



# Angelina “Angel” Colonnese

CLERK OF THE CIRCUIT COURT AND COMPTROLLER OF MANATEE COUNTY

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## MEMORANDUM

TO: Angelina “Angel” Colonnese, Clerk of the Circuit Court and Comptroller  
From: Lori Stephens, Inspector General *Lori Stephens*  
Date: August 31, 2020  
Subject: ACL – Employee/Vendor Address Match Audit

The Division of Inspector General has completed an audit to identify Manatee County employees and vendors with the same address. Any matches identified could potentially be a fraudulent vendor or a vendor where a conflict of interest exists.

The audit used Computer Assisted Audit Techniques (CAATs) to test for matching addresses using ACL audit software. This audit was performed in accordance with generally accepted government auditing standards (GAGAS), issued by the Comptroller General of the United States, and the *International Standards for the Professional Practice of Internal Auditing*, issued by the Institute of Internal Auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### Background

Manatee County (County) uses ONESolution to process financial transactions and to store information related to vendors and employees. The data from ONESolution can be downloaded in electronic format for CAAT analysis. The Division of Inspector General utilizes the propriety software ACL for CAAT testing. ACL is a data extraction and analysis tool that can query 100% of the data, whereas traditional audits typically test only a sample of the data. The ONESolution data files are loaded into ACL and the program will generate a list of employees who have the same address as a vendor.

### Objective

The objective of this audit was to determine whether any County employees and vendors share a common address, and if so, whether there is evidence of a fraudulent vendor or a conflict of interest.

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Clerk of the Circuit Court – Clerk of Board of County Commissioners – County Comptroller – Auditor and Recorder

### **Scope**

The scope of the audit included any vendor paid, and any individual employed by Manatee County during the period March 1, 2019, through February 29, 2020.

### **Methodology**

The methodology used consisted of obtaining records of all vendors paid, and all individuals employed by Manatee County during the audit period. ACL software was used to compare the records and identify any address matches for further investigation and review.

### **Results**

Using ACL, we analyzed the records of 2,250 vendors and 2,479 County employees in order to identify possible circumstances in which an employee's address matched the address of a County vendor. Our testing identified 14 instances in which an employee's address was the same as a vendor's address. These instances were further examined by reviewing transaction documentation, vendor information, payroll records, and real property records. The majority of these matches (13) were deemed to be appropriate for various reasons which included, but were not limited to, payments to employees for vehicle damage (Risk Management); employees also contracted as instructors/officials by Parks and Natural Resources (PNR); and employees that have a relative (vendor) who was contracted for unrelated services by another County department. The remaining match appears to be a potential conflict of interest.

#### **Potential Conflict of Interest**

Employee Health Benefits (EHB), a division of the Human Resources Department (HR), oversees Manatee County's comprehensive group major medical program, wellness program, and dental plan for Manatee County employees, their families, and retirees. EHB secured the services of SteelCad Consulting Corp (SteelCad) for several projects related to the County's Self Insurance Plan. The vendor's address matched the address of a current EHB Health Benefits Specialist, who began employment with EHB in March 2016, and whose role is to provide customer service to employees and retirees of Manatee County. Upon review of supporting documentation and interviews with relevant management and staff, it was determined that the Owner/President of the company is the spouse of the EHB employee, with the shared address being their personal residence.

SteelCad was paid for the following services provided to EHB for the self-insurance program:

- October 2019 - SteelCad was paid \$125 for performing a data analysis audit of the Aetna Self Insurance Plan. The EHB employee's contact information, including her name and SteelCad email address, was listed on the invoice.
- January 2020 - SteelCad was paid \$45 for performing a Youth Dental Audit.

- November 2019 – EHB contracted with SteelCad for \$8,000 to create a new database for retirees. The scope of services for the agreement included developing an Access Database application that would store, track, and manage retiree health care benefits. In August 2019, EHB requested and received a quote from the County’s current health benefits service provider, Benefits Express Services, LLC (Benefits Express), to provide retiree administration services. The cost and scope of these services were significantly more than the SteelCad contract. The Benefits Express quote (\$20,000-25,000, plus a monthly administration fee) included providing an online portal for participants and the employer, annual enrollment processing, and a mobile application. According to management, the services offered by SteelCad were sufficient for EHB’s needs, and due to the significant cost difference, they elected to contract with SteelCad. To date, SteelCad has received \$6,000 for these services.

