

# Office of Inspector General Annual Report Fiscal Year 2015- 2016

Candace M. Fuller  
Inspector General

Jonathan P. Steverson  
Secretary



## Florida Department of Environmental Protection

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Jonathan P. Steverson  
Secretary

September 30, 2016

Jonathan P. Steverson, Secretary  
Department of Environmental Protection  
3900 Commonwealth Boulevard  
Tallahassee, FL 32399-3000

Melinda Miguel, Chief Inspector General  
Executive Office of the Governor  
The Capitol  
Tallahassee, FL 32399-0001

Dear Secretary Steverson and Chief Inspector General Miguel:

I am pleased to present the Annual Report for the Office of Inspector General for Fiscal Year 2015-2016. This report was prepared in accordance with Section 20.055(8), Florida Statutes, and summarizes the activities performed based on its statutory responsibilities, as well as the major accomplishments for this office.

On behalf of the Office of Inspector General staff, I would like to thank you for your continued support, as well as all Department Managers and staff for their assistance and cooperation throughout the year.

The Office of Inspector General remains committed to promoting efficiency, accountability and integrity and in our efforts to detect and prevent fraud, waste, abuse, and mismanagement in Department Programs.

Sincerely,

A handwritten signature in blue ink that reads "Candie M. Fuller".

Candie M. Fuller  
Inspector General

CF/mr

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## **EXECUTIVE SUMMARY**

In accordance with Section 20.055 (8), Florida Statutes, (F.S.), the Office of Inspector General (OIG) is required to complete an annual report by September 30, summarizing the activities of the office during the prior fiscal year. Consistent with these duties, the following activities demonstrate significant efforts of the Department of Environmental Protection (Department) OIG staff during Fiscal Year (FY) 2015-2016.

- ❖ Conducted twenty-seven Audits containing fifty-one recommendations, which were agreed to by Management
- ❖ Conducted thirteen Management Reviews containing four recommendations, which were agreed to by Management
- ❖ Conducted eleven Consulting Services containing six recommendations, which were agreed to by Management
- ❖ Performed liaison and coordination activities for twenty-two external audits
- ❖ Reviewed and processed 238 Single Audit Reports
- ❖ Opened ninety-eight cases
- ❖ Closed sixty-seven cases, with ten of those cases containing substantiated allegations
- ❖ Assisted the Office of the Chief Inspector General with multiple projects
- ❖ Conducted five Fraud Deterrence Trainings across the State

## **DEPARTMENT BACKGROUND**

The Florida Department of Environmental Protection (DEP) is one of the more diverse agencies in State government. More than 3,500 DEP employees serve the people of Florida. In addition to protecting the State’s air and water quality and ensuring proper waste management, DEP is responsible for managing State Parks, recreational trails, and other areas for outdoor activities. DEP’s vision is, *creating strong community partnerships, safeguarding Florida’s natural resources and enhancing its ecosystems.*

## ***PURPOSE OF ANNUAL REPORT***

This report, required by Section 20.055 (8) F.S., summarizes the activities and accomplishments of the DEP, OIG, during FY 2015-2016. This report includes, but is not limited to the following:

- ❖ A description of activities relating to the development, assessment, and validation of performance measures
- ❖ A description of significant abuses and deficiencies relating to the administration of DEP Programs and operations disclosed by investigations, audits, reviews, or other activities during the reporting period
- ❖ A description of the recommendations for corrective action made by the OIG during the reporting period, with respect to significant problems, abuses, or deficiencies identified
- ❖ The identification of each significant recommendation described in previous annual reports of which corrective action has not been completed
- ❖ A summary of each audit and investigation completed during the reporting period

## ***MISSION STATEMENT AND OBJECTIVES***

The mission of the OIG is to promote integrity, accountability, and efficiency within DEP. The OIG conducts independent and objective audits, reviews and investigations of Department issues and Programs in order to assist DEP in protecting, conserving, and managing Florida’s environmental and natural resources. Audits, reviews and investigations are informative, logical, supported, and timely regarding issues and matters of importance to DEP.

