



## BROWARD OFFICE OF THE INSPECTOR GENERAL

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### MEMORANDUM

To: Honorable Michelle J. Gomez, Mayor,  
and Members, Tamarac City Commission

From: John W. Scott, Inspector General

Date: April 29, 2022

Subject: **OIG Closing Memorandum Re: *Potential for Fraud, Waste, and Abuse in the City of Tamarac's Newly Enacted Fixed Travel Expense Account (Local Travel Allowance)*, Ref. *OIG 21-009-M***

The purpose of this memorandum is to report that the Broward Office of the Inspector General (OIG) has concluded its investigation into allegations that City of Tamarac commission members engaged in misconduct and abuse when they established an annual \$15,000 fixed travel expense account per commission member (local travel allowance) that did not require any receipts or travel. The OIG's investigation did not reveal that any of the city's employees or commission members engaged in misconduct or abuse, and we did not substantiate the allegations. We did, however, identify the potential for fraud, waste, and abuse in the application of the city's newly enacted ordinance. Thus, we write this memorandum to address how the local travel allowance was adopted, but not implemented, and to disclose our observations of its vulnerabilities should the city implement it in the future.

The OIG reviewed several city records, including but not limited to city e-mails, interoffice memoranda, the city's travel policy, city commission meeting minutes and transcripts, ordinances, supporting travel documentation, budget amendment proposals, and adopted budgets; and we interviewed the director of financial services.

#### ***Background***

The city's charter and code provide for the reimbursement of expenses, such as travel, that elected city officials may incur in the scope of their official duties.<sup>1</sup>

Charter section 4.04, titled, "Compensation and expenses of mayor and commission," provides in whole:

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<sup>1</sup> The city commission is comprised of five members: one mayor, one vice mayor, and three commissioners.

The salary of the mayor and commissioners shall be set through the annual budget process.

The mayor shall be entitled to receive expenses allowable by law set through the annual budget process incurred in the performance of his duties as mayor upon delivery of an itemized voucher to the city manager.

Each commissioner (other than mayor) shall be entitled to receive expenses allowable by law set through the annual budget process incurred in the performance of his duties as commissioner upon delivery of an itemized voucher to the city manager.

Expense limitations for the mayor and commission shall be calculated per elected year.

Until February 24, 2021, code section 2-425, titled, "Travel expenses," read:

For purposes of reimbursement, the rates and methods of calculations are subject to the following:

- (1) All travelers may be allowed reimbursement for subsistence when traveling for professional development or to conduct bona fide city business.
- (2) The traveler shall select the method of calculating reimbursement, in writing, prior to the travel. The traveler shall receive reimbursement based upon either of the following:
  - a. The per diem dollar amount authorized by the United States General Services Administration, as amended from time to time; or
  - b. The amounts permitted by the United States General Services Administration, as amended from time to time, for meals plus the following expenses, if applicable: mileage allowance; rental car expense; commuter service; parking, garage and toll charges; registration fee and course materials; communications; and miscellaneous tips to be substantiated by bills paid therefor.

For fiscal year 2021 (October 1, 2020, through September 30, 2021), the commission had a shared travel budget of \$50,000 for out-of-town travel plus an additional \$5,000 for other expenses such as conference registration fees, for a total of \$55,000.

### ***Commission Members Voted to Give Themselves an Optional \$15,000 Travel Allowance***

The first discussion of the local travel allowance that the OIG observed was in an email thread in which the then-city manager and the then-interim city attorney discussed the commission's local travel expenses. Specifically, on February 2, 2021, the city manager emailed the interim city

attorney to follow up on a conversation they had on the subject. Among other things, the city manager wrote that compensation and expenses for the mayor and commissioners were set through the budget process and that increasing the amount budgeted for either the compensation or expenses would require a budget amendment. The interim city attorney responded that, to avoid conflict with staff and as suggested by a previous city official, they could give the commission members the option to obtain a fixed amount for local travel and meal expenses without a requirement to submit receipts. The city manager's reply noted that the \$10,000 amount that the interim city attorney had proposed would be increased to \$15,000 to compensate for taxes that would be due "if the goal is to provide them with \$10,000 annually."

