Review of Educational Incentive Compensation Paid to Fire Chief Officers (26-02)

City of Delray Beach
100 NW 1st Avenue
Delray Beach, FL 33444

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MEMORANDUM

To: Terrence Moore, City Manager

From: Elena Georgiev, Internal Auditor ***EG***

Date: August 18, 2026

Subject: Review of Educational Incentive Compensation Paid to Fire Chief Officers

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Executive Summary

At the request of the City Manager, the Office of the Internal Auditor reviewed City educational incentive compensation paid to Fire Department command staff. The review evaluated the records supporting the payment and continuation of City educational incentive compensation for current Fire Chief Officers and, as necessary, examined historical records to determine how the practice developed over time.

The review determined that City educational incentive compensation has been paid to both current and prior Fire Department command staff for many years. Historical records identified a 2002 City Manager memorandum establishing City educational incentive compensation for Fire Chief Officers, a 2004 ordinance addressing the pensionability of educational incentive compensation, and educational incentive provisions incorporated into the 2020 Supervisory Agreement for covered supervisory employees.

The review also identified differences in the timing and administration of City educational incentive compensation among individual employees. While the review documented the historical development and administration of City educational incentive compensation, the available records did not fully explain certain administrative decisions or fully document the basis for continuing City educational incentive compensation for Fire Chief Officers following their exclusion from the educational incentive provisions of the 2020 Supervisory Agreement.

Background

At the request of the City Manager, the Office of the Internal Auditor conducted a review of educational incentive compensation paid to Fire Department command staff. As part of the review, the Office of the Internal Auditor examined the governing documents applicable to the current command staff. As the review progressed, the records applicable to the current command staff did not fully explain the historical development and continuation of the compensation practice. Accordingly, the Office of the Internal Auditor expanded the review to examine historical records to determine the origin of the practice and evaluate how it evolved over time.

Objective

To evaluate whether City educational incentive compensation paid to current members of Fire Department command staff was supported by documented authority and to identify the administrative process governing its payment and continuation.

Methodology

To accomplish the objective of the review, the Office of the Internal Auditor:

- reviewed payroll and personnel records, governing documents, City Commission records, historical memoranda, and other available administrative records;
- conducted inquiries with appropriate City personnel; and
- evaluated the information obtained to identify the documented authority and administrative process governing the payment and continuation of City educational incentive compensation for Fire Chief Officers.

Nature of the Review

This review was conducted as a fact-finding review at the request of the City Manager. It was not performed as a performance audit under Generally Accepted Government Auditing Standards (GAGAS). Accordingly, the review was limited to the objective described in this memorandum and should not be interpreted as providing assurance over the overall effectiveness of internal controls, compliance, or governance related to Fire Department educational incentive compensation.

Results

Current Command Staff

The review examined the five (5) members of the current Fire Department command staff, consisting of the Fire Chief, Deputy Fire Chief, and three Assistant Fire Chiefs. Of the five members reviewed, two did not receive City educational incentive compensation. The remaining three received City educational incentive compensation for associate's degrees, bachelor's degrees, or both.

A review of payroll and personnel records determined that each of the three individuals who received City educational incentive compensation had a different compensation history.

- Employee 1 began receiving City educational incentive compensation upon promotion to Assistant Fire Chief, a position a position expressly excluded from the educational incentive provisions of the 2020 Supervisory Agreement.
- Employee 2 began receiving City educational incentive compensation upon promotion to Division Chief. The employee continued receiving the compensation after promotion from Division Chief, a position covered by the 2020 Supervisory Agreement, to Assistant Fire Chief.
- Employee 3 began receiving City educational incentive compensation while serving as a Division Chief prior to execution of the 2020 Supervisory Agreement. The compensation continued after the agreement became effective and following the employee's promotion to Assistant Fire Chief.

Payroll records further indicate that all three employees received the State of Florida educational supplement before receiving the City's educational incentive compensation.

The review also identified differences in the timing of City educational incentive compensation among the employees reviewed. For example, the review identified at least one instance in which an employee earned a qualifying associate's degree in 2010 and was receiving the State of Florida educational supplement by at least 2016; however, City educational incentive compensation did not begin until October 2021. The review did not identify records documenting the administrative action, approval, or authority explaining the basis or timing of the City's decision to initiate the payment in October 2021. City educational incentive compensation for all three employees was discontinued in November 2025 following concerns raised by the Fire Chief.

Governing Documents

The review examined the 2020 Supervisory Agreement and the subsequent supervisory collective bargaining agreements in effect during the review period. Each agreement authorizes educational incentive compensation for covered supervisory employees and expressly excludes the Fire Chief, Deputy Fire Chief, and Assistant Fire Chiefs from eligibility under the agreement.

Current offer letters reviewed did not identify City educational incentive compensation as a component of compensation.

