amount to transfer to other government agencies or taxes required to be paid to other government units.</td>
</tr>
<tr>
<td>Real Estate Closings</td>
<td>Amounts paid to sellers and other parties affiliated with closing pursuant to a contract approved by City</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Advertising</td>
<td>Amounts paid to newspapers for legal notices and/or personnel advertisements.</td>
</tr>
<tr>
<td>Educational Courses/Seminars (1-day)</td>
<td>Amounts paid to educational institutions such as Florida Atlantic University or Broward College or commercial seminars for course fees. Course brochure is a required attachment.</td>
</tr>
<tr>
<td>Educational Reimbursements/Books</td>
<td>Amounts paid to employees to reimburse them for educational cost for course plus required books. Grade reports, receipts, and approved Tuition Reimbursement form must be attached to the DPV. The Office of Human Resources (if applicable) and the employing department must approve the payment.</td>
</tr>
<tr>
<td>Records/Slides/Films/Gov’t Publications</td>
<td>Amounts paid for records, slides, films and government publications for items that would not be subject to competitive purchasing procedures (sole source).</td>
</tr>
<tr>
<td>Def. Comp/Bank or Trustee Payments</td>
<td>Amounts paid to Banks or Trustees for deferred compensation/pension or amounts paid for custodial charges or amounts paid to a bank or lending institution related to scheduled debt payments (debt schedule is required).</td>
</tr>
<tr>
<td>Medical/Veterinary Payments</td>
<td>Amounts paid for medical/veterinary services (not supplies) that would not be subject to competitive purchasing procedures. Note, a contract may still be required to process payment.</td>
</tr>
<tr>
<td>Insurance Premiums</td>
<td>Amounts paid to insurance companies for insurance premiums. Note, a contract and/or resolution may still be required to process payment.</td>
</tr>
<tr>
<td>Grant or Loan Disbursements</td>
<td>Funds paid to an organization funded by commission action (resolution). Copy of resolution id required to process payment. Loans issued by the City’s Housing Department.</td>
</tr>
<tr>
<td>Utility Fees/Dump Fees</td>
<td>Utility fees (electric, gas, and water, does not include communication charges) and Garbage Dumping fees.</td>
</tr>
<tr>
<td>Category</td>
<td>Description</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Refunds</strong></td>
<td>Payments made by the City. Note, a contract for dumping fees may be required. Refunds to clients of the City who have overpaid (i.e. water bills) or are getting a bid/deposit returned to them.</td>
</tr>
<tr>
<td><strong>Courier/Freight Charges</strong></td>
<td>Payments to package/freight carriers (i.e. FedEx, UPS, USPS)</td>
</tr>
<tr>
<td><strong>Petty Cash Reimbursements</strong></td>
<td>Amounts paid to petty cash custodian to replenish their petty cash. Cash drawer reconciliation plus supporting documents must be attached to the DPV.</td>
</tr>
<tr>
<td><strong>Other Professional Services</strong></td>
<td>Payment for services which are not subject to competitive purchasing procedures. Note, a contract and/or commission action may still be required to process payment.</td>
</tr>
<tr>
<td><strong>Special Events/Recr Performances</strong></td>
<td>Sponsorship payments to organizations doing an event in Hollywood. Requires sponsorship agreement and/or commission action. Fees paid to performers under contract to the Department of Parks, Recreation and Cultural Arts or CRA.</td>
</tr>
<tr>
<td><strong>Temporary Employment Services</strong></td>
<td>Fees paid to agencies for temporary employees. May require contract and/or commission action.</td>
</tr>
<tr>
<td><strong>Meals/Parking/Mileage</strong></td>
<td>For one day tri-county travel, meals (if allowed for tri-county one-day travel), parking, mileage and tolls related to the one-day event - supporting documentation should be attached. For monthly mileage reimbursement, a “Monthly Mileage Summary” sheet should be attached plus any supporting receipt (toll and/or parking fees).</td>
</tr>
</tbody>
</table>

It is unnecessary to utilize a purchase requisition to request payment for these services. When initiating the request for payment, it will be the responsibility of the department to ensure the request is in full compliance with relevant City policies governing such expenditures. A completed DPV with supporting documentation would be approved by the Department Head or designee and forwarded to the Procurement Services Division.
PROCEDURE:

The City’s online form for DPVs will be used for requesting payment for certain transactions as outlined above. These transactions are of a noncompetitive nature, where neither price nor quantity is improved through a procurement process.

The Procurement Services Division will be responsible for monitoring and determining that a DPV would be the appropriate payment mechanism for a transaction and authorizing its use. Once satisfied Procurement Services will approve and forward DPV package to the General Accounting Division.

Note, items covered by a Blanket Purchase Order should not be processed by DPV. These items should be processed through a confirming purchase requisition.

The General Accounting Division will be responsible for determining appropriateness of account being used, availability of funds, proper authorization by user department and adequacy of supporting documentation to make payment.

Any DPV determined to be over budget will require approval by the Division of Management and Budget before it can be processed. The General Accounting Division will forward over budget DPVs to the Division of Management and Budget.

The DPV will be processed as follows:

The DPV form will be completed and approved by the authorized person within the department. Only those expenditures which exceed twenty-five thousand dollars ($25,000) require the City Manager’s approval plus a copy of the contract and/or resolution, if available. Items in excess of fifty thousand dollars ($50,000) require a copy of an executed resolution (commission action) and (if applicable) a signed contract to be processed.

For items being paid using a DPV that have a contract, contract information must be provided such as total contract amount, any amendments to the contract amount, total previously invoiced and expiration date, if applicable.

The completed DPV plus all supporting documentation should be forwarded to the Procurement Services Division (the department should make a copy or a pdf copy of the DPV package before sending it to Procurement Services Division).

Once the Procurement Service Division determines the appropriateness of the DPV use, the package will be forwarded to General Accounting to complete processing for payment. Any DPV that is over budget will be forwarded by General Accounting to Management and Budget for approval.

This policy rescinds Administrative Policy #97-72R.
# City of Hollywood, Florida

**DIRECT PAYMENT VOUCHER**

TO FINANCE DEPARTMENT

---

**Pay to:**

Vendor No.
Name:
Address:
City:
State/Zip

**Explanation of Payment:**

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**Item #** | **Budget Line Item** | **Item Description** | **Unit** | **Quantity** | **Unit Price** | **Extension/Total**
--- | --- | --- | --- | --- | --- | ---
1 | | Subscription/Dues/Memberships Fees | | | $0.00 | $0.00
2 | | Postage Meter/Stamps | | | $0.00 | $0.00
3 | | Host Account Reimbursements | | | $0.00 | $0.00
4 | | Licenses/Permits/Certificates | | | $0.00 | $0.00
5 | | Court Cost/Other Gov’t. Agency/Taxes | | | $0.00 | $0.00
6 | | Real Estate Closing - Attach Stmt. | | | $0.00 | $0.00
7 | | Advertising - attach tear sheet | | | $0.00 | $0.00
8 | | Education Courses/Seminars | | | $0.00 | $0.00
9 | | Education/Reimbursements/Books | | | $0.00 | $0.00
10 | | Records/Slides/Films/Gov. Publication | | | $0.00 | $0.00
11 | | Deferred Comp./Bank Payments | | | $0.00 | $0.00
12 | | Medical/Veterinary Payments | | | $0.00 | $0.00
13 | | Insurance Premiums | | | $0.00 | $0.00
14 | | Grant Disbursements | | | $0.00 | $0.00
15 | | Utilities/Dump Fees | | | $0.00 | $0.00
16 | | Refunds | | | $0.00 | $0.00
17 | | Courier/Freight | | | $0.00 | $0.00
18 | | Petty Cash Reimbursement | | | $0.00 | $0.00
19 | | Other Professional Services | | | $0.00 | $0.00
20 | | Special Events/Recre Performances | | | $0.00 | $0.00
21 | | Temporary Employment Services | | | $0.00 | $0.00
22 | | Meal/Parking/Mileage (1 day tri-county) | | | $0.00 | $0.00

**Total:** $0.00

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State/Province/Zip

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**Procurement Type/Doc:**

**Finance Approval:**

**Procurement Appr:**

**Budget Approval:**

**City Commission or City Manager Action:**

**Resolution #:**

**Contract Expiration Date:**

**Original Contract Amount:**

**Total This Invoice:**

**Amendments/Adjustment:**

**Total Previous Invoices:**

**Total Contract Amount:**

**Total to Date:**

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**City Manager Signature (if required)**

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**Distribution List:**

Finance  Procurement Services  Department Copy

dpv (rev 03/10/2015)
DATE: March 23, 2015

TO: Dr. Wazir A. Ishmael, City Manager

FROM: Tammie L. Hechler, Director Office of Human Resources

SUBJECT: Approval to Create HR Policy HR-84 – Direct Payment Vouchers

ISSUE:
Approval to create HR Policy HR-084 – Direct Payment Vouchers.

EXPLANATION:
The attached policy has been created to establish a procedure for payment of certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures. Please discard the previous memo which listed the policy number as HR-83.

RECOMMENDATION:
By your signature below, approve creation of HR-084 – Direct Payment Vouchers.

☐ Approve ☐ Disapprove

Wazir A. Ishmael, Ph.D.
City Manager
OIG 14-027

APPENDIX E
February 3, 2016

John W. Scott, Inspector General
Broward Office of the Inspector General
One North University Drive, Suite 111
Plantation, Florida 33324

RE: OIG Preliminary Report, Ref. No OIG 14-027

Dear Mr. Scott:

Please accept this letter in response to the OIG Preliminary Report, Ref. No. OIG 14-027. It is my hope that the following responses will aide to clarify/expand on the statements made about my interview with OIG staff.

OIG Report Page 10. Despite its prolific and anticipated use of Transhire’s services in FY 2013 and FY 2014, the city never included any proposed funding for the “temporary services” line item in the adopted FY 2013 and FY 2014 budgets. City officials also failed to obtain the required documentation and authorizations when transferring funds from one budgeted line item to another.

Response: Budget was not aware of a prolific and anticipated use of Transhire services in FY 2013 and FY 2014. The personnel services category was adequately funded for the operations. The transition of the E911 function to the County was delayed on various occasions and the most prudent and conservative action was to fund the existing operations as they stood for continuation of service. Additionally, in the Commission meeting of 9/18/2013, during the discussion of item Resolution #2013-269 – A Consolidated E-911 Regional Communication System and Regional Public Safety Intranet (Non-911) Communication System, the former City Manager stated “that in an abundance of caution, the operations are being fully funded (for FY2014) since we don’t know how long the transition will take.”

As far as documentation and authorizations for transfers, none were required due to the adequate funding within the HPD personnel category, and therefore no transfers were done.

OIG Report Page 11. A review of the exhibit to the resolution reveals that it does not address any transfers relating to police personnel costs monies from one line item to another. In fact, the resolution primarily transfers personnel costs monies from a number of departments to the Fire Department. The resolution does not inform the Commission of the temporary services, nor does it request the Commission’s approval of the budget transfers or spending.

Response: The budget is adopted at the department level and the Police Department did not go over its allocation for FY13. Because the Police Department had achieved overall savings from its total budget allocation and more specifically from its personnel services category, no transfers were performed or required and therefore no request was made of the Commission to approve any transfers.
OIG Report Page 11. She thought that the mechanism used by the city to move money into the temps line item in the overall annual budget reconciliation resolution may have bypassed any such Commission and union requirements. She noted that the entire proposed budget reconciliation would then be submitted for a vote of the Commission in the form of a budget reconciliation resolution at the close of the budget year to amend the approved budget. When asked if the situation was handled in that way in an attempt to obscure the failure to follow routine procedure, the Assistant Finance Director declined to answer, but acknowledged that it could have achieved that effect.

Response: I don't recall declining to answer any questions, but since no transcript or recording of the interview is available, I cannot state what all of my responses were verbatim. I don't recollect at this time acknowledging that the use of the budget reconciliation resolution would have had the effect of obscuring the failure to follow routine procedures related to budget transfers. If I remember correctly, the questions in this part of the interview were generally asking if doing budget amendments would have avoided having to request authorization from Commission for the use of temporary services. The budget amendment process is not an appropriate instrument to evaluate the proper use of contracts. A budget amendment is an instrument to make adjustments to the current plan (budget) for the use of funds. A budget amendment would have higher level explanations (i.e., the budget amendment would deal with overexpenditure within budget category and not necessarily resulting from a single vendor) for the movement of funds and would not specifically have detailed the use of Transhire.

The financial system is setup with budgetary controls at the category level and not at the individual line item level. This means that even if there was a negative line item, so long as there was a positive overall balance within the same category no overbudget notification would have been triggered and no budget transfer or adjustment would have been required.

OIG Report Page 30. as there were no budget transfer requests generated, there was no documentation memorializing management's justification for those budget transfers.

Response: Budget transfers were not performed. The department did not have overall overages and therefore did not require transfers to fund any deficits.

OIG Report Page 38. She conceded that it was her responsibility.

Response: I acknowledged it was the responsibility of the budget division to perform budget transfers once they were approved.

OIG Report Page 38. As a result, all payments to HPD temps necessitated the movement of funds from other budget line items to the temps line.

