

Internal Audit Report Final



TO: Tom Abbate, City Manager

FROM: Amelia Robinson, Internal Auditor *AR*

DATE: March 12, 2026

RE: Water Resources Field Operations - Misappropriation of City Funds Audit Review

Summary of Events

On December 30, 2025, the City Manager, Human Resource Department, and Internal Audit Office received an anonymous call alleging that city employees Jeffrey Wayner (Jeff Wayner) and Tammy Wayner, were embezzling city funds. The caller didn't go into specifics at that time.

On January 8, 2026, a second anonymous call was received providing more details. It stated Jeff Wayner had instructed an employee to purchase a \$2,799.00 John Deere lawn mower on September 23, 2024. The caller also claimed that the lawn mower was later seen at Jeff Wayner's daughter's house in Citra, Florida.

At the time of the allegation, Jeff Wayner was serving as the Public Works Manager II for the City of Titusville in which his job title changed following the consolidation of the Water Resources Department under the Public Works Department. Prior to the reorganization, he held the position of Water/Sewer Field Operations Superintendent. Jeff Wayner had been employed with the city since 2002.

After consulting with the City Attorney, the City Manager and Internal Auditor immediately started an internal audit investigation based on the allegations. On January 9, 2026, the Internal Auditor along with a Human Resource Department employee visited the Field Operations facility but did not locate the lawn mower. After which the City Manager scheduled a meeting with Jeff Wayner where he advised him of the allegations and investigation. During questioning, Jeff Wayner stated the mower was assigned to lift station personnel, claimed there were two mowers, and denied personal use. He suggested the mower could be with employees, on a trailer, or at a lift station. Jeff admitted the mower was not recorded as an inventory item and confirmed he instructed Douglas Larkins to purchase it, and as his direct supervisor, approved the purchase.

Prior to this interview, a Field Operations employee informed Human Resources that Jeff had asked them to falsely confirm the lawn mower was at a lift station. Jeff told the employee he would either admit to taking the equipment home or claim it was at a lift station and asked the employee to "cover him." He also accused Doug Larkin of "setting him up" and stated Doug was the only person aware of the mower.

It was also discovered that Jeff Wayner contacted a Field Operations employee and instructed the employee to retrieve the John Deere lawn mower from his neighborhood. The mower was placed in the

parking lot of the former Sherwood Country Club. The employee transported the mower from that location and returned it to the Field Operations facility. This information was later identified during employee interviews conducted as part of the investigation.

On January 12, 2026, Jeff Wayner resigned and admitted to taking the John Deere lawn mower and other city-owned assets. He returned several items, including two ladders, a pressure washer, a cement mixer, multiple pipe conduits, a gas can, a table saw, a tile cutter, a hydraulic mower deck lift, and a router. The City Manager determined that criminal charges were warranted, and a police report was filed with the Titusville Police Department (TPD). Internal Audit and various employees were interviewed. TPD forwarded felony theft charges to the State Attorney's Office, with the total documented value of misappropriated assets at \$3,676.99 for the John Deere riding lawn mower, table saw, 24 ft. ladder, and hydraulic mower lift.

Internal Audit noted that additional items were returned to the City but were not included in the detective's report, despite being documented by the Interim Public Works Director and referenced in Internal Audit's statement to TPD.

Summary of Audit Findings and Recommendations

Audit Finding 1. Misappropriation and Unauthorized Personal Use of City Assets

The investigation determined that Douglas Larkins used his city-issued Procurement Card (P-Card) to purchase a Cub Cadet riding lawn mower from The Home Depot on September 17, 2024, valued at \$2499.00. This lawn mower was returned on September 23, 2024 and a John Deere lawn mower valued at \$2,799.00 was purchased the same day, at the direction of Jeff Wayner.

The lawn mower was delivered directly to Jeff Wayner's personal residence, not to any City facility. The equipment was never logged in the City's inventory records and was later admitted by Jeff to have been in his possession along with other city-owned items. These actions represent a clear misuse of City resources, fraudulent procurement activity, and theft of government property.

Documentation reviewed by Internal Audit indicates the purchase was made at the request of and with approval from Mr. Wayner; however, the equipment was not recorded in the City's capital asset records or otherwise documented as a City asset.

In addition, Internal Audit reviewed Field Operations purchasing card (P-Card) transactions from October 1, 2023, through January 13, 2026, totaling 387 transactions and \$254,072.72. As part of the review, transactions with receipts of \$250.00 or greater were examined and physical verification of selected small tools purchased with the P-Card was conducted.