Historical Development of the Practice

To better understand the origin and continuation of City educational incentive compensation for Fire Chief Officers, the Office of the Internal Auditor expanded the review beyond the records applicable to the current command staff and examined available historical records dating back to 2001.

The review identified a memorandum issued by the City Manager in 2002 establishing City educational incentive compensation for Fire Chief Officers. The memorandum established educational incentive compensation for qualifying educational achievements and stated that the program would be incorporated into an Administrative Policy. However, the review did not identify an Administrative Policy implementing that direction.

The review also identified a 2004 ordinance amending the definition of pensionable earnings to include certain educational supplemental incentive payments. The ordinance addressed the pension treatment of educational incentive compensation but did not establish or otherwise address the authority for providing City educational incentive compensation to Fire Chief Officers.

During interviews with individuals familiar with the historical administration of Fire Department compensation, the Office of the Internal Auditor was informed that educational incentive compensation for Chief Officers was generally administered in accordance with the 2002 memorandum until the creation of the supervisory bargaining unit. Those individuals further explained that, when the 2020 Supervisory Agreement was negotiated, the educational incentive provisions reflected benefits already being provided to supervisory Chief Officers and were intended to memorialize those existing benefits within the agreement. The review, however, did not identify records explaining the decision to incorporate those provisions into the collective bargaining agreement.

Chapter 35 of the City Code of Ordinances establishes a personnel system governing employee classification and pay plans. Specifically, Section 35.001 provides that the City Commission establishes the personnel system governing classification and pay plans, while Section 35.002 authorizes the City Manager to implement that system. Accordingly, the Office of the Internal Auditor reviewed available City Commission agenda materials and meeting minutes beginning in 2001 to determine whether City educational incentive compensation for Fire Chief Officers had been authorized through formal Commission action. The review did not identify records evidencing such authorization.

Conclusion

The review established that City educational incentive compensation has been paid to Fire Chief Officers since at least 2002 and continued across multiple administrations.

The review identified a 2002 City Manager memorandum establishing City educational incentive compensation for Fire Chief Officers, a 2004 ordinance addressing the pensionability of educational incentive compensation, and educational incentive provisions incorporated into the 2020 Supervisory Agreement for covered supervisory employees. The review also determined that the Fire Chief, Deputy Fire Chief, and Assistant Fire Chiefs were expressly excluded from the educational incentive provisions of the 2020 Supervisory Agreement.

Although the review documented the historical evolution and administration of City educational incentive compensation, the available records did not fully document the basis for providing City educational incentive compensation to Fire Chief Officers within the personnel system established by Chapter 35 of the City Code of Ordinances or explain certain administrative decisions identified during the review.

Limitations

This memorandum is based on the records, information, and explanations available to the Office of the Internal Auditor at the time of the review. The results may change if additional documentation is identified or if management, legal counsel, or other responsible parties provide additional information regarding the authority or administration of City educational incentive compensation.

The Office of the Internal Auditor relied on available records and interviews conducted during the review. The absence of documentation described in this memorandum should not be interpreted as evidence that no additional records exist.

This memorandum documents the results of a historical fact-finding review. It does not constitute a legal opinion, nor does it determine the legality or propriety of any individual compensation payment. Any legal interpretation or determination regarding the authority for City educational incentive compensation should be made by the appropriate City officials in consultation with the City Attorney, as appropriate.

Timeline

Year	Key Event
2002	City Manager memorandum establishes educational incentive compensation for Fire Chief Officers and contemplates an Administrative Policy.
2004	City ordinance designates educational incentive compensation as pensionable compensation.
2020	Educational incentive provisions are incorporated into the supervisory collective bargaining agreement.
2025	City educational incentive compensation for the affected command staff is discontinued following concerns raised by the Fire Chief.

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MEMORANDUM

The City of
Delray Beach, Florida
Fire Rescue Department

TO: Elena Georgiev, City Auditor

THRU: Terrence R. Moore, ICMA-CM

FROM: Ronald L. Martin- Fire Rescue Chief *Ronald L. Martin*

DATE: August 4, 2026

SUBJECT: Fire Rescue Management Response: Educational Incentive Compensation

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I am in receipt of, and have reviewed, the memorandum issued on August 18, 2026. I have also reviewed your email dated July 30, 2026, which includes three questions regarding the current state of internal controls related to payroll and executive compensation. Our responses are outlined below.

Question 1: Clarification of the process and governing documentation

Fire Rescue Response:
In November 2024, Fire Rescue Management established a Payroll Entry and Verification process based on the internal control best-practice framework provided by the Government Finance Officers Association. A key principle integrated into this system is the segregation of duties between Fire Rescue administrative staff, Fire Rescue executives, and the Department of Finance.

The Payroll Entry and Verification process in its current form was developed through multiple phases and trials. Prior to this initiative, payroll-related duties, including timekeeping, reconciliation, and payroll entry—were centralized within a single position. Transitioning away from that model required several months of collaboration and training with both Fire Rescue staff and the Department of Finance.

