CITY OF
FORT LAUDERDALE
CITY AUDITOR'S OFFICE

Audit of the IPS Group, Inc. Contract (Parking Meter Contract)

Report #23/24-3

July 2, 2024

CITY OF
FORT LAUDERDALE

CITY AUDITOR'S OFFICE

Memorandum No: 23/24-7

Date: July 2, 2024

To: Honorable Mayor and Commissioners

From: Patrick Reilly, CPA
City Auditor

Re: Audit of the IPS Group, Inc Contract (Parking Meter Contract)

Objective

The objective of this audit was to determine whether the IPS Group, Inc. (IPS) is fulfilling its obligation per the terms and conditions outlined in the contract.

Conclusion

The City Auditor's Office (CAO) found that internal controls related to the administration and oversight of the IPS contract need to be enhanced, implemented appropriately, and monitored more diligently.

Scope and Methodology

The audit included an examination of 100% of invoices and any associated documents during the audit period of January 2021 through August 2023 and a review of related internal controls.

The CAO assessed internal controls using May 2013 updated Internal Control—Integrated Framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework defines internal control, describes the components of internal control and underlying principles, and provides direction for all levels of management in designing and implementing internal control and assessing its effectiveness. The five components of the COSO framework are control environment, risk assessment, control activities, information and communication, and monitoring activities. The audit methodology included but was not limited to:

- Reviewing prior and/or related audits;
- Reviewing applicable laws and regulations;
- Reviewing policies and procedures;
- Reviewing best practices;
- Reviewing contracts;
- Interviewing appropriate personnel;
- Performing process walk-throughs and tests of controls;
- Performing analysis of data; and

- Performing detailed testing of transactions and records.

The CAO has identified five (5) Findings during the audit. A Finding results from a failure to comply with laws and regulations, policies and procedures, contracts, and fundamental internal control practices. An Observation represents an opportunity to improve the design and/or functionality of an existing internal control. The audit's findings are deficiencies that need to be rectified promptly. See Exhibit 1 (page 16) for categories of findings.

This audit was conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS). These 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 objectives. The CAO believes the evidence obtained provides a reasonable basis for our conclusions.

Background

The City of Fort Lauderdale (City) provides various services to its residents and visitors, including parking facilities. The Transportation and Mobility Department (TAM), specifically the Parking Services Division (Parking), operates and maintains approximately 11,000 parking spaces around the City, with estimated annual revenue of $1,800 per parking space, or estimated total annual revenue of $19.8 million.

Parking is continuously looking for ways to provide neighbors and visitors alike with improved technology that is easy and safe. Therefore, in January 2021, the City signed a four-year agreement with IPS to update its meter technology. IPS, a San Diego-based company, is a leader in the parking technology industry, with two (2) decades of experience and over 300 municipal clients worldwide. The City agreed to pay a base price of $485 for single-space meters and $5,950 for multi-space meters, with shipping, warranty, and optional features added to the base.

As of the time of the audit, approximately 120 single-space, and 160 multi-space IPS meters were operating across the City, an investment of approximately $1.5 million.

See Exhibit 6 (page 29-30) for a description of the equipment.

Table of Contents

Audit Conclusion, Objective, Scope and Methodology, and Background 1-2

FINDINGS

Finding 1 - Insurance coverage is inconsistent with the requirements of the contract 5-7

Finding 2 - Current SSAE 18, SOC 2, Typer II report was not provided as required 8-9

Finding 3 - Invoicing was inconsistent with the requirements of the contract 10

Finding 4 – Inconsistent application of internal controls over purchasing, delivery, and payment 11-12

Finding 5 - Invoices were not routed to the appropriate parties to be processed in a timely manner 13-14

EXHIBITS

Exhibit 1 - COSO Framework and Finding Categories 16

Exhibit 2 - Agreement for Parking Meter Technology, with Maintenance and Support (Excerpt) 17

Exhibit 3 - Solicitation #12342-805 (Excerpt) 23

Exhibit 4 - BuySpeed User Manual (Excerpt) 25

Exhibit 5 - § 218.74, Florida Statutes (Excerpt) 27

Exhibit 6 - IPS Products 29

Appendix - Acronyms 31

FULL TEXT OF MANAGEMENT RESPONSES 32

FINDINGS

Finding 1 – Insurance coverage is inconsistent with the requirements of the contract.

Condition

Upon examination of IPS' 2023-2024 insurance certificates, the CAO identified the following discrepancies:

- Commercial General Liability – the policy must include coverage for Contractual Liability and Independent Contractors; however, there is no mention of these on the face of the certificate.
- Business Automobile Liability – the City should be named as Additional Insured, but it is not.
- Cyber Liability – the coverage does not meet the contract terms, and the City is not named as Additional Insured.
- Fidelity/Dishonesty and/or Commercial Crime – the City is not named as Additional Insured.
- Professional Liability and/or Errors and Omissions – no coverage.
- Umbrella/Excess – the City is not named as Additional Insured.

Auditor Note:

The CAO also examined IPS' 2020-2021, 2021-2022, and 2022-2023 insurance certificates, revealing similar issues, but these were not included here in. In addition, the insurance requirements included in the solicitation are significantly different than the requirements included in the final contract.

Criteria

The contract specifies the types and minimum levels of insurance coverage that the IPS Group is obligated to maintain throughout the contract (Exhibit 2):

- Commercial General Liability:
  - $10,000,000 for each occurrence and $10,000,000 aggregate for Bodily Injury, Property Damage, and Personal and Advertising Injury, and
  - $10,000,000 each occurrence and $10,000,000 aggregate for Products and Completed Operations.

  Additionally, the policy must include coverage for Contractual Liability and Independent Contractors and the City, its officers, employees, and volunteers as additional insured.

- Business Automobile Liability:
  - $1,000,000 combined single limit, each accident, for Bodily Injury and Property Damage for all Owned, Hired, Scheduled, and Non-Owned vehicles.

- Cyber Liability:
  - $10,000,000 per loss for negligent retention of data as well as notification and related costs for actual or alleged data breaches.

- Fidelity/Dishonesty and/or Commercial Crime
  - $3,000,000 per loss for dishonest acts of IPS employees, including, but not limited to, theft of money, personal property, vehicles, materials, supplies, equipment, tools, etc.