During the review, 19 small tool purchases totaling \$6,524.15 could not be located during the physical verification. Also, Internal Audit identified two P-Card purchases totaling \$871.88 used to purchase Christmas gifts for selected employees, which is not consistent with City purchasing guidelines restricting P-Card use to official City business.

This theft was enabled by weak internal controls over tangible asset management, a lack of inventory tracking, and ineffective monitoring of departmental property. Weak oversight of tracking for smaller

equipment purchases reduces accountability over public funds and increases the risk that City assets may be lost, misused, or unavailable for operational needs.

Recommendation:

- 1.1 - The Division should implement improved tracking and periodic inventory of small tools and equipment to ensure City assets are properly safeguarded and used for official purposes.
- 1.2 - Strengthen inventory verification and physical security of all City assets.
- 1.3 - Require that purchases of tools, equipment, and machinery, \$1000.00 and over be logged in the City's asset tracking system upon receipt.
- 1.4 - Require dual supervisory approval for all P-card purchases of equipment or tools exceeding \$1000.00.
- 1.5 - Mandate that all city-purchased items be delivered only to designated city addresses and verified upon receipt.
- 1.6 - Ensure supervisory review of all department-owned property and periodic audits by Procurement and/or Finance and Internal Audit.

Audit Finding 2. Fraudulent Conduct and Breach of Integrity

Efforts to conceal the theft and solicit false statements from coworkers further demonstrate fraudulent intent and a serious breach of ethical and fiduciary responsibilities. The investigation confirmed deliberate acts of fraud, theft, and misrepresentation by Jeff Wayner. He not only misused city resources but also attempted to influence employees' statements by asking them to falsely claim that the lawn mower was located at a City lift station. His actions demonstrate clear intent to conceal theft and deceive management, representing a significant violation of the City's Standards of Conduct and Ethics, Fraud Policy as well as loss of public trust.

Recommendation:

- 2.1 - Continue coordination with law enforcement and the State Attorney's Office to ensure prosecution and restitution.
- 2.2 - Implement mandatory annual ethics and fraud awareness training for all employees and supervisors.
- 2.3 - Develop and promote a confidential fraud reporting hotline to encourage early detection to try and prevent similar incidents in the future.
- 2.4 - Strengthen enforcement of disciplinary actions for falsification, misuse, or concealment of City property.

Audit Finding 3. Unauthorized Use of City Personnel, Time and Equipment in Violation of City Policy and Florida Law

City of Titusville, Field Operations employees performed sewer lateral work at the private residence of Jeff Wayner on February 13 and February 14, 2025, which is outside of City limits and within Brevard County jurisdiction. Work performed on February 13, 2025, occurred during City work hours, and employees were compensated by the city. Additional work was performed on February 14, 2025. Employees stated that Jeff Wayner advised them he would personally compensate them for the work performed; however, employees reported that no such payment was ever made.

One employee stated that he was instructed by Jeff to deliver the backhoe to Lift Station 17 on Carpenter Road however later when he arrived at Jeff's residence the backhoe was present, though the employee was unsure how it was transported to the residence. Jeff specifically instructed employees to use personal vehicles rather than City vehicles to arrive at his residence.

Mr. Wayner indicated to employees that supervisory approval had been obtained; however, both the former Public Works Director and the former Operations Director confirmed they were not aware of, nor did they authorize, the work prior to its completion.

Internal Audit concludes that these actions constitute violations of City Personnel Policy, which includes the City of Titusville Standards of Conduct and Ethics and Fraud Policy, which prohibits the misuse of City position, time, equipment, and resources for personal benefit and establish a zero-tolerance stance toward fraudulent activity. In addition, the conduct is inconsistent with and constitutes a violation of Florida Statute §112.313(6), which prohibits a public officer or employee from corruptly using their official position or public resources to secure a special privilege or benefit for personal gain.

As a result of these actions, City resources were improperly expended, internal controls were circumvented, and the City was exposed to financial loss and legal liability.

The Internal Auditor referred this matter to the Titusville Police Department for further review.

