



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FLORIDA

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LUNG CHIU, CIG, CPA
INSPECTOR GENERAL

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DR. DONALD E. FENNOY II, SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Dr. Donald E. Fennoy II, Superintendent
Chair and Members of the Audit Committee

FROM: ^{KLC} Lung Chiu, Inspector General

DATE: April 9, 2018

SUBJECT: Transmittal of Final Investigative Report
Case # 17-572 Advance Case Parts

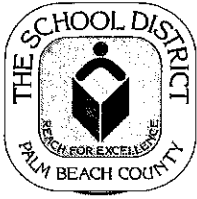
In accordance with School Board Policy 1.092 we hereby transmit the above-referenced final report.

The report addresses allegations:

1. Advance Case Parts altered an invoice from a subcontractor (Parts Town, LLC), to receive a higher payment from the District.
2. Advance Case Parts received two \$5,000 overpayments from the District and did not report the overpayments to the District.
3. Advance Case Parts inflated the number of service hours worked to increase the cost of labor.
4. Advance Case Parts created fake invoices.
5. Advance Case Parts received used salvage parts and charged the District the full price of the brand new parts.
6. Advance Case Parts marked up cost of replacement parts by 40%.
7. The District does not request a "Demand-of-Receipt" to show services were provided by Advance Case Parts.

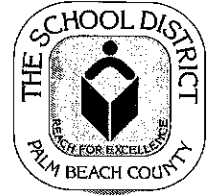
The OIG concluded that all allegations were ***Unsubstantiated***.

The report is finalized and will be posted on the Inspector General's website; www.palmbeachschools.org/inspectorgeneral.



Donald E. Fennoy II
Superintendent

**SCHOOL DISTRICT OF PALM BEACH
COUNTY
OFFICE OF INSPECTOR GENERAL**



K. Lung Chiu
Inspector General

INVESTIGATIVE REPORT

Case Number:

17-572

Date of Complaint:

February 22, 2017

Complainant:

Ralph Hall

Subject:

Owner Advance Case Parts, George "Ward" Hude
Owner Advance Case Parts, Paul Podhurst

Witnesses:

Former District Purchasing Project Coordinator David Trogdon
District Purchasing Senior Technician Shane Stoneham
District Purchasing Manager Genell McMann
District Purchasing Agent Dennis Messerli
District Food Service Director Allison Monbleau
District Accounts Payable Manager Robert Rucinski
Parts Town Account Manager Joseph Moore
Advance Case Parts Executive Secretary Linda Riley Sue

Type of Report:

FINAL

AUTHORITY

School Board Policy 1.092 provides for the Inspector General to receive and consider complaints, and conduct, supervise, or coordinate such inquiries, investigations, or reviews, as the Inspector General deems appropriate.

This investigation was conducted by Senior Investigator Robert Sheppard in compliance with the *Quality Standards for Investigations, Principles, and Standards for Offices of Inspector General*, promulgated by the Association of Inspectors General.

INTRODUCTION

The Palm Beach County School District Office of Inspector General (OIG) initiated a Preliminary Investigation based upon information received on February 15, 2017, from Private Investigator Ralph Hall. OIG Investigators Robert Sheppard and Veronica Vallecillo met with Mr. Hall at the Inspector General's Office. During the meeting, Mr. Hall alleged that District vendor Advance Case Parts, was committing fraud in contracts with the School District of Palm Beach County. He received his information about Advance Case Parts from an anonymous source that he did not want to disclose.

On March 15, 2017, Mr. Hall contacted the OIG by telephone to schedule a face-to-face meeting with the anonymous source. On March 16, 2017, the OIG met with the anonymous source. The anonymous source made a series of allegations regarding Advance Case Parts not providing services pursuant to its contract agreements with the School District of Palm Beach County.

BACKGROUND

Advance Case Parts, a Florida corporation, specializes in products and services for supermarkets and food service industries and is currently located at 12489 44th Street, Coral Springs Florida. Advance Case Parts installs indoor/outdoor walk-in freezers/coolers, washers, dryers, refrigerators, installs Original Equipment Manufacturer (OEM) parts, and provides service repairs at all school district facilities.