On February 10, 2021, the interim city attorney brought forth a memorandum he wrote to the commission for its consideration during the commission meeting of that date. He proposed the commission adopt an ordinance to amend city code section 2-425 to allow for a new, optional travel allowance for travel inside a 100-mile radius from city hall (local travel).<sup>2</sup>

The following was within the "whereas" clauses of the proposed ordinance:

WHEREAS, the past reimbursement policies include but are not limited to paying an advance to elected officials using the Pro Card system or an advanced per diems [sic]; and

WHEREAS, these past reimbursement policies may have been subject to different interpretations by city officials and such interpretations have impeded the reimbursement of expenses for elected [sic];

These clauses offered rationale for the ordinance and provide some explanation for what the interim city attorney described as "conflict with staff."

The proposed amendment to the code provided for an annual "fixed expense account" in the minimum amount of \$15,000 for each commission member in lieu of reimbursing them for local travel expenses they incur within the scope of their official duties. The proposal included that the city manager had the authority to increase the \$15,000 amount per fiscal year based on the Consumer Price Index (CPI) for South Florida. If a commission member were to opt in, this local travel allowance would pay him or her another \$15,000 each year, in addition to his or her approximately \$50,000 annual salary;<sup>3</sup> \$8,400 annual car allowance;<sup>4</sup>

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<sup>2</sup> The interim city attorney did not propose, and the commission did not approve, a change to the reimbursement policy for travel outside a 100-mile radius from city hall (out-of-town travel), as discussed below.

<sup>3</sup> For fiscal year 2021, the budgeted amount for each commissioner's individual salary was \$50,240 and the budgeted amount for the mayor's salary was \$60,540.

<sup>4</sup> Each commission member received a car allowance of \$700 per month. \$700 times 12 months equals \$8,400.

\$25,000 annual “initiative individual expense account”;<sup>5, 6</sup> and share of the commission’s annual \$55,000 out-of-town travel expense reimbursement fund.

We noted that, if a commission member were to opt in, no receipts or administrative approval would be necessary. If a commission member were not to opt in, then the code would still require that he or she submit receipts for reimbursement in compliance with the city’s existing code.

There was no public comment at that meeting and no discussion by the commission. One commission member did, however, request some clarification from the interim city attorney, who explained that the former finance director offered such an allowance previously and that other cities had utilized them. The interim city attorney stated that he recommended such a provision to Sunny Isles Beach, which adopted it about ten years ago. One of the commission members then asked the interim city attorney to elaborate on the opt-in portion some more, and the attorney explained that, if a commission member did not opt in and was seeking reimbursement from the city for any expense locally related to public duties, then they would have to provide the receipt. The first reading<sup>7</sup> was approved. After the vote, a commission member asked for further clarification on whether the car allowance would be replaced by the opt-in, and the interim city attorney indicated it would be.

On February 24, 2021, the proposed ordinance was on the commission agenda for a second reading. Again, there was neither public comment nor commission discussion. The interim city attorney noted for the record that he spoke to the city manager and wanted to clarify that the local travel allowance was in addition to the car allowance, which was something the city separately gave to the city commission. The commission approved the ordinance.<sup>8</sup>

The ordinance added subsection (3) to section 2-425 of the city code as of February 24, 2021. It now reads thus:

(3) *Fixed expense account.* Notwithstanding any provisions in article XIII or any other policy, a member of the city commission, at her or his option, may request a fixed expense account with a minimum amount of \$15,000.00 per

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<sup>5</sup> The city used these expense accounts to pay for such things as commission member-sponsored events and mailings. These accounts have increased greatly over the years. The budgeted amount for each commission member’s initiative individual expense account was \$1,500 for fiscal year 2019, \$6,000 for fiscal year 2020, and \$25,000 for fiscal year 2021—a \$19,000 increase in one year alone.

<sup>6</sup> According to the director of financial services, because there was no policy in place, there was a lot of back and forth between her department, the city manager, and the city attorney about what expenses the city could pay with these initiative individual expense accounts and whether there were any limits on them. On February 9, 2022, however, the city did finally put in place a policy related to them.

