



DEPARTMENT OF INSPECTOR GENERAL
OKALOOSA COUNTY, FLORIDA
JD PEACOCK II, CLERK OF CIRCUIT COURT AND COMPTROLLER



August 23, 2024

Paul Mixon, Chairman
Okaloosa Board of County Commissioners
101 E. James Lee Blvd
Crestview, FL 32539

Chairman Mixon,

At your request, our office completed an Administrative Review of the Okaloosa County Tourist Development Department's contract with BooneOakley, LLC; C19-2752-TDD.

Our understanding of the request was to focus on the procurement process, compliance with the terms of the contract, and adherence to policy.

After our review we did have some concerns, and in the attached report you will find our concerns and conclusions in blue italic lettering. The report also addresses the different amendments to the contract over time as well as Task Orders.

We appreciate the opportunity to be of service and are available to answer any questions you may have related to this matter.

Respectfully,

Renee F. Larkey

Renee Fennell Larkey,
Inspector General

CC: J.D. Peacock II, Clerk of Court & Comptroller
Brad Embry, Chief of Staff

Administrative Review of Contract C19-2752-TDD

Most County Tourist Development entities have an Advertising Agency of Record assigned to their account and Okaloosa County is uniform in its approach. Prior to the BooneOakley, LLC (BooneOakley) agreement several other advertising agencies had been contracted by the county to provide marketing, advertising and public relations services in the preceding years. When the current agreement was circulated for an RFP (Request for Proposal), there were 14 respondents, with 7 of those respondents moving on to final presentations. The group of 9 individuals reviewing the proposals consisted of non- elected Tourist Development Council (TDC) members and 2 Chamber of Commerce members from the Ft Walton Beach and Destin chambers. BooneOakley was selected as the contracted agency but operates collectively with a public relations firm, a media firm, and a research and strategy firm. The Tourist Development Department (TDD) buys the media and BooneOakley manages the strategy, and this is to eliminate any markup in the media buying process.

Contract C19-2752-TDD for RFP TDD 53-18 was initially executed on November 6, 2018, between Okaloosa County and BooneOakley, LLC. The contract contained an Exhibit "A" which outlined the 38 items composing the scope of services. The TDD Director was authorized to approve the annual scope of work on behalf of the County. The initial contract terms included a fee structure of \$73,850.00 monthly for 500 hours of work. The contract does not include a local option agreement meaning the contractor is not required to use local talent. The TDD is interested in using the best available talent and those individuals may be obtained locally or out of the area.

The contract was amended August 6, 2019, retroactively to August 1, 2019, to delete the in-market presence of Agency staff and change the monthly hours from 500 to 564 with no fee increase. An addition was made to reimburse the Contractor scope of work travel up to \$25,000.00 annually and travel would be reimbursed to the Contractor per the County's travel policies. TDD realized after the first year that it was not efficient to require an in-market presence by agency staff and chose instead to insert a not to exceed line-item travel cost to cover instances of agency staff coming to the area while also complying with the County travel policies for reimbursement of travel.

The contract was amended December 3, 2019, to clarify travel expenses and modify the contract terms with the revised Purchasing Manual. The changes modified third party costs to indicate travel costs may be reimbursed to the Contractor per the County's travel policies or as a lump sum, depending on how travel is identified on the written pre-approval. A sixth bullet was added to Exhibit A, Section VII of the contract, Third Party Costs indicating "For Contractor assignments, travel receipts and Okaloosa County Voucher for Traveling Expenses unless travel is identified as a lump sum on the written pre-approval." TDD staff realized that travel expenses fell into different categories. Examples included attending scheduled TDC meetings, production travel and travel expenses to attend tourist related conventions. Travel expenses can be incurred by county staff, agency staff and third parties involved in productions. TDD staff found that third party contractors that worked on County productions were not equipped to meet the County requirements of maintaining and

Administrative Review of Contract C19-2752-TDD

producing receipts. Some reimbursement items may have been consistent with industry practice but would not meet the county's travel policy and this was creating conflicts in processing travel reimbursements. As noted above, the County's purchasing manual was amended to allow for the changes made to this contract. *This amendment in some instances eliminated use of the County travel voucher and reimbursement internal control policies for third party vendors if lump sum travel expenses were submitted. Payment of lump sum travel amounts can provide the opportunity for the concealment of overpayment and expense mischaracterization fraud as no supporting documentation is presented for payment.*