Advance Case Parts Company Owners:

The current owners of Advance Case Parts are Paul Podhurst and George Hude. Mr. Podhurst is the President and owns 56.28% of the company. Mr. Hude owns 43.72% of the company. Advance Case Parts has been in business since 2007.

Advance Case Parts' Contractual Agreements with the District from 2011 thru 2020

A review of District Purchasing Department records revealed that eight separate contracts were established between the District and Advance Case Parts between February 11, 2011 and October 30, 2020. The total financial impact of the eight contracts to the District was \$11,840,000. As of November 1, 2017, the total combined amount the District paid to Advance Case Parts was \$2,149,282.95. A summary of the eight contracts is provided in Exhibit A on the following page.

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SUMMARY OF SCHOOL BOARD CONTRACTS WITH ADVANCE CASE PARTS									
Contract No.	11C-2T	12C-15L	13C-16L	13C-50T	14C-43L	17C-38T	18C-5T	18C-16L	
Contract Term	2 years 2/21/11 thru 2/22/13	3 years 10/31/11 thru 10/30/14	3 years 9/28/12 thru 9/27/15	3 years 3/28/13 thru 3/27/16	3 years 10/31/14 thru 10/30/17	3 years 5/24/17 thru 5/23/20	2 years 10/2/17 thru 10/1/19	3 years 10/31/17 thru 10/30/17	
Estimated Annual Financial Impact to District	\$250,000.00	\$3,000,000.00	\$30,000.00	\$40,000.00	\$2,000,000.00 Increase requested \$1,500,000.00 9/16/15	\$250,000.00	\$250,000.00	\$3,500,000.00	
Option to Renew	3 additional one year periods	NO	2 additional one year periods	2 additional one year periods	NO	NO	3 one year periods	2 additional one year periods	
Option to Renew Exercised	1 st Renewal: 2/21/13 thru 02/14/14 for \$100,000.00 2 nd Renewal: 2/21/14 thru 2/20/15 not to exceed \$85,000.00 (additional increase of \$200,000.00 was requested on 11/18/14) 3 rd Renewal: 2/21/15 thru 2/20/16 not to exceed \$450,000.00		1 st Renewal: 9/28/15 thru 9/27/16, not to exceed \$135,000.00 2 nd Renewal: 9/28/16 thru 9/27/16, not to exceed \$50,000.00						
Services to be provided/performed for contract and renewals	Purchase and install indoor/outdoor walk-in freezers/coolers	Purchase, install parts, and repair culinary arts equipment	Purchase, install and repair washers, dryers, and refrigerators	Maintenance and repairs to Soriat Pulpers	Install OEM parts and repair culinary arts equipment and school food services cafeterias.	Purchase and install indoor and outdoor walk-in freezers/coolers	Installation and repair of HVAC lights	Installation and repairs of cafeteria and culinary arts equipment	
Source(s) of Funding	School Food Services Budget	Various school department budgets	Various school department budget	School Food Services Budget	School Food Service Budget	School Food Services Budget	Capital Maintenance Transfer Budget	School Food Services Budget	
Actual Financial Impact to District per District's Account Payable Office	\$376,875.08	\$980,424.00	\$135,249.31	\$12,907.41	\$808,767.98	\$250,000.00	\$250,000.00	\$3,500,000.00	

ALLEGATIONS AND FINDINGS¹

1. Advanced Case Parts altered an invoice from a subcontractor (Parts Town, LLC), to receive a higher payment from the District. *Unsubstantiated.*
2. Advanced Case Parts received two \$5,000 overpayments from the District and did not report the overpayments to the District. *Unsubstantiated.*
3. Advanced Case Parts inflated the number of service hours worked to increase the cost of labor. *Unsubstantiated.*
4. Advanced Case Parts created fake invoices. *Unsubstantiated.*
5. Advanced Case Parts received used salvage parts and charged the District the full price of brand new parts. *Unsubstantiated.*
6. Advanced Case Parts marked up cost of replacement parts by 40%. *Unsubstantiated.*
7. The District does not request a “Demand-of-Receipt” to show services were provided by Advance Case Parts. *Unsubstantiated.*