Recommendations:

- 3.1 - Cost Recovery** - Seek full reimbursement for all City-paid labor, equipment rental costs, and any related expenses incurred because of the unauthorized sewer lateral work performed at the private residence.
- 3.2 - Legal and Law Enforcement Coordination** - Continue coordination with the City Attorney and the Titusville Police Department to evaluate potential violations of Florida Statute §112.313(6) and any other applicable laws.
- 3.3 - Equipment and Resource Oversight** - Strengthen controls over the use of City-owned and rented equipment, including improved monitoring of billing codes, equipment deployment, and offsite usage.
- 3.4 - Reinforce ethics, fraud awareness, and City policy training** for all employees and supervisors, emphasizing the City's zero-tolerance policy regarding fraud and misuse of public resources.
- 3.5 - Reporting and Whistle-blower Awareness** - Reinforce employee responsibilities to report suspected policy violations or unethical conduct through established reporting channels without fear of retaliation.

Audit Finding 4. Deficiency in Asset Management Controls

Internal Audit conducted a physical verification of Mobile and Operating Equipment for the Water Resources Field Operations Division using the FY25 Finance Capital Asset Schedule. Of the 117 capital assets listed, 35 assets (30%) could not be physically located at the facility. The acquisition dates of the unlocated assets range from 1970 through 2024. These assets had a combined original cost of \$1,254,573.82, accumulated depreciation of \$1,171,388.16, and a remaining net book value of \$83,185.66.

Additionally, Internal Audit identified eight (8) capital assets physically located at the Field Operations facility that were not recorded on the Finance Capital Asset Schedule for the Division. The unrecorded assets included a 2024 Ford F-250, a 2025 John Deere backhoe, four mobile generators, a 2016 Chevrolet Silverado, and a 2020 Ford Escape Hybrid.

Further review determined that four (4) of these assets had reportedly been transferred either to or from the Field Operations Division; however, Internal Audit was unable to locate completed asset transfer forms or other supporting documentation authorizing and evidencing the transfers.

The absence of recorded transfers and supporting documentation increases the risk of inaccurate financial reporting, incomplete capital asset records, and diminished accountability over City assets.

Based on employee interviews, Audit was informed that new vehicles were purchased but remained idle for extended periods without being assigned or distributed for operational use. While Audit did not independently verify the duration of inactivity for each vehicle, the reported lack of timely use indicates potential weaknesses in fleet management controls and asset utilization practices.

The City's Asset and Property Policy require that tangible property (valued between \$1,000 and \$4,999 and an estimated useful life of more than one year) be tracked by the custodian in each department and will be subject to annual inventory but will not be reported in the City's financial statements. Capital assets (valued at \$5,000 or more) are required be entered into the BS&A Fixed Asset Software Application, tagged, and tracked and will be subject to an annual inventory and reported in the City's financial statements.

Internal Audit determined that Water Resource, Field Operations Division failed to properly log and track the John Deere lawn mower and other tangible assets.

The absence of oversight and inconsistent compliance with established asset management procedures contributed to this control breakdown. Reliance on department-level tracking without independent verification by Finance or a centralized asset management function created conditions in which assets were not accurately recorded, safeguarded, or monitored. This significantly increases the risk of loss, misappropriation, financial misstatement, and undetected theft.

Overall, the condition reflects a material weakness in internal controls over capital asset management within the Water Resources Field Operations Division.

Recommendation:

4.1 - Conduct a Comprehensive Physical Inventory and Reconciliation - Perform a complete physical inventory of all capital and tangible assets assigned to the Division and reconcile the results to the Finance Capital Asset Schedule and the BS&A Fixed Asset Software Application. Discrepancies should be investigated, documented, and resolved in a timely manner. Assets determined to be missing should be reported and processed in accordance with City policy.

4.2 - Correct and Update Official Capital Asset Records - Ensure that all assets identified during the audit that are not currently recorded are properly capitalized, recorded, tagged, and assigned to the department responsible. Assets confirmed as disposed, surplus, or no longer in service should be removed from the system with appropriate documentation and approval in accordance with City policy.

4.3 - Establish Centralized Oversight of Asset Management - The City should designate a centralized asset management function or assign a Citywide Asset Manager responsible for oversight, monitoring, and independent verification of departmental asset records. Department-level tracking should not serve as the sole control method.

4.4 - Strengthen Tagging, Tracking, and Transfer Controls - A centralized asset tracking system should be considered which ensures consistent documentation, tagging, and physical verification of assets. All capital and tangible assets meeting policy thresholds should be tagged upon receipt and entered into the fixed asset system prior to being placed into service. Asset transfers between departments should continue to require documented authorization and system updates to reflect the new custodian and location.

4.5 - Annual Certification of Inventory - Require department directors to certify their inventory annually affirming asset records are complete, physically present and being used for City business.