- Professional Liability and/or Errors and Omissions:
  - $10,000,000 each claim and $10,000,000 aggregate for Wrongful Acts.

- Workers' Compensation and Employer's Liability:
  - Coverage must be afforded under Chapter 440, Florida Statutes.

The City shall be named additional insured on all liability policies except Workers' Compensation.

Cause
TAM did not ensure the contract terms were met.

Effect
IPS' non-compliance with the insurance requirements may expose the City to financial risk, among other risks, in the event of an accident, damage, or liability issue.

Recommendations:
The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish such uniform guidance to minimize risks, improve efficiency, maintain compliance, and foster good relationships. This guidance should be provided to departments upon signing a contract. It should standardize practices and outline expectations, reducing the risk of errors and oversight.

Furthermore, the CAO recommends that the City Manager work with the respective departments to train staff on how to proactively monitor their respective contracts.

Finally, the CAO recommends that the City Manager instruct the Director of TAM to require IPS to provide updated certificates of insurance and to work with the Director of Human Resources, specifically the Risk Management Division to ensure that these certificates meet the contract requirements.

Management Response:
Management concurs with this finding. The Transportation & Mobility Department had initial insurance documents but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current proof of insurance documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Auditor Note:
TAM staff provided copies of the updated insurance certificates which name the City as Additional Insured on the Umbrella/Excess policy. However, the certificates do not

address the other issues identified in the report. If any of the original terms necessitate a change due to evolving market conditions, the decision to amend the contract rests with the City Manager.

Finding 2 – Current SSAE 18, SOC 2, Type II report was not provided as required.

Condition
The SSAE 18, SOC 2, Type II reports covering the period from January 2021 to September 2021 and from October 2022 to present were not provided. IPS provided only one report covering the period October 1, 2021 to September 30, 2022.

> **Auditor Note:**
> The Statement on Standards for Attestation Engagements No. 18 (SSAE 18) is an auditing standard which governs the way organizations perform audits on various internal systems and controls. The resulting System and Organization Controls (SOC) reports are broken down into three versions:
> - SOC 1 reports – address an organization's internal controls over financial reporting;
> - SOC 2 reports – address internal controls over data security, availability, processing integrity, confidentiality, and privacy; and
> - SOC 3 reports – similar to SOC 2 reports, but less detailed.
>
> A SOC 2, Type I report evaluates an organization's controls at a single point in time.
>
> A SOC 2, Type II report is a report that provides an in-depth evaluation of a service organization's controls – whether they are suitably designed and effectively operated during a period. The report is issued by an independent auditor who provides assurance to clients and stakeholders, like the City, about an organization's security, availability, processing integrity, confidentiality, and privacy controls.

Criteria
Section 2.44 of the Solicitation (Exhibit 3) asked the contractors to give an SSAE 18, SOC 2, Type I report with their proposals, and for the successful candidate, to provide an SSAE 18, SOC 2, Type II report annually during the contract term.

Cause
The lack of proper documentation can be attributed to TAM staff's unfamiliarity with the terms of the contract, as well as the vendor's responsibilities, and lack of proper contract management.

Effect
A lack of confidence in IPS' ability to provide and maintain security, availability, processing integrity, and privacy could lead to unintended consequences, such as data breaches.

Recommendations:
The CAO recommends that the City Manager instruct the Director of TAM to obtain a current SOC 2, Type II report from IPS, and stress the importance of abiding by the contract terms.

In addition, uniform guidance for managing contracts and related training will help alleviate such issues.

Management Response:
Management concurs with this finding. The Transportation & Mobility Department had initial SSAE 18, SOC 3, Type II reports but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current and missing documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Auditor Note:
TAM staff provided a copy of the current SOC 2, Type II report for the period October 1, 2022 to September 30, 2023, and a gap letter for the period October 1, 2023 to March 18, 2024, the date of the letter.

Finding 3 – Invoicing was inconsistent with the requirements of the contract.

Condition
The CAO examined all invoices submitted to the City for payment and noted that in four (4) instances IPS invoiced the City and those invoices were paid in full before service was completed.

- In one of the four instances, the City paid $1,340 in September 2022 for the installation of sixty-seven (67) single-space meters, of which nineteen (19) were still in storage in October 2023.
- In another, the City paid $20,800 in August 2022 for the installation of one hundred and four (104) multi-space meters, of which one (1) is still in storage in October 2023.

Criteria
According to Section V of the Contract, p. 2 (Exhibit 2), IPS may submit invoices for compensation only after the services for which the invoices are presented have been completed.

Cause
According to TAM staff, road construction interfered with the installation schedule.

Effect
Non-compliance with the contract terms diminishes the City's ability to verify performance and prevent overbilling.

Recommendations:
The CAO recommends that the City Manager instruct the Director of TAM to provide training to staff to scrutinize invoices more closely and pay only for services already provided to the City.

Management Response:
Management concurs with this finding. The findings identified a unique situation in which the goods were received but services (installation) couldn't occur due to conflicting site needs, resulting in an immaterial cost impact to the contract. Management will provide additional training.

Finding 4 – Inconsistent application of internal controls over purchasing, delivery and payment.

Condition

Since the inception of the relationship between the City and the IPS Group in January 2021, there have been fourteen (14) shipments of meters and/or spare parts delivered to the City. The CAO examined the source documents related to these shipments, including the master purchase order, quotes, requisitions, purchase orders (POs), electronic receipts (in the absence of original receiving documents), and invoices, noting the following:

- Incomplete requisitions/POs/receipts – two (2) requisitions and the corresponding POs and receipts did not include parts with $0 unit cost that were quoted and shipped to the City.
- Incorrect requisitions/POs/receipts – six (6) requisitions and the corresponding POs and receipts included parts that were set up with the incorrect quantity and unit cost. Details on the corresponding invoices did not match, yet, they were approved for payment by TAM staff and processed by the Accounts Payable Division (Accounts Payable).

Furthermore, the CAO noted that the quotes and the invoices were inconsistent – some were itemized, and others were not. Finally, the CAO also noted that one invoice included incorrect information, yet it was approved for payment by TAM staff and processed by Accounts Payable.