Response: In the case of an operating account, if sufficient funds are not available, at the category level, an overbudget notification would be prompted and the Department would be prevented from continuing until the funding was increased. Departments needing budget transfers because of overbudgets would request a budget transfer.
She initially admitted that all such transfers from other line items to the temp line item would have required the completion of a budget transfer form to be approved by Chief Fernandez and herself.

**Response:** I acknowledged that if a transfer was necessary because of an overbudget situation, a signature would be required from the department director and the Assistant Director, Budget and Financial Services and the Finance Director at minimum (transfers up to $5,000) and the City Manager’s signature if between $5,001 and $50,000. In the case where the amount exceeds $50,000, the transfer would require Commission action. Again, this was a general question of the budget transfer process.

She was not aware as to why the program had failed to generate the overbudget failure notice in this instance.

**Response:** This would be a contradiction to what I stated above relating to the category level of control. Overbudget failure notice was not generated because in this case because the personnel services category had sufficient funding.

She explained that instead of following proper procedures to fund the temps line item, the HPD waited until the annual budget reconciliation close-out process (Commonly called the “true-up) to resolve that problem.

**Response:** This is an oversimplification of the issue. The use of temps is assumed to be a temporary solution to an immediate need. The use of salary savings is an appropriate funding source for this need especially in light of the uncertainty of the length of time that temporary services would be needed. The Commission approves a budget for a department and all categories of funding. Included within that budget is the allocation of funding for personnel services category.

The budget policies are guidelines to aide in the management and administration of a budget they are not settled law and can be modified.

Although the Assistant finance Director would not comment on whether the HPD’s transfer of funds in this fashion was conducted in efforts to intentionally conceal the irregularities within the overall budget reconciliation, she acknowledged that it certainly could have had that effect.

I don’t remember refusing or declining to comment on any question. I would not be able to comment on the intentions of the HPD or any other person in this matter. As stated previously, the budget amendment process is not used to validate the proper use of contracts. Additionally, in reference to the preliminary report’s exhibit 3, the HPD had sufficient funding and did not require additional funds at the time this resolution was prepared and thus no transfers were made into or were necessary for the HPD budget.

There was a year-end transfer of over $300,000 from the budget for the HPD’s permanent employees to the budget for its temporary services.
Response: No transfer was done. The department did not have an overall shortfall and no modifications were needed to true-up the Police Department’s budget.

OIG Report Page 39...despite the fact that there was no indication that it’s spending for temps would be decreasing in the future.

Response: There was also no indication that the temps would continue. The E911 program was scheduled to be transferred to the County by the beginning of the fiscal year and then delayed on various occasions until a full year had elapsed. Moreover, it would have been incumbent upon the department, knowing their personnel needs, to request additional funding. However, the department did not submit a budget modification request for temporary services funding.

OIG Report Page 39. She acknowledged that moving the funds during the true-up, as was done here, bypassed any such Commission and union requirements.

Response: Approval was not requested or necessary. No transfer was done. The department did not have an overall shortfall and no modifications were needed to true-up the Police Department’s budget.

OIG Report Page 40...she specifically recalled “discussions with {the Finance Director] and the City Manager that the 911 positions had to be funded when we were discussing the police budget in March or April of 2013.” At that time there was funding for approximately 30 to 40 positions for 911 dispatchers, with approximately 20 of those positions vacant.

Response: During March – April 2013, and throughout the summer, the preliminary budget for the 2014 fiscal year was being continuously discussed/prepared. The transition date for the E911 function was not firm and required continuation of the funding of the full operations. On the Commission meeting of 9/18/2013, during the discussion of item Resolution #2013-269 – A Consolidated E-911 Regional Communication System and Regional Public Safety Intranet (Non-911) Communication System, the former City Manager in answering a question from the Commission, stated “that in an abundance of caution, the operations will being funded fully since we don’t know how long the transition will take.” Not fully determined at the time of the discussions, were the functions the City would be required to retain and the number of positions or the related costs (ie. Teletype operators).

Sincerely,

Mirtha Dziedzic
Assistant Director, Budget and Financial Services
Broward Office of the Inspector General
One North University Drive, Suite 111
Plantation, Florida 33324

Dear Mr. Scott;

At the time of the Artium/Transhire issue I was the General Accounting Manager, I became the Interim Director of General Accounting when the Director retired in December of 2014. The use of my current title in the report your office has issued narrative may mislead the reader into believing that I was in charge of the General Accounting Division the when Transhire issue took place, during that time, I reported directly to the Director of General Accounting.

In FY 1994, the City went from a centralized purchasing and procurement system to a de-centralized purchasing system with the implementation of GEMs (then called SCI). With this implementation certain responsibilities were pushed back to the departments, one of them being to procure (with the aid of Procurement Services) and to manage contracts. For the time period that the OIG is investigating the responsibility for contract management was that of the originating department and not General Accounting under the policies and procedures in place for the period in question. General Accounting was working on the premise that departments staff and management were also correctly following procurement policies and submitting payment requests (via Direct Payment Voucher DPV's in this case) for proper (legal) claims for products and/or services received. In twenty years of financial audits, numerous special program audits and one huge performance audit (performed by the Office of the Auditor General) those policies and processes were never identified as having weaknesses.

The DPV process was never intended to be used for the purpose of controlling a "contract" (for lack of a better word) of this size. It does not have the means of automatically tracking spending or cumulating totals. If the magnitude and scope of
these services would have been known, this expenditure item would have been put on a Blanket PO which does have a limited means of tracking usage and brought forward to commission for their approval. This is a failing of the originating department not following procurement policies.

Here is a little history on GEMs and over budget checking to clarify the OIG’s understanding. As mentioned above, in 1994 the GEMs application was installed as the City’s financial system. In 1994, the budget checking was set at the line item level. In 1995, the then Budget Director, (Ken Fields) requested that budget checking be raised from the line item level to a higher level. So in 1995/1996, budget checking was switched from the line item level to the group level at the Budget Director request and has been this way ever since. Here is an example of line item level:

01.1223.00000.513.001210 Salaries

Only the budget amount actually put in the line item will be used to determine available budget.

Here is the budget checking at group level (at the 1000’s level):

01.1223.00000.513.001210 Salaries
01.1223.00000.513.001212 Salaries Part Time
01.1223.00000.513.001310 Temporary Services
01.1223.00000.513.001412 Overtime

In the group level budget checking all the above accounts would be lumped in one pot for the system to check budgets, so as long as the group expenditures did not exceed their combined budget no error flag would have been generated. Hence a payment made out of a zero budgeted temporary service line 1310 would not have been flagged as long as the group budget was not exceeded. Notice OIG exhibit #8 none of the DPVs in this exhibit were tagged with an over budget sticky because the group still had available budget. If the group budget was exceeded, the accountants at that point would bring it to me (then the General Accounting Manager) and if the item was unusual (a police 1000’s group going over budget in the middle of the year would be unusual) I would then seek guidance from then Director of General Accounting. Payment would not have gone forward without Director of General Accounting consent.

Examples provided by OIG (exhibit #7) were actually year end items that were being accrued back to the prior year (services were rendered in FY 2013), so the accounts payable section was back charging to the prior year. At year end, General Accounting staff were to properly record and classify the expenditure in the correct accounting year,
and to process the payments timely. Over budget line items were addressed by Budget in the year end cleanup/reconciliation process (normally done in November). Again, this was all done with the premise that everything required to get the payment to this point (i.e. procurement processes) were properly adhered to done by the originating department staff and management, and that legal invoices were being provided to General Accounting.

As for the $25,000 limit that the senior accountant mentioned, please see attached memo “A”. Attached memo was written by a past Director of Purchasing, John Weyrauch. It clearly gives guidance that only DPV’s that exceed $25,000 require approval by the City Manager or City Commission. It does mention the need to accumulate totals over several check runs to determine if the total exceed $25,000. In addition, going back to the 93-187 DPV policy, through 97-72R, policy that was in place during the Transhire issue, all have the following statement “When initiating the request for payment, it will be the responsibility of the department to ensure the request is in full compliance with relevant City policies governing such expenditures.” DPV policy clearly put the responsibility for compliance with procurement policy squarely on the departments.

OIG states that I said that 1310 Temporary Services are not budgeted. I distinctly remember saying that they may not be budgeted, there are units that actually plan on using temporary services and do include it in their budget request. I would not have made such a blank statement.

Under the policy at the time the failure I see is that General Accounting trusted that the responsible departments followed procedures correctly. Since then, the DPV process has been modified to the point that all invoices, resolutions, contracts and spending total information must be provided to process the DPVs. In addition DPVs now are routed through at least one additional department (possibly two if over budget for a total of four departments and/or divisions) to check and resolve issues before it can be paid, in addition Finance Director’s initial (or designee) are required to pay the DPV.

Sincerely,

[Signature]

Ernesto Acosta
Division Director of General Accounting
DATE: April 6, 1999

FILE: PR-99-133

TO: All Departments/Divisions

VIA: Carlos E. Garcia
Director, Financial Services

FROM: John L. Weyrauch
Director, Purchasing & Materials Management

ISSUE:
Revised Administrative Policy No. 97-72

EXPLANATION:
Administrative Policy number 97-72 has been revised in order to clarify the procedure to be followed when using the Direct Payment Voucher (DPV) to authorize the Financial Services Department to make payments for certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures.

After the DPV has been completed and approved by the Department Head, it should be forwarded to the Financial Services Department. Only those DPV's with expenditures that exceed $25,000 require approval by the City Manager or City Commission. The City online form for DPV's has been revised to reflect these changes.

RECOMMENDATION:
Please review and comply with revised Administrative Policy No. 97-72.
PURPOSE:
To establish a procedure for payment of certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures.

EXPLANATION:
Certain recurring purchases, because they are available from only one (1) source or are not readily adaptable to competitive purchasing procedures, are exempt from bid requirements. Because of the wide range or possible interpretation as to which purchases are exempt, only those categories listed below will qualify as exceptions to normal purchasing procedures; however, such purchases in excess of twenty-five thousand dollars ($25,000) require a formal written contract approved by the City Manager.

Departments who desire exemptions other than those listed shall provide a memorandum of justification to the Purchasing and Materials Management Division. If the exemption is granted, the using department will be notified and the exemption will be added to the basic list.

The following are the transactions allowed under this policy:

- **Subscriptions**: Fees paid for newspapers, periodicals, or trade journals required for City operations. (Example: Subscription to the Sun-Sentinel)
- **Dues & Membership Fees**: Amounts paid to professional or other organizations which provide benefits to City operations. (Example: Membership in the Florida League of Cities)
- **Postage Meters/Stamps**: Amounts paid to the U.S. Postal Service to fill postage meters or buy stamps for City operations.
<table>
<thead>
<tr>
<th>Subject: Direct Payment Voucher (DPV)</th>
<th>Page: 2 of 5</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Responsible Agency:</th>
<th>Financial Services, Purchasing and Materials Management</th>
<th>Effective Date:</th>
<th>10/01/01</th>
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<table>
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<tr>
<th>Supporting Agencies:</th>
<th>Policy Number:</th>
<th>Supersedes:</th>
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<tr>
<td>All City Departments and Offices</td>
<td>97-72R</td>
<td>07/15/01</td>
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<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>One-Day Tri-County Travel</td>
<td>Registration fees for conferences and seminars in Tri-County area, as well as reimbursement for parking, mileage, tolls and meals for such events</td>
</tr>
<tr>
<td>Licenses, Permits, Certificates</td>
<td>Amounts paid to regulatory agencies for professional, competency, permits, certificates of occupancy or occupational licenses. Auto tag fees for City vehicles may also be paid under this category.</td>
</tr>
<tr>
<td>Payments to Other Government/Agencies</td>
<td>Budgeted amounts paid to entities outside City government.</td>
</tr>
<tr>
<td>Real Estate Closing</td>
<td>Amounts paid to sellers and other parties affiliated with a closing pursuant to a contract approved by City Commission.</td>
</tr>
<tr>
<td>Advertising</td>
<td>Amounts paid to the various local newspapers for legal notices or classified personnel advertisements. One DPV per newspaper per billing cycle is required.</td>
</tr>
<tr>
<td>Books</td>
<td>Amounts paid to book publishers for items received on outstanding orders not covered by Purchase Orders. A copy of the order list is a required attachment.</td>
</tr>
<tr>
<td>Education Courses</td>
<td>Amounts paid to educational institutions such as Florida Atlantic University (F.A.U.) or Broward Community College (B.C.C.) or commercial seminars for course fees. Course brochure is a required attachment.</td>
</tr>
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**Administrative Policy**

**Subject:** Direct Payment Voucher (DPV)

**Responsible Agency:** Financial Services, Purchasing and Materials Management

**Effective Date:** 10/01/01

**Supporting Agencies:** All City Departments and Offices

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<th>Description</th>
<th>Details</th>
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<tr>
<td><strong>Educational Reimbursements</strong></td>
<td>Amounts paid to employees to reimburse them for educational costs for courses. Grade reports and receipts must be attached to the approved Tuition Reimbursement form forwarded with the DPV prepared by the Division of Human Resources and approved by employing department.</td>
</tr>
<tr>
<td><strong>Mileage Reimbursement</strong></td>
<td>Monthly summary for employee mileage reimbursement. (See Item 5c. of Policy 93-13R)</td>
</tr>
<tr>
<td><strong>Government Publications</strong></td>
<td>Amounts paid to other governmental agencies for their brochures.</td>
</tr>
<tr>
<td><strong>Taxes</strong></td>
<td>Amounts paid to taxing bodies such as sales tax paid to the Florida Department of Revenue.</td>
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<tr>
<td><strong>Records/Slides/Films</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Bank Payments</strong></td>
<td>Amounts paid for bank trustee, or custodial charges.</td>
</tr>
<tr>
<td><strong>Medical Payments</strong></td>
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</tr>
<tr>
<td><strong>Insurance Premiums</strong></td>
<td>Insurance premium payments paid by the City. (Example: Health, Liability Insurance)</td>
</tr>
<tr>
<td><strong>Grant Disbursements</strong></td>
<td>Monies paid to organization funded by a Commission approved action.</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>Utility payments made by the City. (Example: electric and gas bills)</td>
</tr>
<tr>
<td><strong>Dump Fees</strong></td>
<td></td>
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<tr>
<td><strong>Court costs</strong></td>
<td></td>
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</tbody>
</table>
ADMINISTRATIVE POLICY

Subject: Direct Payment Voucher (DPV)  

Responsible Agency: Financial Services, Purchasing and Materials Management  

Supporting Agencies: All City Departments and Offices  

Policy Number: 97-72R  

Effective Date: 10/01/01  

Temporary Employment Services  
Fees paid to agencies for temporary employees.  
(Example: Account Temp Employees)

Courier & Freight  
Payment to Federal Express, Courier Services or Motor Carriers.