Competitive bids were not required to procure any of these services, as pursuant to Section 2-26-3(d) of the Manatee County Code, funds expended “to obtain goods and services which may be required to implement the self-insurance program” are excluded from those procurement rules.

Based on interviews with the employee, and the employee’s Supervisor and Director, EHB management was aware that the employee’s spouse was a programmer, through social interactions at the workplace. Because the employee is responsible for working with the insurance plan’s retirees, and had the most knowledge of the requirements needed for the new database, she was directly involved with the retiree database project. She provided the information (data, fields, etc.) to her spouse, which was used to create the database. The Director and Supervisor stated that while the employee was involved with providing information to create the database, she was not involved in the approval process for selecting and contracting with the vendor. EHB management did not consider this relationship to be a conflict and did not seek guidance from the County Attorney’s office (CAO) prior to procuring the services.

Subsequent to our testing, the HR Director requested a legal opinion from the CAO on the potential conflict of interest. Their office opined, in CAO Matter No. 2020-0230, that Florida Statutes §112.313(3), *Doing Business with One’s Own Agency*, and (7)(a), *Conflicting Employment or Contractual Relationship*, were not violated because the employee did not work for the business, received no pay from the company, and did not own an interest in the business. Additionally, the employee has no authority to enter into contracts on behalf of the County and did not take part in the decision-making process for selecting her husband’s business. It was further stated that the HR Department has decided not to enter into future agreements with SteelCad, to avoid any appearance of a conflict of interest.

While not a statutory violation, the employee/vendor relationship does give the appearance of a conflict of interest, and as such, may have violated the following sections of the Manatee County Personnel Policy Section X. “Code of Ethics for Officers and Employees” (Code of Ethics):

- a. *Duties and obligations will be discharged in a manner that reflects credibility upon the County. Conduct that gives the appearance that decisions and actions are motivated by personal relationships or for personal gain do not meet the standards of conduct for employees under the Policy.*
- e. *No County officer or employee shall disclose/use information not available to members of the general public and gained by reason of his or her official position for his or her personal gain or benefit or for the personal gain or benefit of any other person or business entity.*

### **ONESolution Vendor Number Type Access Restrictions**

During testing, we found that two employees from two different departments were able to select and pay a vendor in ONESolution with an incorrect/restricted vendor number type. The two vendor numbers used for payment were for Accounts Receivable and Utility refund types (B and T, respectively), rather than the Accounts Payable vendor types (V, L). These employees should not have had access to these other vendor types. Proper data access restrictions help reduce the risk of fraud and error by limiting employees' access to only the vendor types that are necessary to perform their function within the accounts payable process. It appears that these errors were able to occur because of changes that were made when the County upgraded the finance system. The original security in place for the Integrated Financial Accounting System (IFAS) restricted users from selecting certain vendor types based on the division codes assigned to the vendors. This security protocol was not migrated during the software implementation/upgrade to ONESolution.

### **Recommendations and Corrective Actions:**

*Based on the results of testing, the following recommendations are provided, along with corrective actions, some of which have already been implemented:*

1. *The relevant HR and EHB management and staff have completed courses on the County's Procurement Policy and the Code of Ethics Policy.*
2. *EHB is no longer contracting for services with the vendor.*
3. *All County staff should be required to review the County's Code of Ethics on an annual basis.*
4. *County employees should seek guidance from the CAO when the appearance of a conflict of interest exists.*
5. *County Administration should consider using the Purchasing Division's Affidavit of No Conflict for every two party agreement entered into on behalf of the County, to ensure that all parties involved have disclosed any officers or significant owners which are Manatee County employees or relatives of Manatee County employees.*
6. *The Clerk's Office Technology Services Department is working with the Finance Enterprise/ONESolution vendor to re-implement the division code restrictions.*

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The Division of Inspector General would like to thank the Clerk's Office, and County management and staff, for their cooperation throughout the audit, and their assistance in developing the recommendations and corrective actions for this report. If you have any questions, please contact me at extension 4170.

LJS/BJW/LP

cc: Board of County Commissioners  
Cheri Coryea, County Administrator  
John Osborne, Deputy County Administrator  
Karen Stewart, Deputy County Administrator  
Mitchell Palmer, County Attorney  
Kim Stroud, Director of Human Resources  
Jan Brewer, Director of Financial Management  
Kathy Cremaschi, Finance Department Director, Clerk of Circuit Court  
Jeff Taylor, Technology Services Department Director, Clerk of Circuit Court