<sup>7</sup> In order to pass a proposed ordinance into law, the governing body of the municipality must follow procedures that include reading it by title or in full at two different meetings on two different dates. Fla. Stat. Sec. 166.041(3)(a). These are commonly referred to as the first reading and the second reading.

<sup>8</sup> We did not substantiate that the commission was without authority to pass the local travel allowance ordinance. Florida state law has established standard travel reimbursement rates and limitations for public officers and employees of any public agency in the state that include requirements for receipts for the reimbursement of certain travel expenses. Fla. Stat. Sec. 112.061. However, municipalities may provide for a travel expense policy that varies from those provisions. Fla. Stat. Sec. 166.021(9)(b).

annum for expenses incurred in the scope of their official duties within 100 miles radius of the city hall of the City of Tamarac. If *a fixed expense account* is requested by a member of the city commission, receipts and administrative approval from the city manager or designee shall not be required for any expense. The \$15,000.00 minimum amount per annum fixed expense account shall be paid in accordance with administrative guidelines. The amount paid under this section shall be prorated based on actual number of days served as a member of the city commission. Upon request, vouchers of expected expenses for the \$15,000.00 minimum amount per annum fixed expense account may be submitted to the city manager or designee. The city manager may increase the \$15,000.00 minimum amount per annum fixed account per fiscal year based on the Consumer Price Index for South Florida. Notwithstanding the foregoing, members of the city commission may seek reimbursement of travel related expenses incurred outside the 100 miles radius from the city hall of the City of Tamarac. Reimbursement requests outside the 100 miles radius shall require receipts and be subject to reimbursement policies of the City of Tamarac

(emphasis added).<sup>9</sup>

### ***The City Began to Implement the Travel Allowance***

Although the ordinance became law on that day, it was still up to each individual commission member to opt in to receive the \$15,000 local travel allowance.

On March 4, 2021, the assistant to the city manager sent an email to the commission members about the local travel allowance. She asked the members to sign the attached opt-in form if they wanted to receive the allowance. She explained that, like other monthly allowances, the city would pay the allowance on the first pay date of the month following the month a commission member signed the form and that the amount of the allowance would be \$1,250 per month.

Our review of city records showed that only one of the commission members opted in for the local travel allowance. However, on April 5, 2021, that commission member e-mailed the city manager that, after having heard from so many residents and to allow for further discussion, he wanted city employees to suspend processing his new local travel allowance paperwork.<sup>10</sup> He further stated that the item needed to go back to the “drawing board” and asked the city manager to confirm the change promptly.

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<sup>9</sup> This language is quoted from the ordinance that the mayor, city clerk, and interim city attorney signed on February 24, 2021, the day the ordinance was passed. However, the OIG found that the language in the ordinance as [published by Municode](#) differs slightly, as it does not use the term “minimum amount” and uses numerical values only, instead of also spelling out the number amounts in words. The language found on Municode mirrors the language of the ordinance that was attached to both the interim city attorney’s memoranda of February 10, 2021, and February 24, 2021. It would behoove the city to ensure the ordinance on Municode conforms to what the commission actually passed.

<sup>10</sup> As noted in the below section titled, “Budgeting for the Travel Allowance,” around that time, the public started to become aware of the local travel allowance from news media reports.

## ***Budgeting for the Travel Allowance***

When the local travel allowance was passed in February 2021, the commission had already passed the budget for fiscal year 2021. Therefore, in order to fund any additional items—such as the local travel allowance—the commission needed to pass an amendment to the budget.

In late March 2021, the city’s director of financial services informed the city manager about the need for an amendment to the budget for fiscal year 2021. Part of the reasoning was to budget the \$37,500 needed in order to make the payments for the newly enacted local travel allowance. She requested the \$37,500 amount because she estimated that the budget and opt-in processes would take a few weeks and because she thought the payments to the commission members would probably begin in April 2021 and go through September 2021, the end of the fiscal year.<sup>11</sup>

Around this time, the public started to become aware of these expenses based on several media reports.<sup>12</sup>

A first reading of the ordinance to pass the budget amendment took place during the May 12, 2021, commission meeting.<sup>13</sup> The summary of adjustments attached to the proposed ordinance showed that items previously approved, that is, the ordinance enacting the local travel allowance, increased the “personal costs other allowance / local travel-Commission Budget” line item by \$37,500. The director of financial services explained this was accomplished by removing \$37,500 from the “General Fund Appropriation from Fund Balance” line item, which was essentially the city’s savings.