Auditor Note:
CAO examined documents in BuySpeed (BSO) and INFOR but did not have access to the already decommissioned FAMIS.

Criteria

Master Blanket Purchase Order # PP210817 was created on January 5, 2021, and includes descriptions of the equipment and services, along with the negotiated costs. It serves as the basis for requisitions and POs. According to the BSO User Manual, p. 42 (Exhibit 4), once an order is received, administrative staff needs to coordinate with field staff, either via paper or e-mail, to obtain information about what was received, and create an electronic receipt, which signals to the Accounts Payable Division that it may pay the vendor. Before a payment is made, the quantity, unit price, and extended price on the PO, receipt, and invoice should equal.

Auditor Note:
The 3-way match is a crucial process in accounting and procurement at controlling purchases and ensuring their accuracy. It involves verifying an invoice by cross-referencing it with two other documents:

- Purchase Order (PO) – the PO specifies the quantity of items or services to be purchased and the agreed cost.
- Receiving document – this document confirms that the purchased goods were delivered to their destination.

The goal is to ensure that all relevant details across these three documents match.

Cause
Accounts Payable worked off the report generated from the receipts, focusing their attention on the total of each invoice since the department had already approved the receipts.

Effect
The records created in the system are incorrect and do not reflect the transactions they are supposed to represent.

> **Auditor Note:**
> Creating requisitions/POs/receipts with the correct quantities and unit prices is the first step in ensuring the accuracy of inventory and financial records, identifying and resolving discrepancies, preventing theft and loss.

Recommendations:
The CAO recommends that the City Manager instruct the Directors of Finance to provide a City-wide training on what controls are and why they are important in the day-to-day operations of the City, and to direct her staff to perform the 3-way match.

Also, the CAO recommends that the City Manager instruct the Director of TAM to require his staff to be more diligent in the exercise of their assigned duties.

Management Response:
Management concurs with this finding. Transportation and Mobility staff utilized the inverted purchase method for the commodity by entering a single line item with a total cost rather than a line-item breakdown including quantities. Management agrees that the 3-way match process, which is an automatic process that is imbedded in the Infor ERP for payments on purchase orders, would have been more efficient if the purchase order was line-item based. Management will provide citywide training on when to use the inverted purchase methodology.

Finding 5 – Invoices were not routed to the appropriate parties to be processed in a timely manner.

Condition
Since the inception of the relationship between the City and the IPS Group in January 2021, forty-four (44) invoices were submitted for payment. The CAO noted that thirty-eight (38) of the forty-four (44) invoices, or eighty-six percent (86%), were originally submitted only to TAM. No evidence was provided to show that, upon receipt, TAM staff forwarded these invoices to Accounts Payable. Instead, they uploaded them into BSO or INFOR when creating electronic receipts, some of which were completed over thirty (30) days after the delivery of goods or services, with one completed sixty-eight (68) days after. After the approval of these electronic receipts, which on a few occasions extended the process even further, AP was notified that they could proceed. The date of approval became the official date on which invoices were received by the City, essentially extending the 45 days provided by law.

Additionally, CAO noted that three (3) of the forty-four (44) invoices, or seven percent (7%), were paid after the 45 days provided by State law.

Criteria
According to the contract, the City must pay the Contractor within forty-five (45) days of receipt of the Contractor's proper invoice, as provided by § 218.74, Fla. Stat. (2012) (Exhibit 5), also known as the Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with requirements set forth in the contract and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. These can be found on the face of POs, specifically the requirement to submit invoices to the Accounts Payable Division.

Cause
The vendor had only TAM staff's contact information when the account was initially set up.

Furthermore, there is a lack of general understanding of the contract terms and City processes, and lack of proactive monitoring of the actions of subordinates.

Effect
Delayed payments to vendors can result in strained vendor relationships, potential breach of contractual terms, and interest fees.

Recommendations:
The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish uniform guidance for administering contracts. Staff should not only understand the terms of their own contracts and how to administer them, but also the effect their actions or inactions have on the work of other departments and the City as a whole.

Management Response:
Management concurs with this finding. The Finance Department's Procurement Division will develop uniform guidance for contract administration.

Auditor Note:
The IPS Group Billing Department updated its distribution list to include Accounts Payable on all invoices.

cc: Susan Grant, Acting City Manager
Anthony Fajardo, Assistant City Manager
Ben Rogers, Acting Assistant City Manager
Laura Reece, Acting Assistant City Manager
Thomas Ansbro, City Attorney
David Soloman, City Clerk
Linda Short, Director of Finance
Milos Majstorovic, Acting Director of Transportation and Mobility
Jerome Post, Director of Human Resources

EXHIBITS

Exhibit 1 - COSO Framework and Finding Categories

The CAO conducted its assessment of internal controls using the May 2013 updated Internal Control—Integrated Framework established by The Committee of Sponsoring Organizations of the Treadway Commission (COSO). The framework defines internal control, describes the components of internal control and underlying principles, and provides direction for all levels of management in designing and implementing internal control and assessing its effectiveness. The five components of the COSO framework are: control environment, risk assessment, control activities, information and communication, and monitoring activities.

A Finding results from a failure to comply with policies and procedures, rules, regulations, contracts and fundamental internal control practices.

A finding is categorized as a "deficiency," a "significant deficiency" or a "material weakness" as defined below:

- *A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis.*
- *A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.*
- *A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis.*

Exhibit 2

AGREEMENT FOR
PARKING METER TECHNOLOGY, WITH MAINTENANCE AND SUPPORT

THIS AGREEMENT, made this 21st day of January 2021, is by and between the City of Fort Lauderdale, a Florida municipality, ("City"), whose address is 100 North Andrews Avenue, Fort Lauderdale, FL 33301-1016, and **IPS Group, Inc., a Pennsylvania corporation,** ("Contractor" or "Company") authorized to transact business in the State of Florida, whose address and phone number are **7737 Kenamar Court, San Diego, California 92121, Email: chad.randall@ipsgroupinc.com, Phone: 858-404-0607.**

NOW THEREFORE, for and in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the City and the Contractor covenant and agree as follows:

WITNESSETH:

I. DOCUMENTS

The following documents (collectively "Contract Documents") are hereby incorporated into and made part of this Agreement:

(1) Request for Proposals No. **12342-805, Parking Meter Technology, with Maintenance and Support,** including any and all addenda, prepared by the City of Fort Lauderdale, ("RFP" or "Exhibit A").