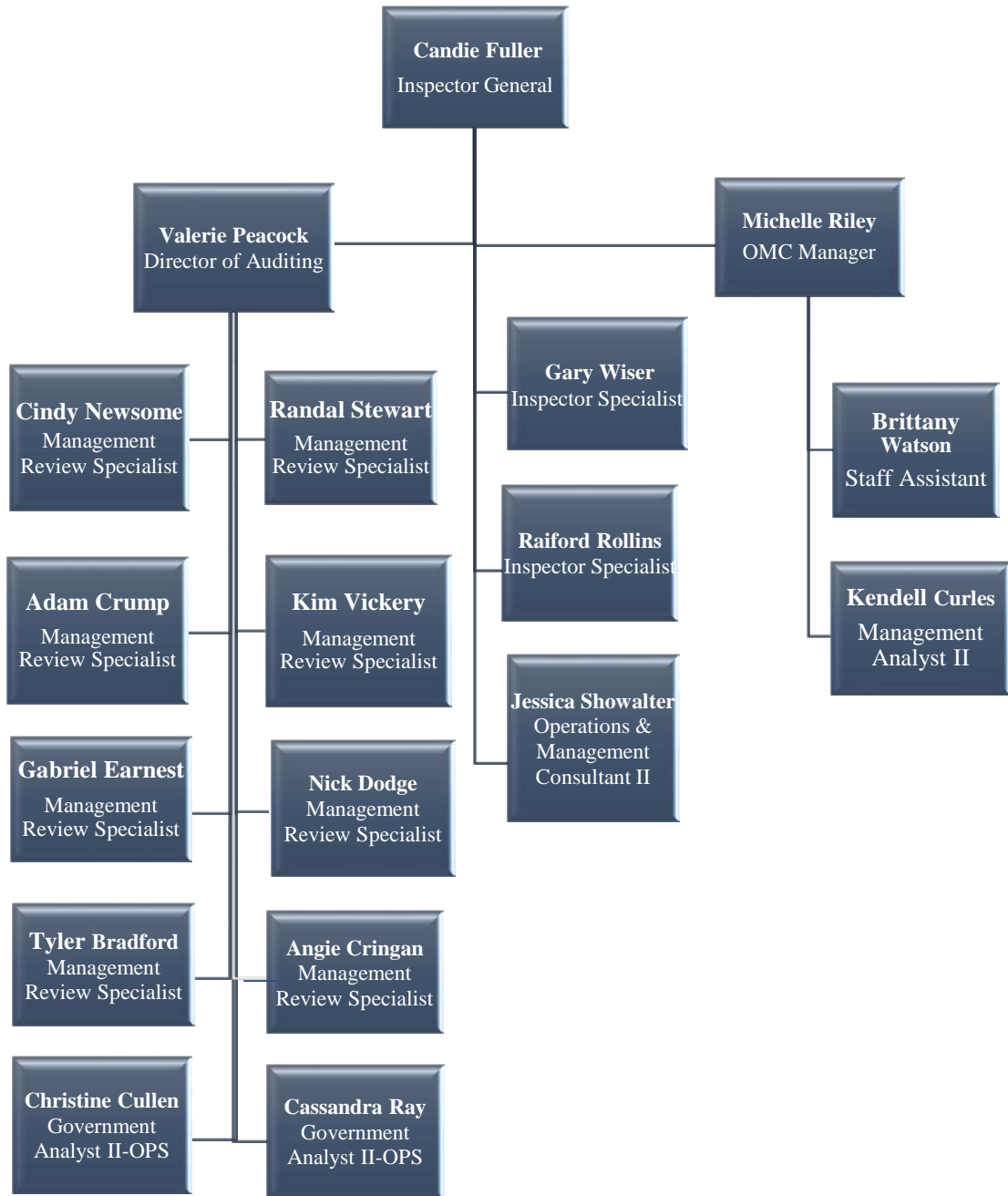
Additionally, in an effort to assist other offices throughout the year, the OIG assisted the Office of the Chief Inspector General with multiple projects, which included leading an Enterprise review of Single Audit Activities across selected State Agencies.

***DUTIES AND RESPONSIBILITIES OF THE INSPECTOR GENERAL***

- ❖ Advise in the development of performance measures, standards, and procedures for evaluating DEP Programs, assess the reliability and validity of performance measures, and make recommendations for improvement
- ❖ Review the actions taken by the Department to improve Program performance and meet Program standards, while making recommendations for improvement, if necessary
- ❖ Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to DEP’s operations
- ❖ Conduct, supervise, and coordinate other activities to promote economy and efficiency and activities designed to prevent and detect fraud and abuse in DEP
- ❖ Keep the Secretary and Office of the Chief Inspector General informed concerning fraud, waste, abuse and deficiencies in Programs and operations, recommend corrective action, and provide progress reports
- ❖ Ensure effective coordination and cooperation between the Auditor General, federal auditors and other government bodies, with a view toward avoiding duplication
- ❖ Review Department rules and make recommendations relating to their impact
- ❖ Ensure that an appropriate balance is maintained between audits, investigations, and other accountability activities
- ❖ Comply with the General Principles and Standards for Offices of Inspector General, as published and revised by the Association of Inspectors General

**ORGANIZATIONAL CHART**

As of June 30, 2016, the OIG consisted of eighteen budgeted positions. This included sixteen full-time employees and two Other Personal Services (OPS) positions. The distribution of the OIG positions is described in the below chart:



## ***PROFESSIONAL TRAINING***

During 2015-2016, staff received the benefit from trainings which included current audit issues, ethics, fraud detection, technical security, contract and grant management, HR law, report writing, risk management and investigative techniques. The opportunities were afforded through trainings sponsored by the Institute of Internal Auditors, Association of Inspectors General, Association of Certified Fraud Examiners, and various State agencies, including Florida Department of Financial Services.