Although there was a motion to pass the amendment, the item failed for the lack of a second.

Then on May 26, 2021, another first reading of the item to amend the budget took place. On this occasion, there was a motion to remove six specified items, including the local travel allowance, and the motion passed.

On June 9, 2021, the item was on the agenda for a second reading, and the removal of the six items from the budget amendment passed. The items removed from consideration, totaling \$277,500, were the following:

1. \$37,500 for local travel allowance
2. \$75,000 for additional legislative aides
3. \$50,000 for commission’s office renovation

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<sup>11</sup> Her calculation was: \$15,000 per year per commission member divided by 12 months equaled \$1,250 per month per commission member. Then, \$1,250 per month per commission member times 6 months (April through September) equaled \$7,500. Finally, \$7,500 per commission member times five commission members equaled \$37,500.

<sup>12</sup> The [first article](#) from the Sun-Sentinel about this issue was published on April 1, 2021, and other articles followed.

<sup>13</sup> The total amount of the budget amendment for an earlier attempted first reading on April 28, 2021, was \$3,937,299, but it failed for lack of a second. The total amount of the budget amendment for the attempted first reading on May 12, 2021, was \$3,951,868, but this, too failed for lack of a second. The difference between the two amendment totals at those attempted first readings was unrelated to the local travel allowance.

4. \$50,000 for commission media outreach
5. \$15,000 for office furniture
6. \$50,000 for support of commission's initiatives

Likewise, the commission did not fund the local travel allowance in its fiscal year 2022 budget.

Thus, although the allowance exists on the books in city code section 2-425, so long as there is no funding for the local travel allowance, the city cannot pay it.

### ***Lack of Controls Unnecessarily Exposes the City to Potential Fraud, Waste, and Abuse***

To ensure that public funds are managed prudently, adequate internal controls must be in place to protect those funds. According to the Government Finance Officers Association (GFOA),<sup>14</sup> it is the elected officials' responsibility to make sure that those who report to them have and maintain a "sound and comprehensive framework of internal control."<sup>15</sup> We write to caution the city that its recent, additional local travel allowance unnecessarily exposes it to potential fraud, waste, and abuse because of the lack of internal controls.

City code section 2-425(3), which established this local travel allowance, lacks any indicia of control. In fact, it encourages fraud, waste, and abuse.

The code now states that, if a member of the commission were to request the \$15,000 allowance for local travel, then receipts "shall not be required for any expense." Additionally, the code does not require the member to obtain any administrative approval before or after the travel. If travel were to be conducted outside of the 100-mile radius of city hall, the code would still require receipts, and reimbursement would still be subject to the city's travel policies. The city does have a policy for travel-related reimbursements; however, the \$15,000 local travel allowance does not fall under its purview.

So, a commission member could opt in and receive \$15,000 for travel within a 100-mile radius of city hall, but there is nothing in place to show that the money is actually being used for its intended purpose. This is problematic, as the city would not know how it spent \$75,000<sup>16</sup> or more<sup>17</sup> of taxpayer money or even whether it spent the money on a public purpose. This would be true even if a commission member were to agree to submit a voucher of expected expenses, which the ordinance makes optional, because such an advance voucher would not evidence what was actually spent. Moreover, since receipts are not required, there is no way to know that the travel actually occurred within the 100-mile radius of city hall or whether the funds were even spent on travel at all.

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<sup>14</sup> The mission of the GFOA is to promote excellence in state and local governmental financial management. It promulgates best practice guidance in furtherance of that mission for its members, over 20,000 public finance officials in federal, state, and local government in the United States and Canada. <http://www.gfoa.org> (last visited March 30, 2022).

<sup>15</sup> GFOA, <https://www.gfoa.org/materials/internal-control-and-management-involvement> (last visited March 30, 2022).