(2) The Contractor's response to the RFP, dated January 22, 2020, ("Exhibit B") for Single Space, Multi-Space, Pay-By-Space, and Multi-Space Pay-By-Plate meters.

All Contract Documents may also be collectively referred to as the "Documents." In the event of any conflict between or among the Documents or any ambiguity or missing specifications or instruction, the following priority is established:

A. First, this Agreement dated January 21, 2021, and any attachments.
B. Second, specific direction from the City Manager (or designee)
C. Third, Exhibit A
D. Fourth, Exhibit B

II. SCOPE

The Contractor shall perform the work under the general direction of the City as set forth in the Contract Documents.

Unless otherwise specified herein, the Contractor shall perform all work identified in this Agreement. The parties agree that the scope of services is a description of Contractor's obligations and responsibilities, and is deemed to include preliminary considerations and prerequisites, and all labor, materials, equipment, and tasks which are such an inseparable part of the work described that exclusion would render performance by Contractor impractical, illogical, or unconscionable.

Contractor acknowledges and agrees that the City's Contract Administrator has no authority to make changes that would increase, decrease, or otherwise modify the Scope of Services to be provided under this Agreement.

By signing this Agreement, the Contractor represents that it thoroughly reviewed the documents incorporated into this Agreement by reference and that it accepts the description of the work and the conditions under which the Work is to be performed.

III. TERM OF AGREEMENT

The initial contract period shall commence on **January 18, 2021 and shall end on January 17, 2025. The City reserves the right to extend the contract for two additional two-year terms,** providing all terms conditions and specifications remain the same, both parties agree to the extension, and such extension is approved by the City. In the event the term of this Agreement extends beyond the end of any fiscal year of City, to wit, September 30th, the continuation of this Agreement beyond the end of such fiscal year shall be subject to both the appropriation and the availability of funds.

IV. COMPENSATION

The Contractor agrees to provide the services and/or materials as specified in the Contract Documents at the cost specified in Exhibit B. It is acknowledged and agreed by Contractor that this amount is the maximum payable and constitutes a limitation upon City's obligation to compensate Contractor for Contractor's services related to this Agreement. This maximum amount, however, does not constitute a limitation of any sort upon Contractor's obligation to perform all items of work required by or which can be reasonably inferred from the Scope of Services. Except as otherwise provided in the solicitation, no amount shall be paid to Contractor to reimburse Contractor's expenses.

V. METHOD OF BILLING AND PAYMENT

Contractor may submit invoices for compensation no more often than monthly, but only after the services for which the invoices are submitted have been completed. An original invoice plus one copy are due within fifteen (15) days of the end of the month except the final invoice which must be received no later than sixty (60) days after this Agreement expires. Invoices shall designate the nature of the services performed and/or the goods provided.

City shall pay Contractor within forty-five (45) days of receipt of Contractor's proper invoice, as provided in the Florida Local Government Prompt Payment Act.

To be deemed proper, all invoices must comply with the requirements set forth in this Agreement and must be submitted on the form and pursuant to instructions prescribed by the City's Contract Administrator. Payment may be withheld for failure of Contractor to comply with a term, condition, or requirement of this Agreement.

Notwithstanding any provision of this Agreement to the contrary, City may withhold, in whole or in part, payment to the extent necessary to protect itself from loss on account of inadequate or defective work that has not been remedied or resolved in a manner satisfactory to the City's Contract Administrator or failure to comply with this Agreement. The amount withheld shall not be subject to payment of interest by City.

VI. GENERAL CONDITIONS

A. Indemnification

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City and the City's officers, employees, volunteers, and agents from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any act or omission by the Contractor or by any officer, employee, agent, invitee, subcontractor, or sublicensee of the Contractor. The provisions and obligations of this section shall survive the expiration or earlier termination of this Agreement. To the extent considered necessary by the City Manager, any sums due Contractor under this Agreement may be retained by City until all of City's claims for indemnification pursuant to this Agreement have been settled or otherwise resolved, and any amount withheld shall not be subject to payment of interest by City.

B. Intellectual Property

Contractor shall protect and defend at Contractor's expense, counsel being subject to the City's approval, and indemnify and hold harmless the City from and against any and all losses, penalties, fines, damages, settlements, judgments, claims, costs, charges, royalties, expenses, or liabilities, including any award of attorney fees and any award of costs, in connection with or arising directly or indirectly out of any infringement or allegation of infringement of any patent, copyright, or other intellectual property right in connection with the Contractor's or the City's use of any copyrighted, patented or un-patented invention, process, article, material, or device that is manufactured, provided, or used pursuant to this Agreement. If the Contractor uses any design, device, or materials covered by letters, patent or copyright, it is mutually agreed and understood without exception that the bid prices shall include all royalties or costs arising from the use of such design, device, or materials in any way involved in the work.

C. Termination for Cause

The aggrieved party may terminate this Agreement for cause if the party in breach has not corrected the breach within ten (10) days after written notice from the aggrieved party identifying the breach. The City Manager may also terminate this Agreement upon such notice as the City Manager deems appropriate under the circumstances in the event the City Manager determines that termination is necessary to protect the public health or safety. The parties agree that if the City erroneously, improperly or unjustifiably terminates for cause, such termination shall be deemed a termination for convenience, which shall be effective thirty (30) days after such notice of termination for cause is provided.

This Agreement may be terminated for cause for reasons including, but not limited to, Contractor's repeated (whether negligent or intentional) submission for payment of false or incorrect bills or invoices, failure to perform the Work to the City's satisfaction; or failure to continuously perform the work in a manner calculated to meet or accomplish the objectives as set forth in this Agreement.