4.6 - Implement Periodic Independent Verification Procedures – Finance, with the assistance of the departments, should (at least annually) conduct an independent physical verification of capital assets. Results should be documented and retained for audit purposes.

4.7 - Improve Oversight and Training - Require all department heads and custodians to receive mandatory annual training on asset management policies, including accountability procedures, fraud awareness, and the ethical use of city property.

Audit Finding 5. Procurement Card (P-Card) Control Weaknesses

Management increased the City's small-dollar purchasing threshold from \$1,000 to \$5,000 without requiring competitive quotes, effective October 1, 2022. This action exceeded an Internal Audit recommendation issued on February 7, 2023, which advised establishing a lower non-competitive single purchase limit of \$2,500 per transaction. Management relied in part on a survey of peer municipalities to support increasing the small dollar purchasing threshold; however, benchmarking data alone does not ensure that a threshold is appropriate for the City's specific operating environment. Consideration should also be given to existing internal controls, audit history, and risk exposure.

It is Internal Audits' opinion that higher limits significantly increased the risk of unauthorized purchases, reduced oversight, and potential fraud, waste and abuse. Failure to consider and/or follow established audit recommendations jeopardizes financial control and accountability over procurement activities.

Audit identified inconsistent practices regarding documentation of purpose and justification for procurement card purchases. While some cardholders are documenting the business purpose and justification for each transaction, other cardholders do not consistently document this information. As a result, procurement card transactions are not supported by sufficient documentation to demonstrate compliance with City policy and appropriate use of public funds. This inconsistency limits management's ability to effectively review procurement card activity, increases reliance on individual discretion, and reduces assurance that purchases are made solely for legitimate City business purposes. Implementing a consistent documentation requirement will strengthen internal controls, improve transparency, and reduce the risk of unauthorized or inappropriate procurement card use.

In addition, Audit reviewed the City's P-card program to evaluate whether card limits are appropriate, risk-based, and supported by effective internal controls. The review confirmed that the City has segregation of duties in place for the approval of P-card transactions, which is an important control that helps reduce the risk of unauthorized or inappropriate purchases. However, a large proportion of p-cards carry elevated spending limits.

The City currently has 168 P-cards issued, 71% have overall card limits of \$5,000.00 or greater, and 25% allow single-transaction purchases of \$5,000.00 or more. While approvals are required, these high limits increase the City's exposure by allowing significant purchases to occur prior to review and approval.

The prevalence of elevated limits increases the risk of noncompliance with procurement requirements, inconsistent purchasing practices, and reduced effectiveness of oversight, particularly when limits are not clearly aligned with employee roles or periodically reassessed.

Recommendation:

- 5.1** - Reassess the \$5,000.00 small dollar purchasing threshold and consider reducing it to the previously recommended \$2,500.00 level or determine an appropriate level based on internal control environment and risk tolerance.
- 5.2** - Mandate Purchasing Department Reviews – Purchasing Department conduct monthly or quarterly reviews of P-card activity as a preventive control focusing on high dollar items, tools and equipment. This audit should be completed as a preventive measure prior to the Internal Auditors Procurement Card Audit.
- 5.3** - Update P-card procedures to require documentation of business purpose and justification for all purchases, regardless of dollar amount.
- 5.4** - Flag purchases that may meet asset capitalization or tracking thresholds.
- 5.5** - Continue to provide refresher training for all cardholders on proper use, documentation, and disciplinary consequences for misuse.
- 5.6** - Establish role-based single-transaction limits aligned with job responsibilities.
- 5.7** - Restrict single-transaction limits of \$5,000.00 or greater to positions with documented operational need.

Audit Finding 6. Police Investigation Documentation Deficiency

The police report filed for the recent theft incident did not accurately capture all stolen and subsequently recovered items. Although the detective was informed that Interim Public Works Director possessed a list of items returned by the employee, this list was not included in the initial report. When Internal Audit reviewed the finalized police report, it was discovered that several recovered items were missing from the report.

Following this discovery, TPD was notified, a detective was sent to obtain the additional list from the Internal Audit office. However, the police report was not updated to reflect these items, resulting in an incomplete official record.

Recommendation:

6.1 - Improve Cross Department Communication- Develop clear communication and documentation procedures to ensure consistent and accurate case records.

6.2 - Provide Refresher Training - Deliver targeted training for reporting officers and supervisors on documentation accuracy, internal control importance, and the impact of incomplete records on case integrity.