Recreation Performance Contracts  
Fees paid to performers under contract to the Department of Parks, Recreation and Cultural Arts.  
(Example: Jazz bands)

Special Events  
Lump sum payments to organizations sponsoring events in Hollywood.

Petty Cash Reimbursement  
Attach cash drawer reconciliation to reimbursement request.

Veterinarian  
Payments made for care of Police dogs.

Host Account Payments and Reimbursement  
Amounts paid for specific events and reimbursement to City employees for approved host expenses.

It is unnecessary to utilize a purchase requisition to request payment for these services. Request for payment may be sent directly to the Financial Services Department. When initiating the request for payment, it will be the responsibility of the department to ensure the request is in full compliance with relevant City policies governing such expenditures. A completed DPV would be approved by the Department Head and forwarded to the Financial Services Department.

PROCEDURE:

City on-line form for DPVs will be used for requesting payment for certain transactions as outlined below. These transactions are of a noncompetitive nature where neither price nor quantity is improved through a procurement process.
The Financial Services Department will be responsible for authorizing the use of a DPV as the appropriate payment mechanism. Fund availability is verified during the entry of the DPV in the system.

The Purchasing & Materials Management Division will be responsible for the monitoring of payments made through this mechanism.

The DPV will be processed as follows:

The form will be completed and approved by the authorized person within the department. Only those expenditures which exceed twenty-five thousand dollars ($25,000) require the City Manager's approval.

The form will be forwarded to the Financial Services Department with invoices or other appropriate documentation attached.

The Financial Services Department will authorize and process the DPV for payment with the appropriate check issue date.

The DPV is a City form available on-line for Microsoft Word users. The original form is sent to the Financial Services Department where it is kept on file after processing. The originating department should make a copy for their records and route a copy to the Purchasing & Materials Management Division.

No purchase in excess of fifty thousand dollars ($50,000) may be made utilizing this form unless prior Commission approval has been obtained.

Approved By:  
Samuel A. Finz  
City Manager  
Date: 10/20/01
Purpose
To establish a procedure for payment of certain recurring purchases that are available from only one (1) source or are not readily adaptable to competitive purchasing procedures.

Explanation
Certain recurring purchases, because they are available from only one (1) source or are not readily adaptable to competitive purchasing procedures, are exempt from bid requirements. Because of the wide range or possible interpretation as to which purchases are exempt, only those categories listed below will qualify as exceptions to normal purchasing procedures; however, such purchases in excess of ten thousand dollars ($10,000) require a formal written contract approved by the City Commission.

Departments who desire exemptions other than those listed shall provide a memorandum of justification to Purchasing. If the exemption is granted, the using department will be notified and the exemption will be added to the basic list.

The following are the transactions allowed under this policy:

Subscriptions Fees paid for newspapers, periodicals, or trade journals required for City operations. (Example: Subscription to the Sun Sentinel)

Dues & Membership Fees Amounts paid to professional or other organizations which provide benefits to City operations. (Example: Membership in the Florida League of Cities)

Postage Meters/Stamps Amounts paid to the U.S. Postal Services to fill postage meters or buy stamps for City operations. Federal Express charges or bulk
mailing permits are also included in this category.

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</tr>
<tr>
<td>Payments To Other Governments/Aencies</td>
<td>Budgets amounts paid to entities outside City government. (Example: Payments to City of Hollywood Community Redevelopment Agency)</td>
</tr>
<tr>
<td>Real Estate Closings</td>
<td>Amounts paid to sellers and other parties affiliated with a closing pursuant to a contract approved by Council.</td>
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<tr>
<td>Educational Reimbursements</td>
<td>Amounts paid to employees to reimburse them for educational costs for approved courses. Grade reports and receipts must be attached to...</td>
</tr>
</tbody>
</table>


the approved Tuition Reimbursement form forwarded with the Direct Payment Voucher.

Government Publications
Amounts paid to other governmental agencies for their brochures.

Records/Slides/Films

Deferred Compensation/
Bank Payments
Amounts paid for pension benefits, compensation plans, bank trustee, register, or custodial charges.

Medical Payments

Insurance Premiums
Insurance premium payments paid by the City. (Example: Health, Liability Insurance)

Grant Disbursements
Monies paid to organizations funded by a Commission approved action.

Utilities
Utility payments paid by the City. (Example: FPL, gas bills)

Dump Fees

Court Costs

Temporary Employment Services
Fees paid to agencies for temporary employees (Example: Account Temp Employees)

Courier & Freight
Payments to Federal Express, Courier Services or Motor Carriers.
Recreation Performance
Contracts
Fees paid to performers under contract to the Parks Department. (Example: Jazz bands)

Special Events
Lump sum payments to organizations sponsoring events in Hollywood. (Example: Whitbread Sail Boat Race)

Petty Cash Reimbursement
Attach cash drawer reconciliation to reimbursement request.

Veterinarian
Payments made for care of Police dogs.

Host Account
Reimbursement
Amounts paid to the City Manager or other employees to reimburse for approved host expenses. (Example: City Manager’s contractual host account.)

Effective as of this date it is unnecessary to utilize a purchase requisition to request payment for these services. Request for payment may be sent directly to the Finance Department. When initiating the request for payment, it will be the responsibility of the department to ensure the request is in full compliance with relevant City policies governing such expenditures. A completed Direct Payment Voucher would be approved by the Department Head and forwarded to the Finance Department.

Procedure
City on-line form for Direct Payment Vouchers will be used for requesting payment for certain transactions as outlined below. These transactions are of a noncompetitive nature where neither price nor quantity is improved through a procurement process.
The Finance Department will be responsible for authorizing the use of a Direct Payment Voucher as the appropriate payment mechanism. Fund availability is verified during the entry of the DPV into the system.

The Purchasing Department will be responsible for the monitoring of payments made through this mechanism.

The Direct Payment Voucher will be processed as follows:
- The form will be completed and approved by the authorized person within the department. If appropriate, City Manager approval must also be obtained.
- The form will be forwarded to the Finance Department with invoices or other appropriate documentation attached.
- The Finance Department will authorize and process the Direct Payment Voucher for payment with the appropriate check issue date.

The Direct Payment Voucher (DPV) is a City form available on-line for Microsoft Word users. The original form is sent to the Finance Department where it is kept on file after processing. The originating department should make a copy for their records and route a copy to the Purchasing Division.

No purchase in excess of $10,000 may be made utilizing this form unless prior Commission approval has been obtained.

Approved By:
Samuel A. Finz
City Manager
Date: 01-14-97
TO: All Departments & Divisions

DATE: August 9, 1993

FILE: PR-93-187

FROM: Susan M. Miller & John L. Weyrauch
Director of Finance Purchasing Agent

REFERENCED: Subchapter 38.40(B), Purchasing Ordinance

SUBJECT: Exceptions to Manual Purchasing Procedures

Certain recurring purchases, because they are available from only one (1) source or are not readily adaptable to competitive purchasing procedures, are exempt from bid requirements. Because of the wide range or possible interpretation as to which purchases are exempt only those categories listed below will qualify as exceptions to normal purchasing procedures; however, such purchases in excess of ten thousand dollars ($10,000) require a formal written contract approved by the Commission.

Departments who desire exemptions other than those listed shall provide a memorandum of justification to Purchasing. If the exemption is granted the using department will be notified and the exemption will be added to the basic list.

The following are the transactions allowed under this policy:

Subscriptions Fees paid for newspapers, periodicals, or trade journals required for City operations.
(Example: Subscription to the Sun Sentinel)

Dues & Membership Fees Amounts paid to professional or other organizations which provide benefits to City operations.
(Example: Membership in the Florida League of Cities)

Postage Meters/Stamps Amounts paid to the U.S. Postal Service to fill postage meters or buy stamps for City operations. Federal Express charges or bulk mailing permits are also included in this category.
### Direct Payment Transactions Allowed (Cont'd)

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Licenses, Permits, Certificates</td>
<td>Amount paid to regulatory agencies for professional, competency, permits, certificates of occupancy or occupational licenses. Auto tag fees for City vehicles may also be paid under this category.</td>
</tr>
<tr>
<td>Payments To Other Governments/Agencies</td>
<td>Budgeted amounts paid to entities outside City government. (Example: Payments to City of Hollywood Community Redevelopment Agency)</td>
</tr>
<tr>
<td>Real Estate Closings</td>
<td>Amounts paid to sellers and other parties affiliated with a closing pursuant to a contract approved by Council.</td>
</tr>
<tr>
<td>Advertising</td>
<td>Amounts paid to the various local newspaper for legal notices or classified personnel advertisements. One Direct Payment Voucher per newspaper per billing cycle is required.</td>
</tr>
<tr>
<td>Books</td>
<td>Amounts paid to book publishers for items received on outstanding orders not covered by Purchase Orders. A copy of order list is a required attachment.</td>
</tr>
<tr>
<td>Education Courses</td>
<td>Amounts paid to educational institutions such as F.A.U. or Palm Beach Junior College or commercial seminars for course fees. Course brochure is a required attachment.</td>
</tr>
<tr>
<td>Educational Reimbursements</td>
<td>Amounts paid to employees to reimburse them for educational costs for approved courses. Grade reports and receipts must be attached to the approved Tuition Reimbursement form forwarded with the Direct Payment Voucher.</td>
</tr>
<tr>
<td>Government Publications</td>
<td>Amounts paid to other governmental agencies for their brochures.</td>
</tr>
</tbody>
</table>
Direct Payment Transactions Allowed (Cont'd)

Taxes
Amounts paid to taxing bodies such as sales tax paid to the Florida Department of Revenue.

Records/Slides/Films

Deferred Compensation/Bank Payments
Amounts paid for pension benefits, compensation plans, bank trustee, registrar, or custodial charges.

Medical Payments

Insurance Premiums
Insurance premium payments paid by the City. (Example: Health, Liability Insurance)

Grant Disbursements
Monies paid to organizations funded by a Commission approved action.

Utilities
Utility payments paid by the City (Example: FPL, gas bills)

Dump Fees

Court Costs

Temporary Employment Services
Fees paid to agencies for temporary employees (Example: Account Temp Employees)

Courier & Freight
Payments to Federal Express, Courier Services or Motor Carriers.

Recreation Performance Contracts
Fees paid to performers under contract to the Parks Department. (Example: Jazz bands)

Special Events
Lump sum payments to organizations sponsoring events in Hollywood (Example: Whitbread Sail Boat Race)

Petty Cash Reimbursements
Attach cash drawer reconciliation to reimbursement request.

Veterinarian
Payments made for care of Police dogs
Direct Payment Transactions Allowed (Cont'd)

Host Account  
Reimbursement

Amounts paid to the City Manager or other employees to reimburse for approved host expenses (Example: City Manager's contractual host account)

Effective as of this date it is unnecessary to utilize a purchase requisition to request payment for these services. Request for payment may be sent directly to the Finance Department. When initiating the request for payment it will be the responsibility of the department to ensure the request is in full compliance with relevant City policies governing such expenditures.

A completed Direct Payment Voucher would be approved by the Department Head and forwarded to the Finance Department.

Also effective this date the existing policy covering Dues, Memberships and Subscriptions is superseded by this policy.

GENERAL USE:

Three part, prenumbered Direct Payment Vouchers will be used for requesting payment for certain transactions as outlined below. These transactions are of a non-competitive nature!where neither price nor quantity is improved through a procurement process.

The Finance Department will be responsible for authorizing the use of a Direct Payment Voucher as the appropriate payment mechanism. Fund availability is verified during the entry of the DPV into the system.