D. Termination for Convenience

The City reserves the right, in its best interest as determined by the City, to cancel this contract for convenience by giving written notice to the Contractor at least thirty (30)

days prior to the effective date of such cancellation. In the event this Agreement is terminated for convenience, Contractor shall be paid for any services performed to the City's satisfaction pursuant to the Agreement through the termination date specified in the written notice of termination. Contractor acknowledges and agrees that he/she/it has received good, valuable and sufficient consideration from City, the receipt and adequacy of which are hereby acknowledged by Contractor, for City's right to terminate this Agreement for convenience.

E. Cancellation for Unappropriated Funds

The City reserves the right, in its best interest as determined by the City, to cancel this contract for unappropriated funds or unavailability of funds by giving written notice to the Contractor at least thirty (30) days prior to the effective date of such cancellation. The obligation of the City for payment to a Contractor is limited to the availability of funds appropriated in a current fiscal period, and continuation of the contract into a subsequent fiscal period is subject to appropriation of funds, unless otherwise provided by law.

F. Insurance

As a condition precedent to the effectiveness of this Agreement, during the term of this Agreement and during any renewal or extension term of this Agreement, the Contractor, at the Contractor's sole expense, shall provide insurance of such types and with such terms and limits as noted below. Providing proof of and maintaining adequate insurance coverage are material obligations of the Contractor. The Contractor shall provide the City a certificate of insurance evidencing such coverage. The Contractor's insurance coverage shall be primary insurance for all applicable policies. All insurance policies shall be from insurers authorized to write insurance policies in the State of Florida and that possess an A.M. Best rating of A-, VII or better. All insurance policies are subject to approval by the City's Risk Manager.

The following insurance policies and coverages are required:

Commercial General Liability
Coverage must be afforded under a Commercial General Liability policy with limits not less than:

- $10,000,000 each occurrence and $10,000,000 aggregate for Bodily Injury, Property Damage, and Personal and Advertising Injury
- $10,000,000 each occurrence and $10,000,000 aggregate for Products and Completed Operations

Policy must include coverage for Contractual Liability and Independent Contractors.

The City and the City's officers, employees, and volunteers are to be covered as additional insureds with a CG 20 26 04 13 Additional Insured – Designated Person or Organization Endorsement or similar endorsement providing equal or broader Additional Insured Coverage with respect to liability arising out of activities performed by or on behalf of the Contractor. The coverage shall contain no special limitation on the scope of protection afforded to the City or the City's officers, employees, and volunteers.

Business Automobile Liability

Coverage must be afforded for all Owned, Hired, Scheduled, and Non-Owned vehicles for Bodily Injury and Property Damage in an amount not less than $1,000,000 combined single limit each accident.

If the Contractor does not own vehicles, the Contractor shall maintain coverage for Hired and Non-Owned Auto Liability, which may be satisfied by way of endorsement to the Commercial General Liability policy or separate Business Auto Liability policy.

Cyber Liability
Coverage must be afforded in an amount not less than $10,000,000 per loss for negligent retention of data as well as notification and related costs for actual or alleged breaches of data.

Fidelity/Dishonesty and/or Commercial Crime
Coverage must be afforded in an amount not less than $3,000,000 per loss for dishonest acts of the Contractor's employees, including but not limited to theft of money, personal property, vehicles, materials, supplies, equipment, tools, etc. Third-party coverage must be included under the policy.

Professional Liability and/or Errors and Omissions
Coverage must be afforded for Wrongful Acts in an amount not less than $10,000,000 each claim and $10,000,000 aggregate.

Contractor must keep insurance in force until the third anniversary of expiration of this Agreement or the third anniversary of acceptance of work by the City.

Workers' Compensation and Employer's Liability
Coverage must be afforded per Chapter 440, Florida Statutes. Any person or entity performing work for or on behalf of the City must provide Workers' Compensation insurance. Exceptions and exemptions will be allowed by the City's Risk Manager, if they are in accordance with Florida Statute.

The Contractor waives, and the Contractor shall ensure that the Contractor's insurance carrier waives, all subrogation rights against the City and the City's officers, employees, and volunteers for all losses or damages. The City requires the policy to be endorsed with WC 00 03 13 Waiver of our Right to Recover from Others or equivalent.

The Contractor must be in compliance with all applicable State and federal workers' compensation laws, including the U.S. Longshore Harbor Workers' Act and the Jones Act, if applicable.

Insurance Certificate Requirements

a. The Contractor shall provide the City with valid Certificates of Insurance (binders are unacceptable) no later than thirty (30) days prior to the start of work contemplated in this Agreement.
b. The Contractor shall provide to the City a Certificate of Insurance having a thirty (30) day notice of cancellation; ten (10) days' notice if cancellation is for nonpayment of premium.
c. In the event that the insurer is unable to accommodate the cancellation notice requirement, it shall be the responsibility of the Contractor to provide the proper notice. Such notification will be in writing by registered mail, return receipt requested, and addressed to the certificate holder.

d. In the event the Agreement term goes beyond the expiration date of the insurance policy, the Contractor shall provide the City with an updated Certificate of Insurance no later than ten (10) days prior to the expiration of the insurance currently in effect. The City reserves the right to suspend the Agreement until this requirement is met.
e. The Certificate of Insurance shall indicate whether coverage is provided under a claims-made or occurrence form. If any coverage is provided on a claims-made form, the Certificate of Insurance must show a retroactive date, which shall be the effective date of the initial contract or prior.
f. The City shall be named as an Additional Insured on all liability policies, with the exception of Workers' Compensation.
g. The City shall be granted a Waiver of Subrogation on the Contractor's Workers' Compensation insurance policy.
h. The title of the Agreement, Bid/Contract number, event dates, or other identifying reference must be listed on the Certificate of Insurance.

The Certificate Holder should read as follows:
City of Fort Lauderdale
Procurement Services Division
100 N. Andrews Avenue
Fort Lauderdale, FL 33301

The Contractor has the sole responsibility for the payment of all insurance premiums and shall be fully and solely responsible for any costs or expenses as a result of a coverage deductible, co-insurance penalty, or self-insured retention; including any loss not covered because of the operation of such deductible, co-insurance penalty, self-insured retention, or coverage exclusion or limitation. Any costs for adding the City as an Additional Insured shall be at the Contractor's expense.