The contract was amended November 2, 2021, to provide for renewal of the contract effective until November 5, 2023, and amend the scope of services and compensation. Exhibit A, section I was amended from "other related services as needed" to "Pilot Program Development". This change was made as TDD did not foresee Destination Stewardship and related pilot programs when the initial scope of work was agreed upon. The Agency Staffing Plan was amended to delete "departments" and add "disciplines". The Agency Staffing Plan was amended to delete the fact that the Contractor needed to notify the County if there were any changes in staffing at least 10 days in advance and it was not required that new staff have equal or greater skills than staff being replaced. Third Party Costs was amended to delete reference to the Contractor having to develop a specifications sheet and obtain competitive pricing from vendors and replaced with "Contractor is authorized to engage quality third-party vendors previously vetted for other business projects or already used in the last three years for County projects. If a pre-vetted vendor listed on the Preferred Vendor Master List herein does not meet the Contractor or County's needs Contractor shall develop a specifications sheet to obtain competitive written bids". This section also states that if the lowest cost vendor is not selected, the Contractor must provide justification as to how the vendor best meets the scope of services. This process shall be deemed to satisfy the competitive bid process of the County's Purchasing Manual, regardless of the dollar amount. *This change could negate/degrade the integrity of the competitive bidding process whereby vendors submit bids considering costs, profit and other factors which creates a transparent and fair environment and replaced the process with a list of highly utilized subcontractors who are familiar to the agency.* A Preferred Master Vendor list was incorporated into the contract. The Compensation was amended to \$99,750.00 based on 700 hours of work per month. Amendment 3 was processed again on November 16, 2021, retroactively to November 6, 2021, due to an incorrect version being voted on by the Board on November 2, 2021.

The contract was amended January 3, 2023; to provide for extension until September 30, 2025, the extension was authorized 8 months before the contract end date. The monthly hours and compensation for the duration of the contract was amended to increase compensation to \$112,125.00 per month based on 750 hours of work. The TDD Director stated she was given special permission by the Board of County Commissioners (BCC) to override the purchasing policy and extend the contract to be able to continue implementation of the agency's marketing plan and creative investment that was unutilized,

Administrative Review of Contract C19-2752-TDD

due to suspension of the TDD branding and marketing coming out of the Covid timeframe. The TDD agenda request indicated that the BCC could alternately issue an RFP rather than extending the contract, but cited several reasons why the contract extension would be preferable as the RFP process and would simply seek to identify whether there was a more economical way to execute current activities.

Our office reviewed Task Order 2357 (TO) of the contract, task order 2357 was for a 2023 brand broadcast and digital video production. The TO specified that BooneOakley was selecting Fenton as the subcontractor to complete the production. Fenton is a production company owned by Liz Stoval, a producer who is listed on the preferred vendor master list which was previously incorporated into the BooneOakley contract. The TO stated BooneOakley would obtain written competitive pricing for other vendors not listed, if the costs exceed \$4500 and that BooneOakley will reconcile actual costs and bill based on actual rather than the estimates provided. Thereby, any savings or project underruns will accrue to Okaloosa County and be reflected in the invoicing. Each line item/cost in the estimate may shift but the total cannot exceed \$499,390 unless mutually agreed upon by both BooneOakley and Okaloosa County.

In this TO, Fenton subcontracted to Washington Square Films (WSF). On the invoices, WSF was listed as a single line item for \$278,505. The TDD stated that they only require BooneOakley to obtain competitive pricing on those vendors that BooneOakley subcontracts, not additional vendors that are then subcontracted. Additionally, TDD stated that after the invoicing was submitted for final payment, it was relayed to BooneOakley that subcontractor costs cannot be grouped together and listed as a single line item. *This caused them to become unidentifiable from the itemized charges as reflected on the TO documents.* The TDD stated that the only information that they use to verify the amounts that are being billed to Okaloosa County are the documents that show the estimated, actual, and variance amounts for each line item inside the TO. The TDD stated that they do not require back up documentation for the actual costs billed to Okaloosa County.

While the TDD is following the requirements of the contract and the TO, the current documents that the TDD require for reconciliation of the invoices only allow the TDD to verify whether the total expenses were within the contracted budget. The documents do not provide the ability for the TDD to verify what equipment, crew, materials, etc. was utilized to complete the TO. However, the TDD Destination Stewardship Manager stated that she is on-site anytime there is a production taking place, so she can see what crew is there and what equipment is being used. The TO states that any savings or project underruns will accrue to Okaloosa County, however the TDD is unable to verify if all savings that were available to Okaloosa County were received by Okaloosa County.

Our opinion is that the TDD is following the tenants of the contract and the task orders as currently written. Although the TDD is following the contract terms, the contract has been engineered through multiple amendments, changes to the TDD policy as well as the county purchasing manual to benefit the department's goal of utilizing the best resources and not

Administrative Review of Contract C19-2752-TDD

necessarily providing the most cost-efficient alternatives. The lack of transparency in the billing process for the reviewed task order, while meeting the contract and task order requirements, provide the opportunity for unjustified costs to be included in the billing and do not provide an avenue for the TDD to verify the actual costs or cost savings shown in the billing.