The Purchasing Department will be responsible for the monitoring of payments made through this mechanism.

The Direct Payment Voucher will be processed as follows:

The form will be completed and approved by the authorized person within the department. If appropriate, City Manager approval must also be obtained.

The form will be forwarded to the Finance Department with invoices or other appropriate documentation attached.

The Finance Department will authorize and process the Direct Payment Voucher for payment with the appropriate check issue date.

The Finance Department will distribute the first copy (yellow) to Purchasing for their use; the second copy (pink) will be distributed to the Department for their files. Finance will file the original Direct Payment Voucher in numerical order.
Wasted Direct Payment Vouchers will be returned to Finance for voiding and retention.

The Direct Payment Voucher form can be obtained at Central Stores by ordering on a Stores Requisition; form number CS-04; commodity number 618-45-004.

No purchase in excess of $10,000 may be made utilizing this form unless prior Commission approval has been obtained.

JLW:SM:lb/cg

cc: City Manager
    Controller
TO: Susan M. Miller  
Finance Director

DATE: August 11, 1993

FILE: PR-93-211

FROM: Carol Greca  
Chief Clerk

SUBJECT: Direct Payment Voucher

As per our conversation, this date, a shipment of Direct Payment Vouchers has been received by our Central Stores Warehouse for distribution throughout the City. The numerical sequence begins with 00001 - 5000. A sample unnumbered form is attached.

An interoffice memorandum, PR-93-187, (your copy attached) has been distributed in today's mail to all departments and divisions advising them that Direct Payment Vouchers are available at Central Stores by ordering form CS-04, commodity number 618-45-004.

:cg

Attachment: As stated
CITY OF HOLLYWOOD
DIRECT PAYMENT VOUCHER
To Finance Department

DATE: ____________________________
Amount of payment ____________________________
Vendor No. ____________________________
Name: ____________________________
Address: ____________________________
Account No. ____________________________
Check Issue Date ____________________________

EXPLANATION OF PAYMENT ____________________________

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<td>31</td>
<td></td>
<td>Other Professional Services</td>
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<td></td>
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</tbody>
</table>

TOTAL

ORIGINATED BY ____________________________
DEPARTMENT/DIVISION ____________________________
DEPT. HEAD ____________________________
DATE: ____________________________

CITY MANAGER ____________________________
DATE: ____________________________

FINANCE ____________________________
DATE: ____________________________

CITY COMMISSION ACTION ____________________________
DATE: ____________________________

CS 04 (08/93) WHITE—Finance Copy YELLOW—Purchasing Copy PINK—Department Copy
February 2, 2016

Mr. John W. Scott  
Inspector General  
Broward Office of the Inspector General  
One North University Drive, Suite 111  
Plantation, Florida 33324  
E-mail: InspectorGeneral@Broward.org

Re: Response by Kee Juen Eng to OIG Preliminary Report, Ref No. OIG 14-027

Dear Mr. Scott:


Sincerely,

Kee Juen Eng

Attachment – Response to Interview of Kee Eng
IG Report: “It was not created as a way to provide for line item budget transfers.” (paragraph 3, sentence 2, beginning on line 3 of the paragraph)

Response: Among the provisions of Code Section 38.11, “the City Manager may authorize a transfer of funds to be made within the same office or department within a distinct fund.” The statement in the IG’s Report that Code Section 38.11 was “not created as a way to provide for line item budget transfers” misconstrues the meaning of the Code Section as it does permit budget transfers in a number of situations. I believe this to be an erroneous recounting on my statement. Moreover, the next sentence of the IG’s Report begins; “Pursuant to this authority . . .” Looking at both sentences together, if the Code Section did not create “a way to provide for line item transfers”, then how could one assume that there is authority under this Code Section to authorize a budget transfer?

IG Report: “Pursuant to this authority, budget transfer requests of up to $5,000 can be approved by the requesting department head.” (paragraph 3, sentence 3, beginning on line 4 of the paragraph)

Response: A budget transfer request seeking the transfer of an amount up to $5,000 must be approved by the department director of the department initiating the transfer request. Additionally, the budget transfer request must be also signed off on by the Budget Director (Assistant Director for Budget and Finance) and the Finance Director.

IG Report: “On the other hand, budget transfer requests between $5,001 and $50,000 have to be approved by the City Manager.” (paragraph 3, sentence 4, beginning on line 5 of the paragraph)

Response: For budget transfers between $5,001 and $50,000 in addition to the City Manager’s approval, the budget transfer request must be signed off by the department director, the Budget Director (Assistant Director for Budget and Finance), and the Finance Director.
**IG Report:** “The Finance Department transfers such funds after the Budget Administration Division has reviewed and approved the request.” (paragraph 3, sentence 7, beginning on line 8 of the paragraph)

**Response:** The Budget Administration Division performs the actual transfer of requested funds not the Finance Department after all of the appropriate signatures have been obtained or upon approval of the transfer request by the City Commission in the case of transfer requests in excess of $50,000.

**IG Report:** “Considering the number of funds the HPD expended on personnel services, however, the proper way to have caught and fixed the problem would have been for HPD Fiscal Affairs Department, along with HPD command staff, to submit a budget modification request.” (paragraph 5, sentence 6, beginning on line 10 of the paragraph)

**Response:** I don’t recall making this suggestion at the time of the interview that this was the “proper way” and would note that I would not have referred to the “HPD Fiscal Affairs Department” since the correct reference is the Fiscal Affairs Unit of the Hollywood Police Department.

I note respectfully that I have no way to adequately refresh my recollection, at this time, regarding the contents of the statements or comments attributed to me in the IG’s Report as no verbatim transcript of my interview was provided for review and, consequently, I have no way of verifying the accuracy of the statements attributed to me in the course of the interview.
Tammie L. Bechler, MPA, SPHR, IPMA-CP
Director
February 3, 2016

Mr. John W. Scott, Inspector General
Broward Office of the Inspector General
One North University Drive, Suite 111
Plantation, FL 33324

Re: Response to OIG Preliminary Report, Ref. No. 14-027

Dear Mr. Scott:

In a letter dated January 4, 2016, I was provided with a copy of the Office of the Inspector General’s (OIG) preliminary report (the “Report”) regarding what you described as “misconduct and gross mismanagement by the City of Hollywood in the procurement of temporary employee services.” While the Report sets forth the OIG’s finding that City of Hollywood officials violated numerous City of Hollywood ordinances, policies, and procedures to pay TransHire for the services of temporary workers, it does not identify which employees listed in the Report violated the City’s ordinances, policies and procedures. In the cover letter you advised that I could provide a written response to the findings and that the response would be attached to the final report as an appendix. As an employee interviewed for the investigation and identified in the Report, I feel compelled to respond to the Report to clarify that although I was interviewed by the OIG, I did not willfully violate any City ordinance, policy and/or procedure. Please accept this letter as my response.

First of all, I believe it is important to note that during the period of time when the expenditures to TransHire were made, I was a Human Resource Administrator who was solely responsible for recruitment and compensation of City employees. During that time I reported to the Director of Human Resources until she retired in January 2014, and then to the Assistant Director of Human Resources until she retired in April 2014. While I had limited exposure to the procurement process under the guidance of my direct supervisors, I was never involved in administering contracts for the Office of Human Resources. Let me reiterate, the administration of contracts including procuring services was never my responsibility. The limited exposure I had involved the annual operating accounts in my division (recruitment) which were each under $25,000 per year.

For background purposes, in 2007, the City decided to participate in the South Florida Governmental Purchasing Cooperative for temporary services. The Office of Human Resources provided the Procurement Division with estimated hours of usage and Procurement provided Human Resources with an award letter that stated the City was a participant of the Cooperative. To my knowledge, this was the only document provided to Human Resources concerning the use of temporary agencies. As I stated during my interview, during that time period the City was in dire straits – it had recently declared financial urgency and due to an increase in the amount of resignations and retirements, public safety recruitment was a big concern. Exacerbating the situation was the fact that the City was transitioning to

Our Mission: We are dedicated to providing municipal services for our diverse community in an atmosphere of cooperation, courtesy and respect.

We do this by ensuring all who live, work and play in the City of Hollywood enjoy a high quality of life.

"An Equal Opportunity and Service Provider Agency"
Broward County’s Consolidated Regional E911 Communications System. The transition was taking longer than expected and as a result, there was a great need for temporary assistance.

However, for the record I did not select TransHire nor was it my decision to use TransHire for temporary services. I merely followed the direction I was given when a request for temporary workers was made. While I was aware that the Police Department was using temporary services for 911 Dispatchers and Background Investigators, I was not aware to the extent that the Police Department was using TransHire. The Police Department placed additional requests for temporary workers directly with TransHire, circumventing the Office of Human Resources. Additionally, I never saw any of the TransHire invoices. The invoices were processed through the Police Department’s budget office and paid directly from the Police Department. As a result, the Office of Human Resources did not know the total number of workers that were being procured through TransHire nor the amount being spent until the end of July 2014. Furthermore, it is important to note, that it was the Office of Human Resources that alerted the City Manager of the unauthorized expenditure as soon as we became aware of the magnitude of the expenditures.

As to the allegations in the Report, the first allegation is that City officials obtained temporary services in violation of the City code. As detailed above, it was not my responsibility to procure services nor was I ever formally trained in the City’s procurement code. In our Office, procurement of services was handled by my supervisors. The second allegation is that the City never attempted to obtain competitive rates. Again, I was not involved in negotiating contracts or establishing rates. It was my understanding that the Police Department established rates of pay directly with TransHire. The third allegation is that payments for services were never covered by a contract, never budgeted and never authorized by the City Commission. As you attached in Exhibit 2 of the Report, in October 2013, I sent an email to the Assistant Police Chief stating we did not have a written contract. To my knowledge there had never been a written contract. Back in 2007 we were advised we were participants in the South Florida Governmental Purchasing Cooperative - I was not aware that a contract was even needed. More importantly, at the time I sent the email I did not know the magnitude of the expenditures nor that the code was being violated.

Finally, regarding the allegation by the OIG that City officials purposely meant to mislead the City Commission, it is important to note that as soon as the City Manager became aware of the issue she directed staff to draft a resolution for the approval of expenditures on the next City Commission meeting. Due to the Commission break, the next City Commission meeting was the first meeting in September. The intent of the work that took place throughout August in preparation for the City Commission meeting was to; A) compile the most accurate facts that we could regarding the number of temporary workers that had been utilized (previously, presently and potentially in the future); B) tabulate the resulting cost to the city; C) get a quote for services from TransHire (as to not interrupt the very critical 911 dispatch operation among other public safety functions) and then; D) summarize all the data collected and draft a resolution to make the City Commission aware of the unauthorized expenditures. I was not the person who originally drafted the Resolution but I was one of the Human Resources staff that was asked to review it. Again, I had very limited exposure to the procurement process and the proper wording of a Resolution and therefore relied on the expertise of others. Therefore, when I was asked by the Procurement Division Director to prepare a memo requesting to establish a blanket purchase order for future temporary services as part of the agenda package I drew from language already in the Resolution. As a member of the team working on this Resolution, it was not my intention to mislead the City Commission nor did I have knowledge or ever feel that others were willfully trying to mislead the City Commission. The goal that was communicated by the City Manager
was to notify the City Commission immediately that a mistake had been made and to seek City Commission approval.

In closing, I want to restate that I did not willfully violate any City ordinance, policy and/or procedure. Additionally, the following are corrective measures that have since been put in place by the Office of Human Resources to ensure that temporary workers throughout the City are requested, approved and monitored according to proper guidelines and procedures.

- Human Resources worked with procurement to establish blanket purchase orders for three vendors awarded through the SE Florida Government Purchasing Cooperative Group. Human Resources will continue this process for all future temporary staffing vendors/contracts.
- Human Resources annually requests all department and offices provide annual usage for each position identified in the Cooperative Specifications as well as any anticipated needs outside the Cooperative Specifications. The usage has been compiled with annual cost estimates identified for each blanket purchase order and appropriate approvals have been obtained and will be obtained in the future.
- Human Resources revised the policy on the retention of temporary staffing/recruitment agencies. The procedures have been strengthened to include a clearly defined process and steps needed to request, obtain and pay for a temporary worker. The policy has been approved and distributed to all Directors and hiring managers. If a need is identified outside the specifications of the blanket purchase order a competitive bid process will commence, approvals will be obtained and a separate blanket purchase order will be established per the revised policy.
- A Request for Temporary Staffing form was created, which must be completed by the user department, which defines the type of worker needed, the duration of the assignment and the total estimated hours anticipated. It also includes approval of funding. This form has been implemented and used for all temporary worker requests.
- Human Resources requested the three approved vendors send all invoices to Human Resources who distributes to the appropriate department for payment. A tracking spreadsheet has been created for each blanket purchase order. All hours and costs are tracked on this spreadsheet to ensure costs are monitored for adherence to the established purchase order.
- Human Resources assisted Procurement in obtaining and facilitating mandatory training on all employees involved in the procurement of goods and services. These trainings were completed in 2014-2015 and will continually be provided periodically moving forward.
- Human Resources assisted in the recruitment and hire of a Contract Compliance Officer who began employment on October 5, 2015.

Thank you for the opportunity to respond.