<sup>16</sup> \$15,000 times five members equals \$75,000.

<sup>17</sup> The outlay could exceed \$75,000 if the city manager were to exercise his or her ordinance-granted discretion to increase the allowance based on the CPI.



In what could be a reflection that some perceived the travel allowance solely as a pay increase for the elected officials, on March 10, 2021, the administrative coordinator for the city commission office sent an email to the assistant to the city manager about the local travel allowance, informing the assistant that one of the commission members had a discussion with the city manager about wanting the ordinance to be retroactive. According to another email from March 8, 2021, that member directed the city manager to make the local travel allowance retroactive to October 1, 2020, to be “paid monthly going forward at whatever \$15,000/remaining months of the fiscal year is then monthly at \$15,000/12 for the next full fiscal year.”

We question the necessity of the local travel allowance for two additional reasons. First, the original line items in the budget amendment did not reduce the pre-existing \$55,000 total travel budget by any amount. Instead, it kept that \$55,000 and added \$75,000 or \$37,500 for the remainder of fiscal year 2021—to be funded from the city’s reserves. Second, the local travel allowance does not offer a solution to the “conflict with staff” problem that the interim city attorney described in his February 2, 2021, email exchange with the city manager. That is, conflict with staff could still arise if commission members submit required receipts for travel conducted outside of the 100-mile radius of city hall or if they do not opt into the local travel allowance.

Due to the public’s awareness of the new allowance, the commission decided to remove the local travel allowance funding from the budget for fiscal year 2021 and has not implemented it for 2022. However, the commission did not vote to repeal or, at the very least, amend this section of the code; the commission can still fund that line item again anytime through the annual budget process or an amendment to the budget.

In any event, to resolve any misunderstanding or conflict with staff about what is reimbursable for travel and to ensure the public that the city is protecting taxpayer money, a more useful, reasonable, and transparent solution would be to draft a clear and objective travel policy that comprehensively outlines what is allowable to be reimbursed. The city could develop such a policy after discussing and reviewing common misunderstandings or issues among staff and officials and, once such a policy was in place, the city could then provide training to staff and officials on how they should apply the policy. Alternatively, the city could opt to rescind or amend code section 2-425 and adopt the reimbursement rules for state and local government agencies found at Section 112.061, Florida Statutes.

### ***Conclusion***

The OIG has concluded its investigation into allegations that city officials may have engaged in misconduct and abuse and concerns that the city commission passed legislation that violated Florida statutes regulating government travel. We did not substantiate the allegations. However, we did observe deficiencies in the legislation that lend themselves to the potential for fraud, waste, and abuse in the application of the newly enacted travel ordinance. Without the need for receipts or any documentation to show how much money commission members spend and what they spend it on, the city and the public would have no idea whether taxpayer funds were spent



to fulfill commission members' public duties or for any public purpose. Therefore, \$75,000 of taxpayer money could be used for purposes other than what it was intended.

Although the commission voted to remove the money in the budget for the local travel allowance for fiscal year 2021 and fiscal year 2022, there is nothing in place that would prevent it from funding this line item in the future, either by budget amendment or by the budget process for an upcoming fiscal year.

In order to mitigate the risk for fraud, waste, and abuse in the future, it would behoove the city to take preventative measures now. For instance, it could develop and train staff and officials on a more clear, objective, and comprehensive travel reimbursement policy, considering past misunderstandings and conflicts. The commission could amend city code section 2-425(3) to require staff and officials to follow that travel policy. It could either amend section 2-425(3) to simply require receipts and proof of travel from any commission member who opts in, or repeal subsection (3) altogether. Alternatively, the commission could repeal or amend code section 2-425 to require the city to follow the reimbursement rules for government agencies found at Section 112.061, Florida Statutes.<sup>18</sup>

cc: Kathleen Gunn, City Manager  
John R. Herin, Jr., City Attorney

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<sup>18</sup> As the allegations in this matter centered solely on Tamarac's travel, the OIG did not undertake to determine whether any other municipality in Broward County may have passed a similar, fixed travel allowance. If any have, much of the analysis here may also apply to those municipalities' policies or codes.