GOVERNING DIRECTIVES

- **School Board Policy 1.092 Inspector General**
- **School Board Policy 3.02 Code of Ethics**
- **School Board Policy 6.14(4)(b)(ii)(a) Purchasing Department**
- **School District Vendor Contracts with Advance Case Parts (11C-2T; 12C-15L;13C-16L; 13C-50T; 14C-43L; 17C-38T; 18C-16L)**
- **Broward County Records - Clerk of Court, & Property Appraisal**
- **Florida Secretary of State Documents on Sunbiz.Org – Advance Case Parts**
- **Advance Case Parts Invoice Receipts**

ALLEGATION 1: EVIDENCE AND TESTIMONY

Allegation: Advanced Case Parts altered an invoice from a subcontractor (Parts Town, LLC), to receive a higher payment from the District.

Testimony of Anonymous Source

Advance Case Parts altered a “Parts Town LLC” invoice and submitted a physically different invoice to the Palm Beach County School District for payment.

¹ The OIG findings were determined using the standards that appear on the signature page at the end of this report.

Testimony of Private Investigator Ralph Hall

Mr. Hall provided OIG staff two invoices from Parts Town, LLC. Mr. Hall stated that the two invoices from Parts Town do not contain the same letterhead. Mr. Hall alleged that one of the invoices is correct and the other was altered by Advance Case Parts to generate a replacement part invoice at a higher cost than the manufacturer's price. Mr. Hall stated that Advance Case Parts subsequently charged the District for the part at the higher price. Mr. Hall advised that the Parts Town invoice number was #6691041.

Testimony of Shane Stoneham

Palm Beach County School District Senior Technician Shane Stoneham stated that his office reviews all invoices from Advance Case Parts. Mr. Stoneham said that he had no records indicating that Advance Case Parts received an increased payment for replacement parts from Parts Town.

Testimony of Edward Hude

Mr. Hude stated that Advance Case Parts uses Parts Town and other like businesses to obtain replacement parts. Parts Town is a replacement parts company used by Advance Case Parts to acquire replacement parts to install in some of the District's food service equipment. Mr. Hude added that Advance Case Parts uses two methods to order and pay for replacement parts from Parts Town. The first method is that staff contacts Parts Town via phone and pays for the requested part with an Advance Case Parts credit card. The second method is that a staff person will order a replacement part using via email, Parts Town then generates an invoice, and then emails the invoice to Advance Case Parts. Mr. Hude reviewed a copy of the alleged altered invoice #6691041. Mr. Hude denied ever altering any invoices to receive a higher payment from the District.

Testimony of Paul Podhurst

Mr. Podhurst reviewed a copy of invoice #6691041. Mr. Podhurst denied creating or altering the invoice.

Testimony of Parts Town Account Manager Joseph Moore

Mr. Moore stated the account #6691041 appears to be an old account-number with no orders on it.

Testimony of Linda Riley Sue

Ms. Riley-Sue stated she has never altered any invoices so Advance Case Parts would receive a higher payment from the District. Ms. Riley-Sue added that she did not know of any Advance Case Parts employee ever altering invoices in order to receive a higher payment from the District.

Documents Reviewed

The two invoices:

- Parts Town LLC, Invoice #345562, dated October 24, 2015, for \$734.97 (PBCSD)
- Parts Town, LLC, Invoice # 6691041. (Sarasota County)

On June 29, 2017, and October 16, 2017, the OIG sent an email to Parts Town Account Manager Joseph Moore requesting a detail spreadsheet of all transactions with Advance Case Parts between August 2015 and February 2016 and between August 2016 and February 2017. Mr. Moore emailed an excel spreadsheet showing invoice transactions between Parts Town and Advance Case Parts.

The spreadsheet showed 897 transactions:

- Parts Town invoice #345562 dated October 24, 2015, for \$734.97 was a true invoice and was verified by Mr. Moore.
- Parts Town invoice #6691041 had multiple discrepancies:
 - There is no legible or visible date.
 - The letterhead is different from the Parts Town letterhead.
 - The account-number for Advance Case Parts is not an Advance Case Parts account number.
 - The account number did not cross-reference with the excel spreadsheet provided by Mr. Moore.