Audit Finding 7. Scrap Metal Control Weaknesses and Allegations of Misappropriation

Internal Audit files dated back to 2010 reflect that the City has received multiple anonymous complaints and employee statements alleging that scrap metal generated by Field Operations was sold to a recycling facility and that proceeds were not remitted to the City. Allegations specifically involved Jeff Wayner, who at that time was the Superintendent of Field Operations, described employees being instructed to transport scrap metal to a recycling vendor, sell the material using personal identification, and return cash proceeds directly to him.

A 2010 police investigation concluded with the allegation deemed unfounded and a 2013 Internal Audit review found no evidence of systemic meter theft. However, subsequent reviews and employee statements raise significant internal control concerns.

In 2022, Internal Audit observed a sizeable amount of scrap metal stored at the Field Operations facility and noted that scrap disposal practices were not coordinated through Purchasing as required by City policy. Additionally, the City's scrap metal contract had expired and had not yet been rebid.

As part of the current misappropriation investigation of Jeff Wayner, Internal Audit interviewed several current and former employees. An employee provided twelve receipts dated from 2012 to 2014 totaling \$9,445.29, stating he was directed to sell scrap metal and remit cash proceeds to the Jeff Wayner. Multiple current and former employees corroborated similar practices occurring over numerous years, including the concealment of scrap materials during audit visits and cash from scrap metal sales being stored in Jeff's desk drawer.

City Purchasing Policy requires that all scrap materials be disposed of through Purchasing and Contracts using an approved City contract, with weigh tickets obtained and proceeds credited to appropriate City accounts. Florida Statute 273.055 further requires written authorization and documented disposition of surplus property. Based on documentation reviewed, scrap metal disposal was not consistently coordinated through Purchasing, required records were not maintained, and proceeds were not processed through Finance in accordance with policy and statute.

These conditions represent:

- Years of significant internal control deficiencies over surplus and scrap material disposal
- Noncompliance with City Purchasing Policy
- Potential noncompliance with Florida Statutes 273.055 and 274.01
- Increased risk of theft, fraud, and misappropriation of City assets
- Reputational and financial risk to the City

While the related criminal investigation remains under review by the Titusville Police Department, the internal control weaknesses identified are substantiated and require corrective action independent of the criminal process.

Recommendation:

- 7.1 - Prohibit departments or employees from independently transporting scrap metal to recycling vendors.
- 7.2 - Reinstate independent oversight of all scrap metal pickups, including verification of weights and direct receipt of weigh tickets and funds by Purchasing with Internal Audit oversight.
- 7.3 - Maintain a scrap disposal log documenting material type, date, weight, revenue received, and account credited.
- 7.4 - Conduct periodic unannounced inspections of scrap accumulation areas.
- 7.5 - Consider engaging an independent forensic auditor to quantify potential historical losses and assess systemic control failures.
- 7.6 - Provide mandatory training to department leadership and staff regarding surplus property laws, scrap disposal procedures, and fraud reporting requirements

Given the City's documented history of allegations and control breakdowns, a reduction of oversight over scrap disposal increases the risk of recurrence. Reinstating or enhancing independent verification procedures would materially strengthen internal controls and reinforce the City's commitment to transparency, compliance, and asset protection.

Audit Finding 8. Employee Concerns Regarding Workplace Environment and Reporting

This finding is based on information obtained through interviews with current and former employees conducted as part of this audit. While the audit report itself is subject to public disclosure, individual employee identities, specific statements, and personally identifiable details are intentionally excluded to protect employees from potential retaliation and to encourage candid participation in the audit process. Information is presented in summary form and reflects consistent themes identified across multiple interviews, rather than individual accounts.

Based on employee interviews, the audit identified significant and longstanding concerns regarding workplace culture, management practices, and employee confidence in reporting mechanisms within the Water Resources Field Operations Divisions.

Employees consistently reported fear of retaliation, including fear of termination or other adverse employment actions, if concerns were raised. Many employees indicated reluctance to report issues due to prior experiences in which complaints to Human Resources or Executive Leadership were perceived as unaddressed. Employees reported being discouraged from contacting Human Resources, Audit, or Executive Management and were instructed to strictly follow the chain of command.

Management behaviors described by employees included yelling, demeaning language, verbal name-calling, use of profanity, and intimidating actions. These behaviors were described as normalized within the work environment. Employees reported high stress levels, fear of making mistakes, and low morale. Several former employees reported leaving employment due to the management atmosphere.