Sincerely,

Tami Thornton
Human Resources Administrator

c: City Manager
   Assistant City Managers
   Human Resources Director
APPENDIX I
Dear Mr. Scott:

Regarding the above-captioned matter, this e-mail is my response to the preliminary report dated January 4, 2016.

My purpose in responding is to clarify a statement that is contained in the fifth paragraph of the portion of the preliminary report titled “Interview of Alan Fallik.” In that paragraph, I am quoted as saying that there is nothing in writing that states that the background information contained in the “WHEREAS” paragraphs of a resolution must be factual.

Just prior to making the statement in question, the interviewers informed me of inaccuracies in the “WHEREAS” paragraphs of the Resolution. I believe they asked what is the purpose of “WHEREAS” paragraphs, and I stated that they provide background information that assists the reader in understanding both the reason for, and the meaning of, the resolution. The next question was whether there is anything in writing that requires “WHEREAS” paragraphs in resolutions to be factual. Perhaps I answered too quickly, but my answer was not incorrect. The fact is that there is nothing in writing that specifically requires “WHEREAS” paragraphs in resolutions to be factual.

Notwithstanding the foregoing, there are rules, regulations, ordinances and/or laws that prohibit deliberate dishonesty or deception and falsification of public records. Though my answer was technically correct, perhaps I should have mentioned these broader prohibitions in order to make my answer not misleading. I never intended to imply that City staff can provide information to the City Commission without regard to the accuracy of the information.

Sincerely,

Alan Fallik
Deputy City Attorney
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Notice: Florida has a broad public records law. All correspondence sent to City personnel via e-mail may be subject to disclosure as a matter of public record. This e-mail from the City of Hollywood Office of the City Attorney contains a communication protected by the attorney-client privilege or constitutes work product. If you do not expect such a communication please delete this message without reading it or any attachment and then notify the sender of this inadvertent delivery.
APPENDIX J
This is the response of Jeffrey Sheffel, Hollywood City Attorney, as allowed per your cover letter dated January 4, 2016, to OIG Preliminary Report, Ref. No. OIG 14-027 (the “Report”). I respond only to those assertions in the Report that involve me (the “Assertions”).

The Assertions are primarily related to proposed resolution R-2014-254 (the “Resolution”), which sought to retroactively approve the expenditures made to Transhire for temporary services utilized by the City of Hollywood during fiscal years 2013 and 2014 (the “Expenditures”). Those Assertions are as follows:

- During the presentation to the city commission (at the meeting of September 3, 2014) on the Resolution, I either actively, or passively (through a failure to correct alleged statements made by the City Manager) “glossed over the violations” of the Purchasing Code and Budget policy that had occurred to allow the Expenditures.
- That I, either actively, or passively (through a failure to correct alleged misstatements made by the City Manager, or in the back-up materials provided to the city commission to support the adoption of the Resolution) “attempted to mislead the Commission and misrepresented the facts.”
- And finally, that I, either actively, or passively (through a failure to correct alleged misstatements made by the City Manager, or in the back-up materials provided to the city commission to support the adoption of the Resolution) “Mislead the Commission into Improper Use of an Exemption.”

I will address each separately.

1. During the presentation to the city commission (at the meeting of September 3, 2014) on the Resolution, I either actively, or passively (through a failure to correct alleged statements made by the City Manager) “glossed over the violations” of the Purchasing Code and Budget policy that had occurred to allow the Expenditures.

The following are video clips from the September 3, 2014, commission meeting made during the presentation on the Resolution:

Please play the video file that accompanied this Word file, file name gloss over.mp4

I believe that these various video clips from throughout the presentation on the Resolution clearly indicate that both the City Manager and I emphasized the fact to the commission that the actions taken, which resulted in the Expenditures, were in violation of the City of Hollywood’s Codes and policies and that nothing was “glossed over”.

2. That I, either actively, or passively (through a failure to correct alleged misstatements made, by the City Manager or in the back-up materials provided to the city commission to support the adoption of the Resolution) “attempted to mislead the Commission and misrepresented the facts.”

The City Manager told the Commission that the city began using Transhire in approximately 2012 pursuant to the city having “piggybacked” on Transhire’s contract with the Co-op, a statement contradicted by the evidence detailed above. References were made multiple times to the Co-op contract despite the fact that it was irrelevant to the services and dollars expended with Transhire. The Resolution also cited to a Co-op contract awarded to Transhire in FY 2013 that, in fact, had never been awarded. This fact was known to city officials, as detailed below in their interview summaries. The Resolution also stated that the HPD identified temp services beyond the initial scope of services awarded to Transhire, when in fact, there was never a contract with Transhire for the type of services purchased by HPD.

Regarding the costs of the services, the City Manager told the Commission that Transhire’s fee was 25%, when in fact it was 32.6%. Paragraph six of the Resolution posits that the HPD negotiated the contract price with Transhire for these services. However, according to Chief Fernandez’s account of events, price was never negotiated by the HPD. The Procurement Director also explained that, contrary to the Resolution's suggestion otherwise, he was not involved in negotiating “contract pricing” with Transhire. Further, despite the fact that funds were never budgeted for temp services, the City Attorney told the Commission that the payments were made within the budget. The payments were made within the existing budget, the funds were reflected in the budget.” Quoted from pages 18 and 19 of the Report.

1 Because the positions which resulted in the excess expenditures of funds (the PD Employees) were not listed in the Co-op bid and because those expenditures were made without entering in to a supplemental agreement with Transhire, the IG asserts that the mention
of the Co-op bid (see the first four WHEREAS clauses below) in the Resolution was a misrepresentation. However, this portion of the preamble was, in fact, merely an explanation of why the City went to Transhire to fill the needed positions (we had an urgent need for the PD Employees and already had a mechanism in place for the placement of temporary employees [request mechanism, billing mechanism required insurance, etc.]). These references did not in any way suggest that the PD Employees were procured under the Co-op agreement. This could not possibly be the case as the Resolution was for the purpose of approving the agreement (and accompanying funding) that would provide for the PD Employees (the agreement was even included in Exhibit 1 of the Report).

A RESOLUTION OF THE CITY COMMISSION OF THE CITY OF HOLLYWOOD, FLORIDA, WAVING BY UNANIMOUS CONSENT THE FORMAL COMPETITIVE BIDDING PROCESS, RATIFYING AND AUTHORIZING THE APPROPRIATE CITY OFFICIALS TO ISSUE A BLANKET PURCHASE ORDER BETWEEN ATRIUM PERSONNEL INC. D/B/A TRANSHIRE AND THE CITY OF HOLLYWOOD FOR TEMPORARY EMPLOYMENT SERVICES IN ESTIMATED EXPENDITURE OF $315,000 IN FISCAL YEAR 2013, AN ESTIMATED EXPENDITURE OF $620,000 IN FISCAL YEAR 2014 AND A NOT TO EXCEED AMOUNT OF $200,000 IN FISCAL YEAR 2015 (emphasis added).

2 In referring to the “initial scope of services” in the fifth WHEREAS (see below), it is clear that the Resolution meant the scope of services under the Co-op bid. No one disputes that there was, in fact, a Co-op bid that allowed the City to retain the services of temporary clerical workers, that it had been used prior to 2013 for just that purpose and that it did not expire until after the end of FY 13. As stated above, the whole purpose of coming to the commission was to approve an agreement (the BPO) that would include the PD Employee positions (and the funding thereof).

3 The below e-mail clearly explains where the two figures for the Transhire overhead fee came from and that it was, in fact, 25% at the time the Resolution was presented to the commission. It further shows that, while perhaps not the lowest rate possible, even at the 32.6% rate we were paying a reasonable market rate as had been negotiated by the Co-op (and well below the standard rate for that service).

From: Scott Rasbach [mailto:Scott@TransHireGroup.com]
Sent: Tuesday, July 29, 2014 9:26 AM
To: Tami Thornton
Cc: Terry Edwy
Subject: TransHire-- Reduced Rates
Importance: High

Hello Tami:

Thank you for seeing me unannounced yesterday! After learning about the issues at hand I felt it was important that we speak in person.

TransHire initially started placing people with the police department in 2012, while we were still the primary Co-op supplier for temporary staff. Even though the people placed were referred by the City, we still did our due diligence and processed all applicants to meet our standards. This included:

A. Full application
B. Drug testing
C. Criminal background check
D. I-9 verification
E. Reference check
F. Workplace safety training/test
G.
Though these positions did not qualify under the co-op, we priced our services at the same rate that we had with the co-op, 32.6% gross markup. As we discussed, even though the associates were referred to us, our standard rate for “payrolling” employees is 40% due to the fixed payroll costs, and ultimate liability of having employees working off site.

Given the current situation, I have lowered our rate to 25% markup. This will go into effect as of last Monday July 21st. (The invoices you receive this week will reflect the change)

We value our relationship with the City which dates back many years. We understand that positions filled under the Co-op agreement will be filled by another vendor moving forward. But we do have an investment in the current staff working in the Police department. Please accept this new rate as you make your decisions moving forward.

All the best,

Scott Rasbach
Vice President

4 While it is true that HPD did not negotiate Transhire’s “overhead rate” (see the e-mail and explanation above), they did provide the salary rates that would be paid to the PD Employees based on the rates we paid for full time employees in the same positions. This is what was meant when the Resolution stated “the Hollywood Police Department negotiated contract pricing with Atrium Personnel Inc, d/b/a Transhire based on current base pay for the various employment services.”

5 Please play the video file that accompanied this Word file, file name misrepresentations.mp4

It was made abundantly clear that funding for the cost of the PD employees came from the Police Department budget line that contained full time (but, at that time, vacant) positions in the Department. There was no misrepresentation and no one was misled.

The following constitutes the entire preamble of the Resolution:

WHEREAS, the City of Hollywood occasionally requires the use of temporary employment services for various Blue Collar and White Collar services to maintain sufficient staffing level in order to meet operational needs: and

WHEREAS, Section 38.46 of the City’s Purchasing Ordinance authorizes the Director of Procurement Services to join with other governmental entities in cooperative purchasing plans when it is in the best interest of the City; and

WHEREAS, the temporary employment services had been competitively bid by the Southeast Florida Governmental Purchasing Cooperative Purchasing Group in which the City of Hollywood is an active participant, with the City of Coral Springs, Florida acting as the lead agency, their Bid Number 08-D-001F; and

WHEREAS, the Cooperative Purchasing Group awarded the competitively bid contract to Atrium Personnel Inc. d/b/a Transhire in FY13 to provide various Blue Collar and White Collar temporary employment services; and

WHEREAS, the Hollywood Police Department identified additional temporary employment services beyond the initial scope of services awarded to Atrium Personnel Inc. d/b/a Transhire, such as Communications, Background Personnel, Crime Scene and Case Advocate; and

WHEREAS, Atrium Personnel Inc, d/b/a Transhire, offered to provide these additional temporary employment services based upon terms and conditions of the Cooperative Purchasing Group contract that was awarded in FY13; and

WHEREAS, the Hollywood Police Department negotiated contract pricing with Atrium Personnel Inc, d/b/a Transhire based on current base pay for the various employment services; and
WHEREAS, Purchasing Ordinance, Section 38.40 (C)(8) provides that Purchases of, and contracts for, supplies or contractual services, when the City Commission declares by unanimous vote that competitive bidding is not in the best interest of the City are exempt from the competitive bidding process. Contract which the City Manager is otherwise authorized to award he may waive competitive bidding and competitive proposals; and

WHEREAS, the City Commission hereby declares that competitive bidding would not be in the best interest of the City; and

WHEREAS, the Director of Human Resources, the Police Chief and the Director of Procurement Services recommend that the City Commission approve the ratification and the establishment of a Blanket Purchase Order with Atrium Personnel Services d/b/a Transhire; and

WHEREAS, temporary staffing is funded from salary savings made available by vacant authorized positions, as needed, and is charged to Account Number 01.2042.00295.521.001310 (Salaries and Wages – Temporary) under the appropriate Programs within the Police Department;

3. And finally, that I, either actively, or passively (through a failure to correct alleged misstatements made by the City Manager, or in the back-up materials provided to the city commission to support the adoption of the Resolution) attempted to “Mislead the Commission into Improper Use of an Exemption.”

"Commission shall not use this exemption in an arbitrary or capricious manner but shall use it only in rare situations after making specific factual findings that support its determination that competitive bidding and competitive proposals are not in the best interest of the city.”

However, the Commission was not advised by either the City Manager or the City Attorney, that it must make specific factual findings. Further, the exemption contemplates findings made prospectively, a fact that was also not explained to the Commission. Rather, the City Manager explained the Commission's duty to them as follows: "were these actions in the absolute best interest of the citizens of Hollywood? Absolutely. That is the requirement we ask you to look at from the best interest provisions when voting today.” Her misstatement was not corrected by the City Attorney. Although he conceded in his interview with the OIG that the exemption was not designed to retrospectively cure unauthorized procurements, he did not offer that interpretation to the Commission on September 3rd. Quoted from page 19 of the Report

For this assertion, the IG relies first on the requirement in the Code provision that the commission make findings of fact to support the use of the best interest exception and second on the concession I made during my interview that this provision of the Purchasing Code was not adopted for the purpose of making retroactive approvals of expenditures that had already been made.