Additional Investigative Activity

The OIG reviewed the invoices provided by Mr. Hall. The review revealed that invoice #6691041 was an invoice that was submitted to Sarasota County not the School District of Palm Beach County. The OIG confirmed through the District that invoice #6691041 was not received or paid by the School District of Palm Beach County.

Based on the information obtained and records reviewed, the OIG determined that the allegation that Advanced Case Parts altered an invoice from a subcontractor (Parts Town, LLC), to receive a higher payment from the District was ***Unsubstantiated.***

ALLEGATION 2: EVIDENCE & TESTIMONY

Allegation: Advanced Case Parts received two \$5,000 overpayments from the District and did not report the overpayments to the District.

Testimony of Anonymous Source

Advance Case Parts received an overpayment of \$5,000 from the District and did not notify the School District about the payment or return the \$5,000 to the District. The money was deposited into the Advance Case Parts bank account. The anonymous source alleged that between August 3, 2016, and January 17, 2017, the District paid Advance Case Parts \$8,309 when the cost of services billed was \$3,309. Additionally, the anonymous source said that on a separate occasion the District paid Advance Case Parts \$5,585 when the cost of the services billed was \$585.

Testimony of Private Investigator Ralph Hall

Mr. Hall stated Advance Case Parts might have received a payment from the District totaling \$8,309 sometime between August 3, 2016 and January 9, 2017, when the actual cost should have been \$3,309.

Testimony of Ward Hude

Mr. Hude stated he was not aware of ever receiving a \$5,000 overpayment from the District for services rendered.

Testimony of Paul Podhurst

Mr. Podhurst stated he was not aware of ever receiving a \$5,000 overpayment from the District for services rendered.

Documents Reviewed

An investigative review revealed that between August 3, 2016 and January 17, 2017, there were 578 financial transactions between Advance Case Parts and the Palm Beach County School District. There were no invoices or transactions in the amounts of \$8,309 or \$3,309.

A review of School District records revealed that the District overpaid Advance Case Parts \$5,000. Advance Case Parts billed the District \$585 for a nine-hour service call at \$65 per hour. The District erroneously paid Advance Case Parts \$5,585 on October 26, 2016. The District later detected the overpayment. On October 30, 2016, the District's Account Payables Office corrected the payment to reflect the overpayment and the money was returned.

Based on the information obtained, the OIG determined that the allegation that Advanced Case Parts received two \$5,000 overpayments from the District and did not report the overpayments to the District was ***Unsubstantiated***.

ALLEGATION 3: EVIDENCE & TESTIMONY

Allegation: Advanced Case Parts inflated the number of service hours worked to increase the cost of labor.

Testimony of Anonymous Source

The anonymous source alleged that Advance Case Parts is not paid for travel costs, but Mr. Hude has instructed all the technicians to re-coup travel cost by “selling time.” According to the anonymous source, “selling time” means falsifying work orders submitted by inflating the number of hours it takes to complete a job. For example, a technician could falsify a work-order by stating it takes one hour to complete a job, when it takes only 15 minutes to complete the job. The actual cost of the job should be \$16.25. According the source, the Advance Case Parts hourly billing rate is \$65 per hour. Advance Case Parts would charge \$65 for the services rendered, which is a \$48.75 markup from the actual cost of \$16.25.

The anonymous source also alleged that an example of fraud committed by Advance Case Parts is that technicians travel to District facilities to perform diagnostic tests. After completion of the diagnostic tests, the technician travels back to the office for a period-of-time. The technician then returns to the school to complete the repairs. This is how Advance Case Parts recoups their travel cost for charging the District for its initial visit to the school and follow-up visits thereafter at a rate of \$65 an hour.

Testimony of Genell McMann

Ms. McMann stated vendors provide hourly service tickets to the maintenance departments that reflect hours worked on each job site. The Facility Maintenance Coordinators (FMC) periodically stop by school sites to monitor and verify work is ongoing.