Employees further reported operational concerns, including inadequate access to tools and equipment necessary to perform job duties. In some cases, employees reported being required to purchase or replace tools at their own expense. Employees also reported completing training and certification programs without receiving associated pay incentives.

Former employees reported that concerns related to sexual harassment involving female staff, discrimination, retaliation, intimidation, disparity of working conditions, and theft of scrap materials have been raised since at least 2007. Employees referenced a whistleblower case filed in 2016 that included allegations of discrimination, retaliation, intimidation, sexual harassment, and theft. Employees indicated that these matters were reported to executive levels without corrective action.

As a result, employees ceased to report concerns altogether, citing lack of trust in reporting mechanisms and fear of retaliation.

It should be noted that the current and former Public Works Directors responsible for oversight of these operations were in place for approximately two and one-half years. While many of the concerns reported by employees relate to conditions and experiences occurring prior to the current leadership, the persistence of these perceptions indicates that employee confidence in reporting mechanisms and workplace culture remains significantly impacted by past experiences.

Employee concerns regarding fear of retaliation are inconsistent with protections established under the Florida Whistle-blower's Act, which prohibits public employers from taking retaliatory personnel action against an employee who discloses violations of law, gross waste of public funds, or abuse of governmental authority to an appropriate agency. The statute reflects the legislative intent to ensure that employees may report misconduct or improper governmental activity without fear of adverse employment consequences.

Additionally, the personnel policies of the City of Titusville establish expectations for professional conduct, prohibit harassment and intimidation in the workplace, and provide mechanisms for employees to report concerns through Human Resources, management, or other appropriate channels without fear of retaliation.

The consistent perception among employees that concerns cannot be safely reported indicates a significant breakdown in employee trust in these protections and reporting mechanisms.

Recommendation:

8.1 - Strengthen Whistle-blower and Reporting Protections - The City should reinforce employee awareness of reporting protections under the Florida Whistle-blower's Act and ensure employees understand that retaliation for reporting misconduct or violations of law is prohibited. The City should communicate these protections through policy reminders, employee training, and regular internal communications.

8.2 - Reinforce City Policies Regarding Professional Conduct - The City should ensure that all supervisors and employees receive training on the standards of conduct and workplace expectations outlined in the City of Titusville Personnel Policy, including policies prohibiting harassment, intimidation, discrimination, and retaliation.

8.3 - Provide Management and Leadership Training - Supervisors and Managers should receive training focused on:

1. Professional workplace behavior and respectful communication
2. Effective supervision and employee engagement
3. Conflict resolution and workplace conduct expectations
4. Legal and policy requirements related to harassment, retaliation, and discrimination

8.4 - Improve Confidential Reporting Channels - The City should evaluate and strengthen confidential reporting options available to employees, including direct access to Human Resources, Internal Audit, or an independent reporting mechanism (such as an ethics or fraud hotline), to ensure employees have multiple avenues to report concerns outside the chain of command.

8.5 - Conduct Periodic Workplace Climate Assessments – Human Resources and Management should periodically assess employee workplace culture and morale through confidential surveys or interviews to identify ongoing concerns and measure improvement over time.

8.6 - Ensure Adequate Tools, Equipment, and Compensation Practices - Review tool and equipment availability and ensure employees are not required to incur personal expenses to perform job duties.

8.7 - Communicate Leadership Commitment to Ethical Workplace Standards - Executive Leadership should clearly communicate expectations regarding professional workplace conduct and emphasize that retaliation, harassment, intimidation, or misconduct will not be tolerated. Leadership should also communicate the importance of maintaining a safe environment where employees can report concerns without fear of retaliation.

Audit Finding 9. Unauthorized Personal Use of City Facilities

During a prior internal audit conducted in 2022, Internal Audit observed an employee storing a personal boat at the Field Operations facility. On September 6, 2022, Field Operations management was notified that the storage of personal property at the City facility was not in compliance with City policy. However, during a subsequent inventory observation conducted on October 31, 2022, Internal Audit determined that the boat had not been removed from City property.

Information revealed that the boat previously observed by Internal Audit had been moved to another location at the city facility intended to prevent it from being visible during audit activity. It was further determined that the employee continued to store personal property on City premises and had placed an additional personal boat at the Field Operations facility, resulting in two personal boats being stored on City property.

In addition to the boats, numerous personal items were identified as being stored at the city facility, including but not limited to a chandelier, juicer, bed frame, box spring, mattress, recliner, area rug, table, vases, drum set, refrigerator, and other household items. This list does not represent all personal items identified during the investigation. The storage of these items indicates that City facilities were being used as personal storage space for non-City property.