If the Contractor's primary insurance policy/policies do not meet the minimum requirements, as set forth in this Agreement, the Contractor may provide evidence of an Umbrella/Excess insurance policy to comply with this requirement.

The Contractor's insurance coverage shall be primary insurance as applied to the City and the City's officers, employees, and volunteers. Any insurance or self-insurance maintained by the City covering the City, the City's officers, employees, or volunteers shall be non-contributory.

Any exclusion or provision in the insurance maintained by the Contractor that excludes coverage for work contemplated in this Agreement shall be unacceptable and shall be considered breach of contract.

All required insurance policies must be maintained until the contract work has been accepted by the City, or until this Agreement is terminated, whichever is later. Any lapse in coverage shall be considered breach of contract. In addition, Contractor must provide to the City confirmation of coverage renewal via an updated certificate should any policies expire prior to the expiration of this Agreement. The City reserves the right to review, at any time, coverage forms and limits of Contractor's insurance policies.

The Contractor shall provide notice of any and all claims, accidents, and any other occurrences associated with this Agreement shall be provided to the Contractor's insurance company or companies and the City's Risk Management office as soon as practical.

Exhibit 3

Solicitation 12342-805

Parking Meter Technology, with Maintenance and Support

Bid Designation: Public

City of Fort Lauderdale

Resolve any disputes.
Assure consistency and quality of Contractor's performance.
Schedule and conduct Contractor performance evaluations and document findings.
Review and approve for payment all invoices for work performed or items delivered.

2.38 Contractor Performance Reviews and Ratings

The City Contract Coordinator may develop a Contractor performance evaluation report. This report shall be used to periodically review and rate the Contractor's performance under the contract with performance rating as follows:

Excellent	Far exceeds requirements.
Good	Exceeds requirements
Fair	Just meets requirements.
Poor	Does not meet all requirements and contractor is subject to penalty provisions under the contact.
Non-compliance	Either continued poor performance after notice or a performance level that does not meet a significant portion of the requirements. This rating makes the Contractor subject to the default or cancellation for cause provisions of the contract.

The report shall also list all discrepancies found during the review period. The Contractor shall be provided with a copy of the report and may respond in writing if he takes exception to the report or wishes to comment on the report. Contractor performance reviews and subsequent reports will be used in determining the suitability of contract extension.

2.43 Verification of Employment Status

Any Contractor/Consultant assigned to perform responsibilities under its contract with a State agency is required to utilize the US Department of Homeland Security's E-Verify system (per Executive Order Number 11-02) to verify the employment eligibility of: (a) all persons employed during the contract term by the Contractor to perform employment duties within Florida; and (b) all persons (including subcontractors) assigned by the Contractor to perform work pursuant to the contract with the State agency.

E-VERIFY Affirmation Statement should be completed and submitted with Proposer(s)'s response to this RFP.

2.44 Service Organization Controls

The Contactor should provide a current SSAE 18, SOC 2, Type I report with their proposal. Awarded Contractor will be required to provide an SSAE 18, SOC 2, Type II report annually during the term of this contract. If the Contractor cannot provide the SSAE 18, SOC 2, Type I report at time of proposal submittal, a current SOC 3 report will be accepted.

2.45 Warranties of Usage

Any estimated quantities listed are for information and tabulation purposes only. No warranty or guarantee of quantities needed is given or implied. It is understood that the Contractor will furnish the City's needs as they arise.

2.46 PCI (Payment Card Industry) Compliance

Contractor agrees to comply with all applicable state, federal and international laws, as well as industry best practices, governing the collection, access, use, disclosure, safeguarding and destruction of protected information.

BuySpeed Online

City of Fort Lauderdale
User Manual

Receiving and Approving for Payment

Login

- Click your BSO shortcut icon on your desktop

- Enter your login ID and password

Find PO to Receive and Approve for Payment

- When your items or an invoice for services arrives, you must receive them and indicate to Accounts Payable that these items are approved to be paid.

- In your department, you may need to coordinate with your field staff to obtain the right information about what they have received in their locations. You can coordinate that via e-mail or paper copy in a way that best suits your organization. Ultimately, to authorize payment, that information must be entered into BSO.

- This electronic receipt and authorization for payment is critical. Without it, Accounts Payable cannot enter the invoice information and pay the vendor. If an invoice is received in Account Payable, but they cannot see an approved receipt for payment, they will contact your department requesting you to resolve by entering a receipt, if the department agrees the items should be paid.

- To complete a Receipt and Approve for Payment, you must first find the PO for those items

- On your home page, look for the original requisition on the **Reqs** and **Gone to PO** tab

The Florida Senate

2023 Florida Statutes (including 2023C)

Title XIV TAXATION AND FINANCE	Chapter 218 FINANCIAL MATTERS PERTAINING TO POLITICAL SUBDIVISIONS **Entire Chapter**	**PART VII** **LOCAL GOVERNMENT PROMPT PAYMENT ACT** **(ss. 218.70-218.80)**

PART VII

LOCAL GOVERNMENT PROMPT PAYMENT ACT

218.70 Popular name.
218.71 Purpose and policy.
218.72 Definitions.
218.73 Timely payment for nonconstruction services.
218.735 Timely payment for purchases of construction services.
218.74 Procedures for calculation of payment due dates.
218.75 Mandatory interest.
218.76 Improper payment request or invoice; resolution of disputes.
218.77 Payment by federal funds.
218.78 Report of interest.
218.79 Repeal of conflicting laws.
218.80 Public Bid Disclosure Act.

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Title XIV TAXATION AND FINANCE	Chapter 218 FINANCIAL MATTERS PERTAINING TO POLITICAL SUBDIVISIONS **Entire Chapter**	**SECTION 74** **Procedures for calculation of payment due dates.**

218.74 Procedures for calculation of payment due dates.—

(1) Each local governmental entity shall establish procedures whereby each payment request or invoice received by the local governmental entity is marked as received on the date on which it is delivered to an agent or employee of the local governmental entity or of a facility or office of the local governmental entity.

(2) The payment due date for a local governmental entity for the purchase of goods or services other than construction services is 45 days after the date specified in s. 218.73. The payment due date for the purchase of construction services is specified in s. 218.735.