The OIG contacted Purchasing Manager Genell McMann. Ms. McMann was asked if the District has a procedure that governs vendors reporting to schools to provide maintenance repairs. Ms. McMann was also asked to explain how the District tracks the number of hours a vendor may have worked at a school. Ms. McMann was also asked if outside vendors must show or provide a ‘Demand-of-Receipt’ to the District.

Ms. McMann responded via email with the following:

- “Term Contracts for maintenance repairs require vendors to provide itemized invoices that reflect pricing for parts, labor, freight, etc., to provide a complete accounting of services performed.”
- “The prices submitted must reflect the pricing offered in the vendor’s response to the bid. Pricing is verified by District staff.”
- “Vendors provide hourly service tickets to the maintenance department that reflect hours worked on each job.”

- “Facility Maintenance Coordinators (FMC) periodically stop by job sites to verify work is ongoing, and when the job is complete, the FMC verifies that all work has been completed to the satisfaction of the District.”
- “Vendors are required to sign-in before entering school property. This is a requirement of the Jessica Lunsford Act. All Vendors are required to have background checks and vendor badges prior to entering District schools.”

Testimony of Former District Project Coordinator Dave Trogdon

Mr. Trogdon stated there is an onsite district employee on all school campuses to receive, verify, and monitor services conducted by Advance Case Parts. Mr. Trogdon further said that he reviews all invoices submitted by Advance Case Parts regarding labor cost. Mr. Trogdon then reviews a web site called “Labor Hour Reference” which shows the maximum length of time it should take a technician to complete a service call. Mr. Trogdon stated he has an extensive background with foodservice equipment and can quickly determine if a vendor is trying to inflate labor costs. Mr. Trogdon stated he did not observe any Advance Case Parts invoices with inflated labor costs.

Mr. Trogdon stated Advance Case Part’s vehicles have GPS systems, which, track the time of arrival and departure from a facility. This allows his office to scrutinize any invoices that might be questionable. Mr. Trogdon stated he reviews all Advance Case Parts invoices for compliance and can quickly determine if an invoice is inflated.

According to Mr. Trogdon the District procedure for monitoring repair/installation services from Advance Case Parts are:

- An Advance Case Parts technician responds to a school after contacted by the District Project Manager Team.
- The technician signs-in to the school’s registrar and is escorted to the cafeteria to conduct repairs.
- A food service staff will be onsite inside the cafeteria to receive the technician and show him or her to the equipment that needs repairs.
- The food service or custodial staff are not contractually mandated to monitor a repair technician while repair services are conducted. If services are required after hours, then a custodial staff will be onsite to escort the technician to the cafeteria
- After the technician completes the job, a work order/invoice receipt is generated by the technician and provided to the onsite food service staff who forwards the invoice to the food service director. The director has a team to review the invoices and enter the information into the school’s Tririga system.
- If the District has a problem with the technician’s length of time to complete a service repair, or any other concerns, the District Project Manager will contact Advance Case Parts Central Office via phone to discuss the labor cost, and request a review of the technician’s GPS system that tracks the actual time it took the technician to complete repairs. The actual time a technician takes to complete a job may be referenced from Labor Hour Reference

guide to show how long it should take a technician to complete a repair or installation of replacement parts.

Testimony of District Accounts Payable Manager Bob Rucinski

Mr. Rucinski stated once the invoice has been verified and reviewed by Dave Trogdon, a copy of the invoice is sent to the Accounts Payable Office for processing. A payment to Advance Case Parts is then made.

Testimony of Shane Stoneham

Shane Stoneham explained that there are times when a technician may not have the required part to repair an item. The technician may need to return to the office to get the required part or need to order the part at the office. This process is unfortunately included in the labor cost, which at times increase cost of services.

Testimony of Edward Hude

Mr. Hude stated that his technicians never respond to schools to only conduct diagnostic tests.

Testimony of Paul Podhurst

Mr. Podhurst stated he has never authorized his technicians to respond to schools to only conduct diagnostic tests.

Based on the information obtained, the OIG determined that the allegation that Advanced Case Parts inflated the number of service hours worked to increase the cost of labor was ***Unsubstantiated.***

Although the allegation was unsubstantiated, the information obtained determined that the District does not have a designated school employee on campus to oversee an Advance Case Parts technician while he or she is conducting repairs. Former Project Manager Dave Trogdon stated there is always a District employee on school campus to ensure that the repairs are completed appropriately. The District employee Mr. Trogdon is referring to is usually a food service employee.