With regard to the required findings of fact to support the use of the exception, they were made in the preamble of the resolution. What the IG had no reason to know, but the commission will either recall or find by review of past resolutions, it has never been the City’s practice to specifically call out the “findings of fact” and they are always contained in the preamble or the resolution (which was explained to the IG’s investigators, is for the purpose of letting readers of the resolution know the reasons why the commission adopted it). On any best interest exception purchase, if the commission accepts the findings of fact as set forth in the resolution’s preamble, they are then called on to decide, in light of those facts, is the purchase (that has not been preceded by a competitive solicitation) in the best interest of the citizens and City of Hollywood (just as the City Manager recommended). Should the commission wish to change its longstanding unwritten policy to adopt best interest exception purchase resolutions in this manner, it is certainly free to do so.

Finally, the IG points out that the best interest exception was not created for the purpose of approving this type of expenditure. He is absolutely correct. No drafter of a purchasing code says to themselves, “just in case staff messes up, let me draft a provision specifically for after-the-fact approvals.” All such codes are drafted with the thought that they will be applied prior to making the purchase. However, a hammer was not created for the purpose of scratching one’s back, but it will certainly work to do so. Management was faced with a situation where substantial expenditures were made without following the requirements of the Code (one of which was that there had been no competitive solicitation prior to choosing Transhire to provide temp services for the PD Employee positions). If they wanted to do the right thing and bring this forward to the city commission in an attempt to correct the past mistakes made, they needed a mechanism to get the matter before the commission for consideration. I stand by my opinion that the best interest exception was an appropriate means to achieve this end and that no misstatements were made in its efforts to do so.
February 3, 2016

John W. Scott, Inspector General
Broward Office of the Inspector General
One North University Drive, Suite 111
Plantation, FL 33324
Fax: 954.357.7857
InspectorGeneral@Broward.org

Re: OIG Preliminary Report 014-027
Response and Request for Retraction
by Cathy Swanson-Rivenbark

Inspector General Scott:

My law firm is providing representation to Cathy Swanson-Rivenbark, the former City Manager for the City of Hollywood, Florida. This letter constitutes Ms. Swanson-Rivenbark’s preliminary response to OIG Preliminary Report 14-027 issued January 4, 2016.

A. Introduction and Request to Retract Report.

Because the Preliminary Report contains significant errors of fact and was compiled without a fair opportunity by Ms. Swanson-Rivenbark to present the operative facts and her understanding thereof, I am requesting that the references to Ms. Swanson-Rivenbark be excised and redacted. Alternatively, I request that the entirety of this response be inserted directly into any final report so that it is automatically included with every dissemination of the report.

Ms. Swanson-Rivenbark objects to the OIG’s process of issuing its Preliminary Report in a manner that deprives her of due process of law. The Preliminary Report, containing inaccurate information about Ms. Swanson-Rivenbark, was disseminated publicly despite the OIG’s obligation to provide
a confidential copy in advance so Ms. Swanson-Rivenbark would have an opportunity to provide input, a response, and an objection to any inaccurate information. That the OIG failed to follow that time-tested process taints the entire Report and casts serious doubt on the objectivity of the Office of the Inspector General in this matter. Ms. Swanson-Rivenbark’s reputation has now been unfairly and improperly tarnished by the OIG’s misconduct, for which she demands a name-clearing hearing and the recall of the Preliminary Report.

B. Request for Extension for Supplemental Submission.

Ms. Swanson-Rivenbark also requests an extension of time for five (5) days within which to supplement her objections in view of the amount of information contained in the Preliminary Report needing correction.

C. Professional Background of Cathy Swanson-Rivenbark.

Cathy Swanson-Rivenbark is a longtime public administrator with a significant history of service to the public. She served honorably and effectively as the Assistant City Manager and the City Manager for the City of Hollywood after her retirement from the City of Coral Gables in 2009. Her voluntary conclusion of her tenure with the City of Hollywood came in December 2014, when she was selected as the City Manager for the City of Coral Gables. She departed from the City of Hollywood in good standing, having provided six years of outstanding, dedicated, and highly regarded service to the citizens, residents, and businesses of the City of Hollywood.

Ms. Swanson-Rivenbark’s tenure with the City of Hollywood included many achievements of significance, extending into municipal redevelopment and city-wide economic development strategy, establishing a university-level academic presence within the City, supervising and re-organizing City departments, coordinating relationships with and re-alignment of the City’s Community Redevelopment Agencies, assisting in the development and implementation of a vision for the City with the participation and involvement of the City Commission, ushering in an unprecedented level of community outreach and involvement in the growth and progress of the City.

As City Manager, Ms. Swanson-Rivenbark developed and refined a highly skilled senior-level management team that worked diligently and
effectively in service to the City of Hollywood. With the assistance of her management team and working hand-in-hand with the City Commission, the City was able to improve its fiscal health, increase its financial reserves, negotiate sustainable labor contracts with the valued City employees and collective bargaining units, increased recruitment standards for the City’s police force, and change the organizational culture into a truly responsive municipal institution, among other accomplishments.

Propelled by her leadership, the City was able to remove a “negative outlook” on bond ratings, build up fiscal reserves, and reintroduce capital investment. Ms. Swanson-Rivenbark managed a competitive RFP process for the private redevelopment of the six-acre, city-owned, beachfront property now known as “Margaritaville” and established a downtown Hollywood campus for Barry University’s College of Health Sciences. Her skills at navigating troubled waters were evident in the City’s positive recovery from its financial difficulties. Her vision of the future of the City of Hollywood was shared by the officials and residents of the City.

During her affiliation with the City of Hollywood, Ms. Swanson-Rivenbark remained a leader in municipal government and public administration organizations, and was known for her efforts to enhance good government initiatives within Florida’s municipal communities. She holds a Master's Degree in Urban Planning from the University of Wisconsin and a Bachelor's Degree from Purdue University. She is a credentialed City Manager (ICMA-CM), a member of the American Institute of Certified Planners (AICP), and a Certified Economic Developer (CEcD) with the International Economic Development Council.

D. Ms. Swanson-Rivenbark Has a Documented Record of Successful Public Administration Leadership in the City of Hollywood.

Ms. Swanson-Rivenbark’s leadership approach is to work collegially with her accomplished management team professionals. As the “team leader,” Ms. Swanson-Rivenbark has successfully encouraged leadership and growth within her staff, thereby allowing individual initiative and responsibility to serve the greater good of the organization. This methodology has been successful in motivating department heads, supervisory staff, and municipal employees to excel in the performance of
their responsibilities, and to seek out new and expanded areas of accomplishment. The positive results of her management style are evident in the many developments and successes of the City during her tenure.

**E. The City of Hollywood Direct Payment Voucher (DPV) Practice.**

The OIG Preliminary Report finds fault with the City of Hollywood’s use of the Direct Payment Voucher system for the temporary staffing provided by Atrium Personnel, Inc. dba Transhire during Fiscal Years 2013 and 2014. While the Report identifies the cumulative payment of approximately $1 million for the services of temporary personnel in 2013 and 2014, the Report glosses over the undisputed fact that the temporary staffing services were entirely beneficial to the City and were funded by the savings obtained from vacant positions, a well-accepted and recognized practice when funding positions made necessary because of open staff vacancies.

Additionally, the Preliminary Report ignores that Ms. Swanson-Rivenbark was not involved in the approval or implementation of the City’s temporary services contract with Transhire and its successor, and did not review, approve, or sign a single direct payment voucher, all of which were approved by responsible subordinates acting within their allowable level of authority. Moreover, senior City management operated with the understanding that the City had a valid contractual relationship with Transhire to provide a range of temporary staffing services.

Ms. Swanson-Rivenbark had no information leading her to investigate or analyze the temporary staffing payments until the matter was brought to her attention by her staff in or around August 2014. The existing accounting controls and computerized financial systems in place at the City had failed to detect the cumulating expenses for temporary staffing. But once alerted to these expenditures that had occurred incrementally over the course of two years, Manager Swanson-Rivenbark promptly discussed the matter with her senior staff, sought the input and advice of the City Attorney, and arranged to bring corrective action to the attention of the City Commission at the first available Commission Meeting following the summer recess.

As City Manager, Ms. Swanson-Rivenbark always operated within the limits of her executive authority, and regularly consulted with the City Attorney. She routinely sought the involvement of the City Commission on
matters of policy and prioritizing City activities, and promptly brought matters of concern to the attention of the elected public officials. Her prompt handling of the DPV issue when it was brought to her attention by staff is evident in her setting the matter for reporting and review on the first available Commission Agenda.

F. Team Management and Reliance on Staff.

The City of Hollywood is a municipality of 145,000 residents covering 30 square miles, with a general operating fund budget of approximately $197 million (the combined budget is $462 million, including Water & Sewer Department funds). As City Manager, Ms. Swanson-Rivenbark utilized a team approach to her administrative governance of the City. During Fiscal Years 2013 and 2014, the City faced significant staffing challenges that included the City Manager working without a full complement of executive level staff, including a vacant Assistant City Manager position. For more than a year, the City Manager was immersed in working toward an agreement with AFSCME as a collective bargaining unit. During that time, all 17 departments (excluding public safety) reported directly to her. She was able to then restructure the reporting processes and direct supervision when she was approved to fill one vacant Assistant City Manager position within the City Manager’s Office.¹

Consistent with acceptable public administration practices, City Manager Swanson-Rivenbark relied on the direct reports from her staff leaders who were responsible for the various City Departments. Through weekly staff meetings and regular communications with the City Commissioners, Ms. Swanson-Rivenbark was kept apprised on City activity. She focused on the City’s ongoing projects, worked through problem areas, provided or obtained the support needed for priority matters and areas of difficulty. She did not immerse herself in the details of departmental operations, but practiced management oversight of her department heads and management team.

¹ By way of contrast, in FY 2016, the City of Hollywood now operates with three Assistant City Managers and two additional executive level positions providing assistance to the City Manager.
Ms. Swanson-Rivenbark’s philosophy and management style as City Manager is proactive and team-dependent. She expected her team members to be aware of and to follow the procedures put in place. Directors and supervisors were expected to use independent judgment and initiative to accomplish tasks, and to be accurate and factual when reporting on matters. Supervisory personnel were expected and encouraged to bring forward problems or concerns to be discussed and resolved.

As just one example, long before the Transhire matter surfaced, Ms. Swanson-Rivenbark invited two members of the South Florida FBI Public Corruption Unit to make an extensive presentation to all City personnel in all departments who worked on procurement matters. This presentation, and Ms. Swanson-Rivenbark’s open and transparent leadership was intended to educate the City staff about allowable procurement practices, and to emphasize the obligation to report all suspicions of unethical, illegal, or questionable conduct. During the presentation, the special agents included their cell phone numbers shared with the staff the confidential nature of the reporting process.

Ms. Swanson-Rivenbark was known to have an “open door” policy allowing any and every City employee to bring concerns, problems, suggestions, and even complaints to her attention. She treated each and every employee with respect. She participated with staff in trainings, network-building activities, and skill development opportunities. She instituted and enforced a “no gifts” policy for all employees. She authorized the development of a new Procurement Code drafted with the assistance of two public administration professors and insisted on training all staff in the new procedures. These enhancements occurred well before any indication of the existence of the Transhire issue. Procurement staff had the authority and her personal support to prevent or stop the improper use of any contract.


As City Manager, Ms. Swanson-Rivenbark was assisted by and relied on the annual review of the City’s External Auditor, McGladrey. The role and function of the External Auditor included an exhaustive annual External Audit and the preparation of Management Letter following the close of each Fiscal Year. Relying on the Management Letters for an evaluation of the City’s
compliance with city ordinances, policies, procedures, and best practice standards, Manager Swanson-Rivenbark regularly used the observations in the Management Letters to fine-tune organizational practices and implement corrective actions brought to her attention. At no time did the External Auditor mention any concerns about or uncertainty with the DPV process or the way personnel costs, including temporary departmental staffing, were managed.

It was not until the DPV problems were brought to the City Commission’s attention by Manager Swanson-Rivenbark that the 2014 Management Letter first addressed the issue of temporary staffing payments, but that was long after Ms. Swanson-Rivenbark and her management team began the implementation of corrective action involving Transhire and temporary staffing. The 2014 Management Letter confirmed the City had taken corrective action. If the External Auditor had ever brought the temporary staffing and DPV matters to Ms. Swanson-Rivenbark’s attention, she would have attended to the concern immediately. But as events unfolded, it was the City Manager who brought the matter to the attention of the City Commission and the External Auditor.

Additionally, and of significance to Ms. Swanson-Rivenbark’s management of the City, the State of Florida Auditor General conducted an on-site audit of the City for a nine-month period in 2013. Three State Auditors reviewed the City’s practices and fiscal operations, including budgetary compliance. Ms. Swanson-Rivenbark provided open access to the State Auditors and met with them during their review. At no time did the State Auditors express any concern with the DPV process, the temporary staffing levels or payment, or the use of Transhire for servicing the City’s temporary staffing needs.