This activity violates City of Titusville Personnel Policy Section 5.23, Official Use of City Equipment and Facilities, which states that City equipment and facilities are to be used solely for official City business and prohibits employees from conducting personal business or using City property or facilities for personal purposes. Additionally, this conduct may constitute a misuse of public position under Florida Statute §112.313(6), which prohibits public officers or employees from using or

attempting to use their official position or resources to secure a special privilege, benefit, or exemption for themselves or others.

The continued storage of personal property after being notified of noncompliance, and the apparent attempt to conceal property from audit observation, demonstrates a disregard for City policy and internal controls as well as the misuse of public resources.

Recommendation:

9.1 - Immediate Removal of Personal Property - Require the immediate removal of all non-City property stored at City facilities.

9.2 - Policy Reinforcement - Reissue and reinforce Personnel Policy Section 5.23 to all employees, emphasizing that City equipment and facilities are for official City business only.

9.3 - Management Oversight - Require department supervisors to conduct periodic inspections of City facilities to ensure compliance with City policies and to verify that no unauthorized personal property is stored on-site.

9.4 - Ethics Training - Provide employees and supervisors with periodic ethics training that includes guidance on misuse of public position and applicable provisions of Florida law, including Florida Statute §112.313(6).

Audit Finding 10. Inadequate Facility Access Controls and Physical Security

The audit identified significant weaknesses in facility access controls and physical security at the Field Operations location that expose the City to increased financial, operational, and liability risk.

The facility's gate access system (the Viking system) is a manual process that does not provide the ability to track or monitor who enters or exits the property. The system previously used the last four digits of employees' Social Security numbers as access codes, which created unnecessary risk related to the handling of sensitive personal information. Although this practice has been discontinued, the current process remains inadequate. Employees now select their own four-digit access codes, which are maintained on a spreadsheet and manually entered into the gate. This approach still does not provide accountability, auditability, or effective oversight and increases the risk of unauthorized access or code sharing.

The Field Operations facility also lacks basic physical security controls. There are no security cameras or surveillance systems at the site, despite the presence of substantial high-value tools, equipment, vehicles, and machinery. The absence of surveillance significantly increases the risk of theft, vandalism, and unauthorized use of City property and limits the City's ability to investigate incidents or recover losses.

Additionally, facility directors did not have the ability to access the site through either the gate or the front-door entry system, limiting management oversight.

These conditions collectively expose the City to potential financial losses, insurance impacts, and operational disruption, while limiting accountability for the protection of public assets.

Recommendations:

10.1 - Install the UniFi Access System which is used citywide and provides individual credentials and access logging, eliminating manual and spreadsheet-based controls, and ensuring appropriate management access.

10.2 - Management should also conduct a facility security assessment and implement appropriate physical security measures, including the installation of surveillance cameras, to safeguard City assets and improve oversight.

Matter for the Record – Internal Audits Coordination with Law Enforcement

During the course of this engagement, Internal Audit conducted procedures within its authorized scope to evaluate compliance with City policies, Florida State Statute, asset accountability, and potential misappropriation of City resources.

Where audit procedures identified matters that could constitute potential criminal violations, Internal Audit referred those matters to the Titusville Police Department for further investigation and determination of criminal charges, as appropriate. These referrals were documented within this report.

Subsequent to these referrals, the Police Department indicated that Internal Audit's continued administrative fact-finding efforts were viewed as interfering with its criminal investigation.

Internal Audit's role is administrative in nature and focused on internal controls, policy compliance, safeguarding of assets, and identification of fraud risk indicators. The audit function does not determine criminal guilt or pursue prosecution; rather, it identifies potential irregularities and refers matters to law enforcement when warranted.

The matters referred to the Police Department were identified through Internal Audit procedures conducted prior to the initiation of any criminal investigation. Accordingly, the Police Department's investigation was predicated on information developed and communicated by Internal Audit. Internal Audit ceased investigative procedures related to potential criminal conduct upon referral and deferred to law enforcement for criminal investigation activities.

Scope and Methodology

The Internal Audit Office conducted a review of alleged misappropriation of City assets and misuse of City resources within the Water Resources Field Operations Division. The review was initiated following anonymous complaints received on December 30, 2025, and January 8, 2026.