It is recommended that the school employee designated have the skills and knowledge to be able to determine if the repairs or installations were completed correctly.

ALLEGATION 4: EVIDENCE & TESTIMONY

Allegation: Advanced Case Parts created fake invoices.

Testimony of Anonymous Source

The anonymous source stated that Head of Accounts Linda Sue, makes up fake invoices to benefit Advance Case Parts.

Testimony of Genell McMann

Ms. McMann stated a Facility Maintenance Coordinator (FMC) periodically verifies the vendor's work to determine if services were completed adequately.

Testimony of Dave Trogdon

Mr. Trogdon stated a School District employee is always on a school campus to monitor and verify the work was completed and the invoice details the work provided. Mr. Trogdon stated his office reviews all Advance Case Parts invoices before payment for services is approved. Mr. Trogdon said that he has not seen any fake invoices.

Documents Reviewed

The OIG reviewed the 578 invoices received by the District between August 3, 2016 and January 17, 2017. The review did not reveal any invoices that appeared to be fake.

The OIG completed a random comparison of ten invoices received by the District with invoices provided to Advance Case Parts by Parts Town. The review confirmed that all the invoices randomly selected were authentic and had not been altered.

Based on the information obtained the OIG determined that the allegation that Advance Case Parts created fake invoices was ***Unsubstantiated.***

ALLEGATION 5: EVIDENCE & TESTIMONY

Allegation: Advanced Case Parts received used salvage parts and charged the District the full price of brand new parts.

Testimony of Anonymous Source

The anonymous source alleged that Advance Case Parts salvages used parts from old appliances that are no longer operational, and installs the used salvage parts into appliances that need repairs at District facilities. Advance Case Parts then charges the District for the cost of a new part.

Testimony of Former Project Coordinator Dave Trogdon

Former Project Coordinator Dave Trogdon stated that, to the best of his knowledge, all the parts used by Advance Case Parts to make repairs were new. The contract states that replacement parts must be new.

Testimony of Edward Hude

Mr. Hude denied that Advance Case Parts ever installed used parts when making repairs. Mr. Hude confirmed that all School District food service equipment that need repairs are serviced with new parts.

The anonymous source was not able to provide any specifics regarding which repairs were made with salvage parts. As a result, the OIG could not complete a review to determine if Advance Case Parts was installing used parts to Palm Beach County School District Food Service Cafeteria and culinary arts equipment.

Based on the testimony obtained, the OIG determined that the allegation that Advanced Case Parts received used salvage parts and charged the District the full price of brand new parts was *Unsubstantiated*.

ALLEGATION 6: EVIDENCE & TESTIMONY

Allegation: Advanced Case Parts marked up cost of replacement parts by 40%.

Testimony of Anonymous Source

Subcontractors such as, Champion, John Stone, and Parts Town, LLC give Advance Case Parts a 40% discount off the price of the replacement parts. Advance Case Parts then charges the District the full cost for the replacement part.

The OIG reviewed the 578 Advance Case Parts invoices from August 3, 2016 thru January 17, 2017. The review revealed that that Advance Case Parts purchased replacement parts from various sources and that Advance Case received discounts from various OEM sources. The discounts ranged from 0% to 12% and the discounts were passed on to the District as required in the contract.

The OIG completed a random Internet review of over 100 replacement parts and compared them to the costs Advance Case Parts charged the District for the parts. The random review of replacement parts did not reveal a substantial mark-up for replacement parts as alleged by the anonymous source.

Based on the information obtained, the OIG determined that the allegation that Advanced Case Parts marked up cost of the installation of appliances or replacement parts by 40% was *Unsubstantiated*.

ALLEGATION 7: EVIDENCE & TESTIMONY

Allegation: The District does not request a “Demand of Receipts” to show services were provided by Advance Case Parts.