(3) If the terms under which a purchase is made allow for partial deliveries and a payment request or proper invoice is submitted for a partial delivery, the time for payment for the partial delivery must be calculated from the time of the partial delivery and the submission of the payment request or invoice in the same manner as provided in s. 218.73 or s. 218.735.

(4) All payments, other than payments for construction services, due from a local governmental entity and not made within the time specified by this section bear interest from 30 days after the due date at the rate of 1 percent per month on the unpaid balance. The vendor must invoice the local governmental entity for any interest accrued in order to receive the interest payment. Any overdue period of less than 1 month is considered as 1 month in computing interest. Unpaid interest is compounded monthly. For the purposes of this section, the term “1 month” means a period beginning on any day of one month and ending on the same day of the following month.

History.—s. 4, ch. 89-297; s. 4, ch. 95-331; s. 4, ch. 2001-169.

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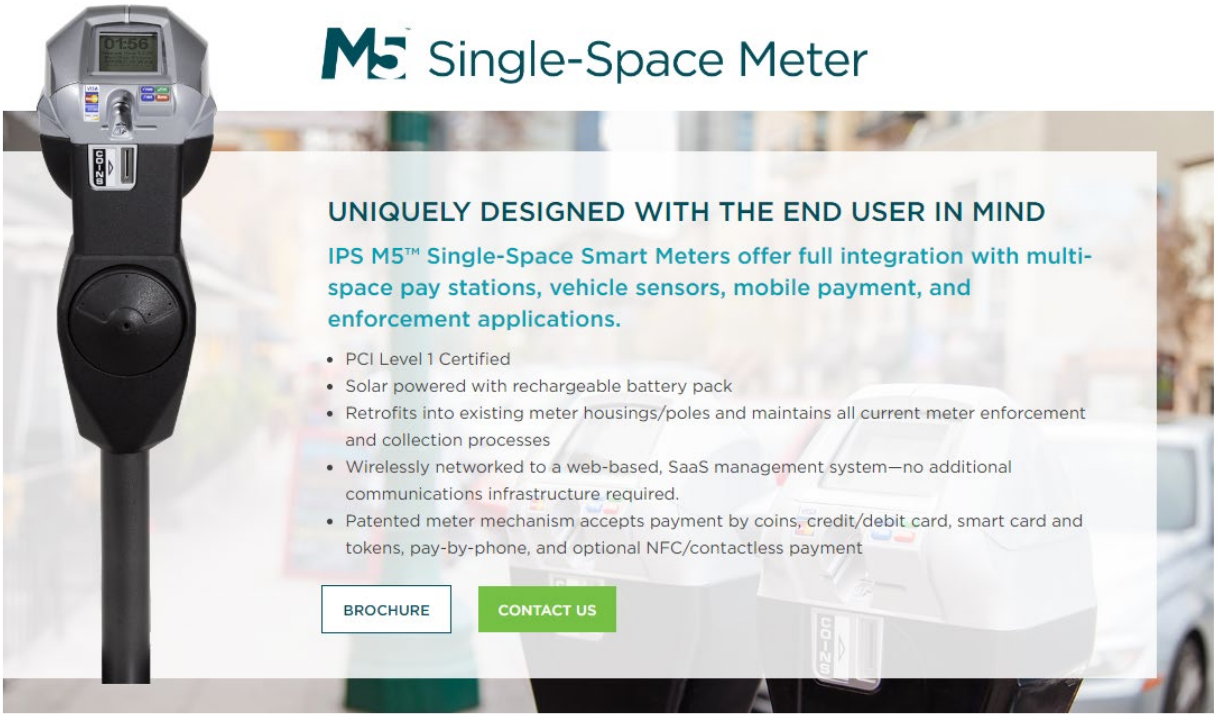
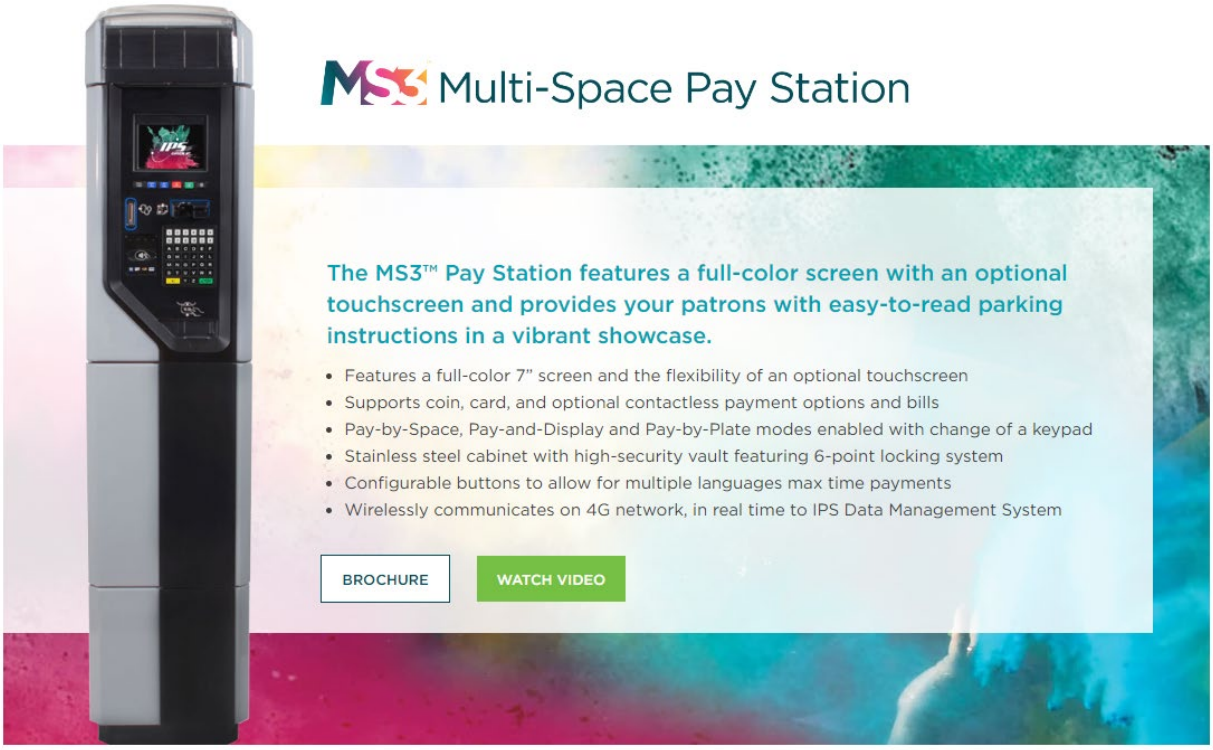
Exhibit 6