The scope of the audit included activities and transactions occurring between October 1, 2023 and January 13, 2026, with certain historical information reviewed when relevant to the allegations. The review focused on procurement card transactions, asset management practices, use of City equipment and personnel, disposal of scrap materials, facility security, and compliance with City policies, procedures, and applicable Florida statutes.

The audit also included a review of capital asset records maintained by Finance for the Water Resources Field Operations Division and a physical verification of selected assets located at the Field Operations facility.

Internal Audit conducted this review in accordance with generally accepted government auditing standards applicable to internal audit activities. The following procedures were performed to obtain sufficient and appropriate evidence:

- Conducted interviews with current and former employees, management personnel, and other relevant individuals.
- Reviewed 387 procurement card (P-Card) transactions (250.00 and over) totaling 254,072.72 for the period October 1, 2023 through January 13, 2026, including examination of receipts and supporting documentation.
- Performed physical verification of selected tools, equipment, and capital assets at the Field Operations facility.
- Compared the FY25 Finance Capital Asset Schedule to assets physically located at the facility to identify discrepancies.
- Reviewed City policies and procedures.
- Examined documentation related to equipment purchases, asset transfers, and inventory records.
- Evaluated internal controls related to procurement, asset management, scrap material disposal, and facility access.
- Reviewed employee-provided documentation, including scrap metal receipts and supporting information related to historical allegations.
- Coordinated with the City Attorney's Office, Human Resources Department and City Management during the course of the investigation.
- Referred potential criminal matters to the Titusville Police Department for further investigation and reviewed available documentation related to the police report.

This review was conducted for the purpose of evaluating internal controls, compliance with City policies and procedures, and identifying potential misuse or misappropriation of City resources within the Water Resources Field Operations Division. Audit procedures were designed to identify indicators of fraud, control deficiencies, and policy violations; however, the procedures performed were not intended to constitute a comprehensive forensic examination of all financial activity or operational practices within the Division.

Internal Audit relied on documentation available at the time of the review, information obtained through employee interviews, and records provided by City departments. While reasonable efforts were made to verify information obtained during the audit, certain information was based on statements and documentation provided by employees and management and may not independently confirm all activities that occurred.

It is possible that additional irregularities, control deficiencies, or instances of misuse of City resources may exist that were not identified during this engagement. Accordingly, the absence of additional findings should not be interpreted as assurance that no other improper activity occurred.

This report is intended to assist City management in strengthening internal controls, safeguarding public resources, and addressing the matters identified during this review.

Conclusion

The investigation identified significant misconduct involving the misappropriation of City assets, misuse of City personnel and equipment, and efforts to conceal improper activities. Evidence obtained during the audit confirmed that a former supervisory employee used City purchasing authority and City resources for personal benefit and attempted to influence employees to provide false statements regarding the location of City property.

In addition to the specific incidents identified, the audit revealed broader systemic control weaknesses within the Water Resources Field Operations Division, including deficiencies in asset management, procurement card oversight, scrap metal disposal controls, facility security, and inventory accountability. These weaknesses created conditions in which misuse of public resources could occur without timely detection and where accountability for City assets was significantly diminished.

The audit also identified information suggesting that certain activities and practices may have occurred over an extended period of time. While the procedures performed during this review were sufficient to identify significant control deficiencies and specific incidents of misconduct, this engagement was not designed to serve as a comprehensive forensic financial examination of all historical transactions and activities within the Division.

Given the nature and duration of the allegations, as well as the documentation obtained during the course of this review, the City may wish to consider engaging an independent forensic auditor to conduct a comprehensive financial analysis of Field Operations activities. A forensic review could provide a broader assessment of historical financial transactions, procurement activity, asset disposition practices, and scrap material disposal to determine whether additional losses or irregularities occurred that were outside the scope of this audit.

Internal Audit also referred matters involving potential criminal violations to the Titusville Police Department for further investigation. In situations involving potential criminal misconduct, maintaining public confidence in the integrity and independence of the investigative process is essential. Because a member of the former employee's immediate family is employed by the Titusville Police Department, the City may wish to consider whether an independent external law enforcement agency or investigative body should be requested to review or assist with the investigation in order to avoid any potential or perceived conflict of interest and to ensure the highest level of transparency and public trust.

Regardless of the outcome of any criminal proceedings, the control deficiencies identified during this review require corrective action to strengthen accountability, improve oversight, and safeguard City resources. Implementation of the recommendations contained in this report will help enhance internal controls, improve transparency, reduce the risk of fraud or misuse of public assets, and reinforce the City's commitment to responsible stewardship of public funds.