Testimony of Anonymous Source

The anonymous source said that other Florida counties (Sarasota and Orange) who receive services from Advance Case Parts request a demand-of-receipts for services provided. The District does not request a Demand of Receipts for services provided by Advance Case Parts.

Testimony of Former District Project Coordinator Dave Trogdon

Mr. Trogdon stated that after a technician completes a job, the technician generates a work order/invoice. The technician provides the invoice to the onsite food service staff who forwards the invoice to the food service director. The director has a team to review the invoices and enter the information into the school’s Tririga system.

Documents Reviewed

Contract 14C-43L, Paragraphs O & P

“Payment will not be processed until the following occurs: (1) the complete and satisfactory receipt of all items ordered. All pricing in accordance with the bids (2) the receipt of a billed invoice in the accounting Services Department. Invoices to the School Board MUST include the following to permit verification of prices and expedite payment to vendors: (1) Name and Address of Vendor. (2) A unique invoice number. (3) Date of shipment. (4) Purchase order number. (5) Manufacturer. (6) Manufacturer Part Number(s) as applicable. (7) Manufacturers list price. (8) Equipment serial number, as applicable. (9) Discount percentages submitted with the bid. (10) Extended total for each line item (Manufacturers List Price minus the Discount). (11) Labor rate as applicable. (12) School Name, as applicable. (13) A copy of the first invoice for this contract shall be sent to the Purchasing Agent for review. Invoice copy and packing slip must be presented at time of delivery. Original invoice must be sent to accounting services or submitted electronically.”

The OIG reviewed the District “Image Quest Program.” The review revealed that Advance Case Parts honored its required contractual obligations of correctly submitting invoices to the District for payment. The 13-above mentioned mandatory requirements to complete an invoice submission

or request for payment to the District shows full adherence to the preconditions for payment processing in Contract #14C-43L.

The OIG found that the District has thirteen requirements to complete invoices. Based on the information obtained during this investigation the OIG determined that, Advance Case Parts provided on-site invoices and has complied with the contract requirements.

Based on the information obtained, the OIG determined that although the District does not use the term "Demand of Receipts," it does require specific information prior to paying invoices thus, the allegation that The District does not request a "Demand of Receipt" to show services were provided by Advance Case Parts was *Unsubstantiated*.

RECOMMENDATIONS

The information provided by Mr. Trogon about the steps the District uses to monitor Advance Case Parts technicians presents a level of concern. The District should reevaluate its current procedures and create additional controls to deter potential fraud and show transparency.

AFFECTED PARTY NOTICE

In accordance with *School Board Policy 1.092 (8)(b)(iv)*, on February 12, 2018, Advance Case Parts owners were notified of the investigative findings and provided with an opportunity to submit a written response to these findings. As of March 13, 2018, no responses were received from Advance Case Parts owners Edward Hude or Paul Podhurst.

DISTRIBUTION

Donald E. Fennoy II, Superintendent
Palm Beach County School Board Members
Audit Committee Members
OIG file

Investigation Conducted by:

Robert Sheppard, CIGI, Senior Investigator


Date 4/9/18

Investigation Supervised by:

Oscar Restrepo, CIGI, Director of Investigations


Date 4/9/18

Investigation Approved by:

K. Lung Chiu, CIG, Inspector General


Date 4/9/18

The evidentiary standard used by the School District of Palm Beach County OIG in determining whether the facts and claims asserted in the complaint were proven or disproven is based upon the preponderance of the evidence. Preponderance of the evidence is contrasted with “beyond a reasonable doubt,” which is the more severe test required to convict a criminal and “clear and convincing evidence,” a standard describing proof of a matter established to be substantially more likely than not to be true. OIG investigative findings classified as “substantiated” means there was sufficient evidence to justify a reasonable conclusion that the actions occurred and there was a violation of law, policy, rule, or contract to support the allegation. Investigative findings classified as “unfounded” means sufficient evidence to justify a reasonable conclusion that the actions did not occur and there was no violation of law, policy, rule, or contract to substantiate the allegation. Investigative findings classified as “unsubstantiated” means there was insufficient evidence to justify a reasonable conclusion that the actions did or did not occur and a violation of law, policy, rule, or contract to support the allegation could not be proven or disproven.