A fully defensible Payroll Entry and Verification process was implemented on March 5, 2026, as outlined in the attached memorandum.

Question 2: Process improvements to ensure consistent implementation

Fire Rescue Response:
Due to the complexity of the Collective Bargaining Agreements and Fire Rescue payroll structure, Fire Rescue Management observed a higher incidence of payroll errors associated with

employee status changes. Over the past nineteen months, this has resulted in both overpayments and underpayments of certain payroll-related incentives.

Our root cause analysis revealed that the City-Wide Employee Change Notice form did not always capture the unique payroll considerations specific to Fire Rescue, creating opportunities for errors or omissions. This form was designed for general citywide use and does not fully accommodate the specialized payroll conditions present in our department.

In response, a major initiative launched in January 2026 involved collaboration among Fire Rescue Management, the Department of Finance, and the Department of Human Resources to create the Fire Rescue Internal Employee Change Authorization form (attached). This internal form reinforces segregation of duties and incorporates multiple checks and confirmations before transmittal to the Department of Finance.

To further enhance accuracy, consistency, and oversight, the Internal Change Authorization form now functions as a complete packet of information, including financial changes, supporting documentation, and any applicable memorandums. After review, the Department of Finance supplements the packet with the City Approved Employee Change Notice form and forwards it to the Fire Chief for final review and consideration.

An additional quality control measure requires that employees receiving a payroll adjustment receive a copy of the Internal Fire Rescue Change Authorization form. This ensures employees have an opportunity to ask questions, provide comments, or raise concerns.

Question 3: Communication and education to ensure understanding of roles and responsibilities

Fire Rescue Response:
Through budgetary efficiencies, Fire Rescue has added several key positions that support compliance with internal controls. The Administrative Services Manager position replaced the former Executive Assistant to the Chief and now serves as a mid-level manager directly reporting to the Fire Chief while supervising all Administrative Assistants and Administrative Coordinators. This position is supported by the Budget Coordinator, who oversees staff training and verifies compliance with the internal controls implemented by Fire Rescue Management.

Additionally, various key personnel, including the Budget Coordinator, Deputy Fire Rescue Chief, Fire Chief, and Administrative Services Manager—have completed or are actively pursuing enhanced training related to public sector financial controls and best practices for fiscal governance in Fire Rescue.

Where appropriate, communication of process changes has been delivered through multiple methods, including staff meetings, department-wide training via Target Solutions, and official communications issued through relevant Department Heads

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From: Martinez Martinez, Nereida
To: Georgiev, Elena
Cc: Dachowitz, Henry; Aleman, Carmen
Subject: FW: Review of Educational Incentive Compensation – Management Response Requested
Date: Thursday, August 6, 2026 4:43:05 PM
Attachments: MEMORANDUM.pdf
image001.png
image002.png

Good afternoon, Elena

Cecelia has provided the following regarding the Educational Incentive Compensation:

Note: We currently follow the guidelines and new processes implemented by the fire department.

Clarification of the process and governing documentation

- It is understood that any employee changes with Fire personnel will begin internally with ECN documentation of change forwarded to Finance Payroll for processing of change.
- Documentation of change will be provided with instruction for completion via the internal ECN forms
- Once received by Finance Payroll Generalist/Finance Payroll, the changes will be prepared per fire dept. direction, returned for review by Admin. Office Coordinator-HR and Fire Chief for signature
- Once reviewed and signed by Fire Chief, documents will be returned to FPG, copies will be distributed to HR and Finance Payroll for final processing.

Process improvements to ensure consistent implementation

- Thoroughly review documents received and make changes accordingly.
- Communicate via phone and email to bring awareness to any discrepancies
- Keep an open line of communication for consistent implementation to decrease errors
- Finance payroll conducts a follow-up payroll process once the bi-weekly payroll is completed to ensure that requested change was properly implemented in the Tyler NWS; compare ECN to Tyler entry to ensure accuracy of information (rate of pay, promotion, etc.).
- Once verification is completed, we scan to file folder and Laserfiche for future reference when needed.

Communication and education to ensure all responsible departments understand the process and their respective roles and responsibilities

- Continue to provide updates to processes and offer training when needed via email, TEAMS, etc.

Estimated implementation timeline

- Implementation of current changes began July 13, 2026, and has been working for the good of all thus far

I hope this helps. Please let us know if you need additional information.

Regards,

Nereida Martínez Martínez, MBA
Payroll Manager
Phone: 561-243-7124
Email: Martinezn@mydelraybeach.com
City of Delray Beach, 100 NW 1st Avenue, Delray Beach, FL 33444

PUBLIC RECORDS NOTE: Florida has a very broad public records law. Most written communications to or from local officials, employees, or the general public regarding city business are public records available to the public and media upon request. Your e-mail communications may therefore be subject to public disclosure.