M5 Single-Space Meter
UNIQUELY DESIGNED WITH THE END USER IN MIND
IPS M5™ Single-Space Smart Meters offer full integration with multi-space pay stations, vehicle sensors, mobile payment, and enforcement applications.
• PCI Level 1 Certified
• Solar powered with rechargeable battery pack
• Retrofits into existing meter housings/poles and maintains all current meter enforcement and collection processes
• Wirelessly networked to a web-based, SaaS management system—no additional communications infrastructure required.
• Patented meter mechanism accepts payment by coins, credit/debit card, smart card and tokens, pay-by-phone, and optional NFC/contactless payment
BROCHURE
CONTACT US


MS3 Multi-Space Pay Station
The MS3™ Pay Station features a full-color screen with an optional touchscreen and provides your patrons with easy-to-read parking instructions in a vibrant showcase.
• Features a full-color 7" screen and the flexibility of an optional touchscreen
• Supports coin, card, and optional contactless payment options and bills
• Pay-by-Space, Pay-and-Display and Pay-by-Plate modes enabled with change of a keypad
• Stainless steel cabinet with high-security vault featuring 6-point locking system
• Configurable buttons to allow for multiple languages max time payments
• Wirelessly communicates on 4G network, in real time to IPS Data Management System
BROCHURE
WATCH VIDEO

Appendix - Acronyms

CAO	City Auditor's Office
COSO	Commission of Sponsoring Organizations of the Treadway Commission
EWP	Electronic Workpaper
ERP	Enterprise Resource Planning
FAC	Florida Administrative Code
ITS	Information Technology Services
PSM	Policy and Standards Manual

FULL TEXT OF MANAGEMENT RESPONSES

CITY OF FORT LAUDERDALE

Memorandum

Memorandum No: 24-12

Date: June 6, 2024

To: Patrick Reilly, City Auditor

From: Susan Grant, Acting City Manager *Susan Grant*

Re: Audit of the IPS Group, Inc Contract (Parking Meter Contract)

Management appreciates the City Auditor examining internal controls over the Parking Meter Contract for compliance. The examination identified five (5) Findings that will be addressed by Management.

The following are Management Responses to the audit findings:

Finding1
Insurance coverage is inconsistent with the requirements of the contract.

Recommendations:
The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish such uniform guidance to minimize risks, improve efficiency, maintain compliance, and foster good relationships. This guidance should be provided to departments upon signing a contract. It should standardize practices and outline expectations, reducing the risk of errors and oversight. Furthermore, the CAO recommends that the City Manager work with the respective departments to train staff on how to proactively monitor their respective contracts. Finally, the CAO recommends that the City Manager instruct the Director of TAM to require IPS to provide updated certificates of insurance and to work with the Director of Human Resources, specifically the Risk Management Division to ensure that these certificates meet the contract requirements.

Management Response:
Management concurs with this finding. The Transportation & Mobility Department had initial insurance documents but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current proof of insurance documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Finding 2
Current SSAE 18, SOC 2, Type II report was not provided as required.

Recommendations:
The CAO recommends that the City Manager instruct the Director of TAM to obtain a current
SOC 2, Type II report from IPS, and stress the importance of abiding by the contract terms. In addition, uniform guidance for managing contracts and related training will help alleviate such issues.

Management Response:
Management concurs with this finding. The Transportation & Mobility Department had initial SSAE 18, SOC 3, Type II reports but didn't have updated versions throughout the contract period. Since receiving the audit findings, the Transportation & Mobility Department has obtained current and missing documents which were shared with the City's Risk Manager. The Transportation & Mobility Department has created a checklist to mitigate future occurrences.

Finding 3
Invoicing was inconsistent with the requirements of the contract.

Recommendations:
The CAO recommends that the City Manager instruct the Director of TAM to provide training to staff to scrutinize invoices more closely and pay only for services already provided to the City.

Management Response:
Management concurs with this finding. The findings identified a unique situation in which the goods were received but services (installation) couldn't not occur due to conflicting site needs, resulting in an immaterial cost impact to the contract. Management will provide additional training.

Finding 4
Inconsistent application of internal controls over purchasing, delivery and payment.

Recommendations:
The CAO recommends that the City Manager instruct the Director of Finance to provide a Citywide training on what controls are and why they are important in the day-to-day operations of the City, and to direct staff to perform the 3-way match. Also, the CAO recommends that the City Manager instruct the Director of TAM to require staff to be more diligent in the exercise of their assigned duties.

Management Response:
Management concurs with this finding. Transportation and Mobility staff utilized the inverted purchase method for the commodity by entering a single line item with a total cost rather than a line-item breakdown including quantities. Management agrees that the 3-way match process, which is an automatic process that is imbedded in the Infor ERP for payments on purchase orders, would have been more efficient if the purchase order was line-item based. Management will provide citywide training on when to use the inverted purchase methodology.

Finding 5
Invoices were not routed to the appropriate parties to be processed in a timely manner.

Recommendations:
The CAO recommends that the City Manager work with the Director of Finance, specifically the Procurement Division, to establish uniform guidance for administering contracts. Staff should not only understand the terms of their own contracts and how to administer them, but also the effect their actions or inactions have on the work of other departments and the City as a whole.

Management Response:
Management concurs with this finding. The Finance Department's Procurement Division will develop uniform guidance for contract administration

c: Anthony G. Fajardo, Assistant City Manager
Ben Rogers, Acting Assistant City Manager
Laura Reece, Acting Assistant City Manager
Thomas J. Ansbro, City Attorney
David R. Soloman, City Clerk
Patrick Reilly, City Auditor
Department Directors
CMO Managers