During the time of Ms. Swanson-Rivenbark’s tenure as City Manager, the City of Hollywood received several GFOA Distinguished Budget Awards in recognition of the transparency and accuracy of its budgeting processes, as well as the City’s fiscal solvency. These recognitions, reflective of an exacting budgetary process, confirmed that the City’s budget and fiscal processes were functioning well.

H. Specific Comments to OIG Preliminary Report.

1. The Report is inaccurate and misleading.
Ms. Swanson-Rivenbark objects to the inaccurate, misleading, and unfounded characterization that she failed to timely address the DPV and temporary staffing issue and that she provided inaccurate information to the City Commission. To the contrary, she promptly investigated the DPV issue as soon as it was brought to her attention, investigated and recommended temporary corrective measures in consultation with the City Attorney, and immediately brought her concerns to the Commission’s attention at the first publicly-scheduled Commission Meeting.

2. Ms. Swanson-Rivenbark provided no inaccurate information.

Not only did former City Manager Swanson-Rivenbark provide accurate information to the Commission, but she reasonably relied on the knowledge of her experienced staff in providing the information to the Commission. Moreover, when she was first interviewed by the OIG in November 2014, she was entirely cooperative and provided all available information as requested. During her follow-up OIG interview, occurring many months later when she was no longer working with the City of Hollywood and no longer had access to City records and documents, Ms. Swanson-Rivenbark provided truthful and accurate information to the best of her knowledge and recollection.

As Ms. Swanson-Rivenbark informed the OIG representatives during her first and second interviews, she operated in good faith and in the City’s best interests in investigating and reporting the DPV matter to the City Commission. She reasonably relied on the information provided to her by City staff, and shared that information with the City Commission. She had no knowledge that any of the information provided to her, including the contents of the proposed Resolution that was drafted by members of her staff, was incomplete or inaccurate. Never in the course of her unblemished career has she knowingly or intentionally provided false information to anyone on any subject, and certainly did not do so in connection with this troubling matter that she worked so hard to rectify.

3. The City Manager was not involved in the Transhire temporary staffing process.
Contrary to the Report’s unsupported speculation, Ms. Swanson-Rivenbark first learned of the Transhire DPV temporary staffing issue sometime in August 2014, during the time of the City Commission’s summer recess that began on July 17 and continued to September 2, 2014. She learned then that the Transhire Co-op contract was no longer in effect, something she had not known before, as she had not been a signatory to the contract and had not implemented its provisions. In order to promote public safety and avoid disruption with regard to emergency 911 services, Ms. Swanson-Rivenbark exercised her executive authority in the best interests of the City to continue to use Transhire temporary staffing on an emergency basis until the matter could be addressed by the City Commission at its first scheduled Meeting on September 3, 2014. This was a matter of public safety imperative because the loss or absence of emergency 911 services would jeopardize the safety of the community.

Only later did Ms. Swanson-Rivenbark learn that the Transhire Co-op contract had not been in effect for some time, and that the City never formally contracted with Transhire for the emergency temporary staffing services. She had no previous reason in her position as City Manager to review the Co-op contract or the services being provided by Transhire since before she became City Manager. To her understanding and based on her experience, the City had a number of “evergreen contracts” that were routinely extended.

4. As City Manager, Ms. Swanson-Rivenbark did not exceed her authority.

At no time did Ms. Swanson-Rivenbark exceed her authority as City Manager. Based on the City’s practices and protocols, the funding of the temporary staffing services were compliant with the City’s budget and was derived from the accumulated savings from vacant staff positions. Both Finance and Budget were of the view that there were sufficient funds in the personnel line item to account for the temporary staffing without requiring a budget adjustment. As City Manager, she was under the impression (now mistaken) that the temporary staffing was permissible provided personnel budget line item had not been exceeded. At the time of her review, the City’s Finance Department did not distinguish between fulltime employees, part time employees, or temporary employees so long as there was sufficient money in the personnel line item, a process that was entirely legitimate and not inconsistent with prevailing municipal standards. Since the City Manager
never signed any DPV, she never exceeded her spending authority even though the entire cost of the temporary staffing was greater than $50,000.00.

As Ms. Swanson-Rivenbark explained to the OIG, the applicability of the Transhire contract was only called into question in early August. That raised a concern about the propriety of relying on a possibly expired or inapplicable contract, a matter Ms. Swanson-Rivenbark discussed with the City Attorney. The magnitude of the total money expended for temporary staffing was not brought to Ms. Swanson-Rivenbark’s attention during that discussion, and she was unaware of the total amount in question until she reviewed the Agenda item for the September 3 Commission Meeting. Parenthetically, Ms. Swanson-Rivenbark had informed the OIG during her interviews that she had been on personal leave for the Labor Day weekend until September 2, the day before the scheduled Commission Meeting, and had reasonably relied on staff to prepare the agenda item and supporting materials.

5. The City Manager promptly and appropriately brought the matter to the attention of the City Commission at the earliest reasonable opportunity.

Ms. Swanson-Rivenbark explained and noted in her September 3 comments at the Commission Meeting and in her subsequent September 17, 2014 Memo to the Mayor and City Commissioners, that she swiftly and deliberately implemented changes to improve several processes at issue. This was a more than reasonable measure especially in light of the fact that both the External Auditor and the Florida Auditor General had not previously identified any impropriety with regard to temporary staffing, DPV, or salary for the positions.

Nor was Ms. Swanson-Rivenbark ever aware of any possible “waste” concerning Transhire’s 32.5% mark-up that was later reduced to 25%. Since the bulk of the temporary staffing positions were for police and public safety purposes – an area in which the City had experienced recent concern – finding appropriately trained and qualified staff could itself justify a higher service cost, although Ms. Swanson-Rivenbark had never investigated the mark-up amount utilized by Transhire or any other Co-op contracting vendor.

Portions of the Preliminary Report contain serious inaccuracies in need of correction. Some of the more important errors are addressed below.

Page 1: Ms. Swanson-Rivenbark never “failed to inform the Commission” about any aspects of this matter. To the contrary, she provided notification as soon as she learned of and understood the extent of the DPV and temporary staffing matter. She took immediate steps to schedule the subject for the very next Commission Agenda after the Summer Recess. The item was presented at the September 3, 2014 Commission meeting.

Page 6: Ms. Swanson-Rivenbark was unaware that any part of the draft Resolution was “inaccurate and misleading”. The proposed Resolution was drafted by staff on an expedited basis, and Ms. Swanson-Rivenbark is unaware of anyone having purposely or intentionally provided inaccurate or misleading information therein.

Page 7: While the “use of these temps was well known to city officials,” every responsible City official, including the City Manager, reasonably believed and understood the use temporary staff members was authorized and served the City’s best interests. Importantly, responsible City leaders and the Manager reasonably understood the City budget allowed the use of temporary employees paid through the existing budget allocations for vacant positions. The City budget practices and protocols collapsed employee salaries to include fulltime, part time, and temporary employees. Neither the City Manager nor any senior employee known to the City Manager, knew or believed the temporary hires were unauthorized or could not be paid through the existing payroll budget line item. At all times known to the City Manager, the funds were available and sufficient within the existing budget allocation to fund the temporary hires.

Page 8: Ms. Swanson-Rivenbark was unaware that the City’s temporary use of Transhire employees to staff police and public safety positions was unauthorized or done “without a contract, a competitive procurement or Commission approval.” The City’s use of the Transhire staffers was done entirely in the open, was transparent, and was documented by the existing DPV process that did not require the involvement of the City Manager.
While it became apparent once the OIG investigation proceeded that Transhire was not an authorized provider of the emergency temporary services utilized by the City, this recognition was not known to the City Manager or brought to her attention until on or about August 2014. Although the Co-op agreement expired in October 2013, the City Manager was not notified of that expiration, and existing protocol did not require notification to the City Manager or the City Attorney. The City Manager only learned of this fact in or about August 2014 from the Human Resources Director, and then promptly sought advice and consultation from the City Attorney, and scheduled the matter for consideration by the City Commission. Procurement Director Wasserman did not inform the City Manager that Transhire no longer held the Co-op contract, a fact known to the OIG but omitted from the Report.

Page 9: That the City did not competitively procure Transhire’s services or seek a waiver. Had Ms. Swanson-Rivenbark known that the Transhire agreement was no longer in effect or did not encompass the services needed by the City, the City Manager would have promptly and transparently sought a waiver, a normal and routine process that required only a majority Commission approval – four of the seven Commission votes.

Page 10: The Transhire vice president may have informed the OIG that the temporary services provided to the City were not performed pursuant to the Co-op contract. Ms. Swanson-Rivenbark had no conversations with the Transhire vice president or any responsible member of the Transhire management team, and never requested or sought approval for Transhire’s services at any point prior to the Sept 3, 2014 Commission Meeting. She brought the matter forward to the City Commission as soon as she learned that corrective measures were needed.

Additionally, the statement that “there is evidence that the city could have obtained a lower mark-up rate from Transhire had it attempted to do so” is a speculative conclusion on the part of the OIG. Had the City Manager been informed that Transhire’s services were not part of a competitive bidding process prior to August 2014, she would certainly have initiated a competitive bidding or negotiation process. In fact, one of her accomplishments during her successful tenure as City Manager was the
improvement of the procurement process to better realize efficiencies and cost-benefits.

Concerning the comments in §1 that the “Commission was never asked to authorize any funds for payment of HPD temps in its annual budgets for FY 2013 and FY 2014[,]” the temporary staff was fully funded within the existing budget for salaries, since the City Finance Department historically did not distinguish between the categorization of personnel. This was done in keeping with the City’s existing practices, was not done in secret or with any intention to mask the allocation, and was fully accounted for through the existing DPV process. When the issue of the status of the Transhire contract was brought to Ms. Swanson-Rivenbark’s attention, she in fact placed the matter on the Commission Agenda for consideration by the elected Commissioners.

Page 11: Mirtha Dziedzic’s comments are either incomplete or were misunderstood by the OIG. Furthermore, the OIG’s use of the Assistant Finance Director’s speculation concerning union relations about which she had no knowledge or involvement is highly questionable. Contrary to Ms. Dziedzic’s uninformed opinion, the City was in the process of negotiating employee wages through the collective bargaining process, including specialized public service providers such as 911 operators, background investigators, crime scene technicians, and crime analysts, among others. The negotiations were complex and potentially far-reaching, and the discussions extended to possibly include non-emergency personnel, even though the pressing need was to fill the public safety positions.

The City had no intention of releasing the allocation for full time emergency 911 positions since coordination with Broward County’s regionalization of the 911 call centers was a top City priority. As the County slowly migrated its municipalities into the merged system, the process took nearly one year, with Hollywood and Fort Lauderdale migrating last because of their size and call volume. The County was responsible for reimbursement to the municipalities based on the allocated 911 positions. Also, due to the nature of the work performed by emergency 911 call operators, the City could not responsibly depend on significant overtime by existing employees to fill in for the vacant positions. The City’s intention was always to hire the full complement of public safety employees, and not release those allocated positions. The hiring process for public safety personnel, including
emergency 911 operators, is time-intensive and demanding, involving rigorous and highly scrutinized background investigations. In the City’s experience, for every 100 police officer applicants, only 1 person is actually hired.

Page 12: In §2, the Report criticizes the City’s failure to document the transfers of budgeted funds, a process overseen by Finance Director Matthew Lalla, an experienced professional whose expertise was relied upon by the City Manager. Within the municipal governance context, administrative reliance on finance professionals is not only expected, it is encouraged due to the complexities of municipal finance. An important role of a City Manager, and one in which Ms. Swanson-Rivenbark excelled, was locating, hiring, and empowering suitably skilled professionals to manage the City departments. She filled many executive level positions in the City with highly competent, experienced public servants, and she reasonably relied on their actions, recommendations, advice, and guidance. Her selection of highly competent and motivated staff was not easy, but it served the best interests of the City and its citizens.

Page 13: The Report addresses the “failure of the City’s accounting controls.” Therein, the OIG criticizes the City for failing to have controls in place to detect and prevent unauthorized spending of City revenues. The fundamental error in this section of the OIG Report stems from a misunderstanding of the budget allocation process. The funds at issue were spent on personnel salaries as authorized by the Commission-approved budget. The DPV process used allowable personnel funds to pay for temporary personnel, and all funds were accounted for. The City Manager and other senior City staff operated under the assumption that the Transhire contract was valid and in good standing. Existing City practices allowed the use of budgeted (and Commission-approved) personnel funds to pay for personnel, whether full time, part time, or temporary. Since the City Manager never signed, approved, or reviewed DPVs, she was not a participant in the cumulative totals for DPVs. So long as the allocated funds were used to pay personnel and came within the authorized budget line item, no budget problem existed. As vacancies were filled with permanent personnel, the amount of savings from vacancies would be reduced but the need for temporary personnel would also be reduced, thus satisfying the existing budget line item.
The City did not hide, mask, or conceal the use of Transhire personnel. To the contrary, the 2014 “team diamond award” was presented to the Police Department recruitment staff that included Transhire employees. Not only City personnel, but actually the entire community, was on notice of the City’s use of these temporary hires.

Page 14: The Exhibit 5 reference is an email trail and attached chart indicating the FY2014 first quarter temporary personnel costs. The City Manager was not copied on the emails or the document, a clear recognition that the City practices and protocols did not include the City Manager on such items. Indeed, with a city-wide budget of $462 million, the cost for temporary personnel, while important, was negligible and not a matter that would or should be elevated to the attention of the City Manager.

This section of the Report also correctly notes that the City Manager did not sign even one Transhire DPV regardless of amount, and was not supposed to sign or approve those forms.

Page 15: The Report is inaccurate in its wholly conclusory and unsupported statement that the City Code required the City Manager’s approval for checks to Transhire in an amount exceeding $25,000.00. The City Manager did not sign and was not required to sign or approve the subject checks for amounts fully within the budgeted line item.

Page 16: Ms. Swanson-Rivenbark contests that she was aware of any effort by City staff to mislead the Commission. The City Manager neither knew, believed, nor reasonably understood that any member of the City staff provided false, incomplete, or misleading information to the Commission. If she had known, prompt, corrective action would have been the order of the day.

Page 17: The Report asserts that City staff knew or should have known about the violations. This allegation, too, is mere speculation without an adequate foundation. For her part, the City Manager was unaware of the cumulative magnitude of the Transhire payments or that its contract was not in good standing. When she did learn of these occurrences, the City Manager promptly brought the matter to the Commission’s attention.
The Report also refers to an August 1, 2014 email on which the City Manager was not copied and had no knowledge of its contents.

Page 18: The invocation of the “best interests” exemption arose as a result of consultation and strategic analysis with City Attorney Jeffrey Sheffel, a highly respected municipal lawyer whose experience in matters of local government law is unparalleled. Mr. Sheffel’s careful approach to the issue was to find a solution fully consistent with existing City law, policy, and procedures. The “best interests” exemption was viewed by Mr. Sheffel to be specifically applicable to the Transhire situation, and provided the statutory authority for a retroactive approval of the temporary hires and payments. At no time did Mr. Sheffel or Ms. Swanson-Rivenbark believe the “best interests” exemption was a ploy or a ruse to cover-up prior actions. Instead, both of these senior officials believed the “best interests’ exemption was an available and transparently appropriate mechanism for the Commission to remedy the temporary hire situation. Approving the use of the exemption, of course, was exclusively a decision for the Commission.

The Report inaccurately states that by August 1, 2014, the City Manager “was well aware that the Transhire contract had expired and was also aware that the positions used by the HPD were not included in any contract awarded to Transhire …” as of August 1, Ms. Swanson-Rivenbark did not know the Transhire contract had expired. She was first informed of this fact by Tammy Hechler. When she did learn of the contract status, the City Manager made the executive decision based on the public safety concerns to continue with the temporary hires until the matter was presented to the Commission at its September 3 meeting. In her informed opinion, the immediate termination of the temporary emergency 911 operators would result in a clear and obvious danger to the safety of the community.

The Finance Director’s statement about the City Manager’s presence at a staff meeting on August 27, 2014 did not entail any suggestion that the meeting included a discussion or dissemination of any cumulative amounts of funds paid to Transhire for temporary staffing. It did not. The discussion focused on unauthorized spending.

Page 19: The City Manager’s representation that Transhire used a mark-up rate of 25% instead of the 32.6% rate was based on her earnest
understanding of the information provided to her by staff. She engaged in no attempt to mislead or withhold relevant information.

The Report finds fault with the City Manager not reading the proposed Resolution in full. That is exactly what occurred in the fast-moving, expedited situation. The City Manager did not know the Resolution contained inaccurate information that had been written by staff, and had no reason at the time to suspect that anything was amiss.

The Report’s assertion that the use of the “best interests” exemption was “improper” is both second guessing the informed and studied opinion of the City Attorney and also an unfair and patently wrong analysis of the City Code. Ms. Swanson-Rivenbark had no reason to believe the exemption was not applicable, and certainly did not mislead the Commission. To the contrary, her discussion of the Commission’s duty to determine whether the actions taken were in the City’s best interests is precisely what the Code empowers the Commission to do by unanimous vote.

Pages 20-21: The Report’s summary of Chief Fernandez’s information fails to acknowledge that the Chief explained to the OIG that he was relying on his memory and was unsure of dates of events because he had not had any opportunity to review any notes, documents, or information in advance of the meeting. He never said and was never told by the City Manager to engage in any improper or unauthorized temporary hiring practices To the contrary, at all times, the City Manager encouraged him to make certain that he protected the community by having adequate staffing levels for emergency and public safety services, despite the unexpectedly high vacancies.

Page 24: City Attorney Jeffrey Sheffel’s recitation of the Transhire issue is largely consistent with his participation with the City Manager in identifying a solution to what appeared to be a problem. His first discussion of the Transhire contract with the City Manager occurred no earlier than toward the beginning of August 2014, because that is when it was brought to the City Manager’s attention by her staff. At the first meeting, the City Manager did not bring to Mr. Sheffel’s attention that the Transhire contract was not valid because she did not know that herself at that time. Mr. Sheffel's recollection about being the progenitor of the “best interests” exemption is
accurate, as he believed the exemption was an acceptable solution to the temporary staffing predicament.

Page 28: Regarding the Inspector General’s after-the-fact suggestion that an alternative solution would have been to acknowledge the violations and obtain Commission retroactive ratification of the payments, the approach suggested by Mr. Sheffel was essentially a retroactive approval of the temporary hiring based on the best interests of the City. Both the City Manager and the City Attorney believed a retroactive approval was in order.

The Report states that Matthew Lalla first learned the City Manager had exceeded her allowable spending authority during the August 27 (the meeting might have occurred on August 25) agenda review meeting. That is entirely consistent with what senior staff, including the Finance Department, understood: the personnel line item in the budget includes payment for full time, part time, or temporary employees.

Page 31: City Manager Swanson-Rivenbark rarely interacted with Deputy City Attorney Alan Fallik, rarely sought his advice, and rarely discussed City issues with him. Instead, her dealings were with the City Attorney. Ms. Swanson-Rivenbark is unaware of Mr. Fallik’s participation in the resolution of the Transhire staffing matter, and shared no information with him about the issues.

Page 32: Procurement Director Joel Wasserman had a good working relationship with the City Manager. Mr. Wasserman was always free to come into her office to share any operational concerns. He did not share with the City Manager his concerns about the situation as it arose, and did not solicit the City Manager’s advice as to a solution to his concerns.

Page 35: The City Manager was unaware of any misstatements by Human Resources Administrator Tami Thornton, the primary author of the Resolution, until they were brought to her attention by the OIG during an interview.

The City Manager learned of the Transhire situation from Human Resources Director Tammy Hechler only after Transhire complained that its employees were being told to switch to the new Co-op contract firm.
Page 40: As the former Director of Human Resources, Gail Reinfeld was encouraged by the City Manager to retire, so the City could appoint a more focused Director to be a member of the City’s management team. As Director, Ms. Reinfeld was in charge of the Transhire contract. The City Manager insisted that Ms. Reinfeld allow Josh Kittinger to focus on public safety matters pursuant to his position as Human Resources Analyst for Public Safety. Ms. Reinfeld was resistant to that direction.

Page 46: The narrative of the City Manager’s interviews with the OIG is unfairly skewed in a manner that suggests information or statements not made or provided by Ms. Swanson-Rivenbark. Her best recollection, as stated repeatedly to the OIG investigator, was that she first learned of the extent of the Transhire problem near mid-August 2014. The City Manager did not draft the proposed Resolution, and did not work with her staff to prepare or finalize the Resolution. Her staff prepared the Agenda item when she directed that the Transhire matter be brought to the September 3 Commission Meeting. She never informed the OIG that the Resolution and Agenda item was only focused on Transhire going forward. Ms. Swanson-Rivenbark always understood that the Commission would be asked to exercise its authority by unanimous consent to approve a “best interests” exemption for resolution of the entire Transhire matter.

Page 47: At the time the Resolution was being prepared, the City Manager believed the City was operating under a valid contract with Transhire. Information to the contrary unfolded as she returned from her Labor Day leave and understood that the proposed Resolution included remedying the non-contract status of the Transhire temporary employees.

The discussion in the second paragraph of who would present the Resolution to the Commission is reflective of the City Manager’s “team” approach to the City’s business. Always focused on who can best serve the City’s interests, Ms. Swanson-Rivenbark is ultimately responsible for the City’s administrative function. When it became clear to her that the Transhire problem was a significant challenge, she undertook the responsibility to present the Resolution herself.

The third paragraph on page 47 is inaccurate. The issue of whether the Transhire employees exceeded the spending authority became an issue only when it became clear Transhire had no valid contract with the City. If
the staffing contract had been an “evergreen” contract similar to others in use by the City, no issue would have been raised concerning the spending authority because personnel payroll was already a budgeted and allocated item, according to the Finance Department.

Page 49: The City Manager was unaware when presenting the Resolution that the text of the Resolution contained factual mistakes. No one – not the Manager’s staff, not the Procurement or Finance Directors, and not the City Attorney – brought any factual inaccuracies to her attention. She only fully understood the extent of the mistakes during her second OIG interview, after she had long departed from the City. Only when OIG Investigator David Rhodes identified factual inaccuracies to her was the former City Manager in a position to acknowledge that the resolution did not disclose that the Co-op contract had expired, as just one example. Mr. Rhodes presented Ms. Swanson-Rivenbark with a series of findings that she learned about for the first time from the OIG. When she understood the factual inaccuracies, she openly and resolutely agreed that the Resolution appeared to be inaccurate. Whether it was sloppily drafted or included inadvertent inaccuracies was beyond her scope of knowledge. By the time of this interview, she had been gone from the City for more than six months.

Ms. Swanson-Rivenbark was unaware of this misinformation at the time of her presentation of the Resolution to the Commission. Thus, the Report’s suggestion – in actuality a false accusation – that she knew of the falsehoods and deliberately presented misinformation to the Commission is untrue and an outright defamation. Ms. Swanson-Rivenbark has always been a public servant of the utmost integrity, and she did not then or at any time intend to mislead the Commission.

Page 50: The City Manager did not sign any of the checks cut to Transhire, and did not direct anyone to sign the checks. In fact, she was unaware of the checks being signed at the time of their preparation.

Page 51: The City Manager engaged in no intentional violation of City ordinances, policies, or regulations. She never suggested that she had done so, because she did not. Her presentation to the Commission, requiring a unanimous vote, would have retroactively approved the Transhire temporary staffing, a policy decision totally within the Commission’s authority.
Page 52: Paragraph two is inaccurate. Ms. Swanson-Rivenbark explained to the OIG that if the voting required a simple majority, the Commission would likely have approved a resolution to continue using Transhire’s services by a 4-3 majority.

Page 53: The third paragraph requires clarification. Only when the question of the validity of the Transhire contract was brought to the City Manager’s attention did she become “aware the $50,000 spending limit had been exceeded...” During 2013 and 2014, she was not aware that any spending authority had been exceeded. When she made the September 3 presentation to the Commission, the City Manager was still learning the operative facts. Since the temporary staffing was never a matter that required her involvement, her initial understanding was only about the basic issues.

7. Objections to Conclusions and Recommendations.

Page 55: The Conclusions and Recommendations are incorrect and inappropriate. Using an after-the-fact analysis of what should have occurred, the OIG conclusions do not flow from the information known at the time the actions were taken. The City Manager offered her good faith explanation for the actions taken by City staff, all of whom acted in the City’s best interests on a matter affecting the health, safety, and welfare of the City’s residents. The City Manager responsibly provided administrative leadership to the City. She worked diligently to advance the City and ensure that the municipality met the needs of its population. She brought value to the City in every project she undertook. She kept the elected officials apprised of all matters of importance.

Now that it is apparent the Transhire temporary staffing was mishandled or mismanaged, it bears repeating that the matter was always handled at a level far below her authority, in keeping with the City’s protocols and practices in issues involving a financial item amounting to less than 1% of the City’s budget. While careful attention to City finances was always a priority of the Swanson-Rivenbark administration, the unfortunate and intentional errors involving the Transhire staffing were not of her doing.

At all times, Ms. Swanson-Rivenbark has taken full responsibility for all matters that occurred during her leadership. Since the errant hiring process that worked a real benefit to the City has been fully resolved and rectified,
the OIG should close out this entire investigation with a finding that the City has learned from its association with Transhire and has implemented appropriate corrective conduct.

I. Conclusion.

The OIG Preliminary Report contains material misstatements of fact and erroneous conclusions. Its preparation and dissemination deprived Ms. Swanson-Rivenbark of fundamental fairness, a meaningful opportunity to provide relevant information to the OIG, and an objective assessment of the facts. The one-sided, misleading, and alarmingly accusatory presentation suggests the goal of the OIG was not to present an objective assessment of the facts, but instead to unfairly and improperly place blame on the former City Manager in order to damage her reputation and to cast doubt on her otherwise impeccable credentials and experience as a public administrator.

The OIG has engaged in an abuse of its investigative authority. The Preliminary Report should be withdrawn, redacted, and excised in substantial part as to Ms. Swanson-Rivenbark. Additionally, she should be compensated by the OIG for the unfair attempt to tarnish her reputation by casting her in a false light, as well as for her reasonable and ordinary fees and expenses incurred in having to respond to the Report.

Respectfully submitted,

BENEDICT P. KUEHNE

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