## ***PROFESSIONAL QUALIFICATIONS AND AFFILIATIONS***

Staff within the OIG are highly qualified and brings a diversity of background experience and expertise to the Department. Staff have experience in auditing, accounting, Program evaluation and monitoring, budgeting, personnel management, investigations, grant administration, and local and State agencies' activities. OIG staff continually seek to enhance their abilities and contributions to the office and the Department. Many staff members have obtained certifications that demonstrate their knowledge, motivation, and commitment to the profession. Professional certifications held by OIG staff include:

- Certified Inspector General (1)
- Certified Inspector General Auditor (1)
- Certified Inspector General Investigator (3)
- Certified Internal Auditor (2)
- Certified Fraud Examiner (1)
- Certified in Risk Management Assurance (2)
- Certified Government Auditing Professional (1)

The OIG is affiliated with the following professional organizations:

- Association of Certified Fraud Examiners
- Institute of Internal Auditors
- National Association of Inspectors General
- Florida Chapter of the Association of Inspectors General
- Association of Government Accountants



## INTERNAL AUDIT SECTION

The Internal Audit Section performs independent audits, reviews, and examinations to identify, report, and recommend corrective action for control deficiencies or non-compliance with laws, directives, policies, or agreements. Internal controls are evaluated as necessary to assist with Department fiscal accountability.

The Director of Auditing coordinates the development of an Annual Audit Plan, which identifies areas within the Department scheduled for review, using risk assessment criteria. Both a long-range plan and a one-year plan are included in the Annual Audit Plan.

In the development of the Annual Audit Plan, the Internal Audit Section conducts a risk assessment to identify issues of concern to Management, risks pertaining to fraud and misuse of funds, and other governance issues including information technology, ethical climate, and proper financial and performance reporting. The FY 2016-2017 Annual Audit Plan includes projects pertaining to Park operations, Petroleum Restoration Program contracts and expenditures, Water Facilities Funding, Waste Management, and Water Policy and Ecosystems Restoration Programs. Additionally, property inventory processes, administrative and information technology functions, and participation in multi-agency Enterprise-wide audit projects were included in the Annual Audit Plan. The Department’s Inspector General and Secretary approved the FY 2016-2017 Annual Audit Plan.

Audits are conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Where appropriate, the Internal Audit Section adheres to the standards developed by the Comptroller General of the United States and codified in the *Government Auditing Standards* or “yellow book.” Financial-related audits may be subject to the standards promulgated by the American Institute of Certified Public Accountants, which is referred to as *Generally Accepted Auditing Procedures and Generally Accepted Auditing Standards*. Audit reports issued by the Internal Audit Section contain a statement that the audit was conducted pursuant to the appropriate standards. These reports are prepared and distributed to Senior Management, other applicable Departmental Management, the Auditor General and the Chief Inspector General.

The Internal Audit Section provides a variety of services in addition to traditional audits. These include, but are not limited to, investigative assistance, reviews, research, technical assistance,

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management advisory and performance measure assessments. Services provided are tracked with a project number and culminate in a written product, which is disseminated to the Program area and other appropriate parties.

In addition, the Internal Audit Section assists the Department by coordinating audits and reviews of reports completed by the Office of Program Policy Analysis and Government Accountability, the Auditor General, and other oversight agencies. The Internal Audit Section reports on the status of the recommendations included in these reports, as required by Section 20.055, F.S. As the Department’s representative on audit-related issues, the Internal Audit Section reviews and distributes the results of audits pertaining to the Federal and Florida Single Audit Acts, and assists the Division of Administrative Services with preparation of Compliance Supplements required under the Florida Single Audit Act.

***FEDERAL AND STATE SINGLE AUDIT ACT RESPONSIBILITIES***

The Department provides funding and resources from State and Federal funding sources to Florida Counties, Cities, Towns, Districts, and many other non-profit organizations within the State. Because of the Department’s relationship with these entities, the OIG provided technical assistance to support and improve the operations of those entities.

Section 215.97, F.S., states, *each non-State entity that expends a total amount of State financial assistance equal to or in excess of \$500,000 in any fiscal year, of such non-State entity shall be required to have a State single audit, or a project-specific audit, for such fiscal year in accordance with the requirements of this Section.* The Catalog of State Financial Assistance includes for each listed State project: the responsible State agency, standard State project number identifier, official title, legal authorization, and description of the State project, including objectives, restrictions, application, and awarding procedures, and other relevant information determined necessary.

Federal pass-through grants administered by the Department are subject to Office of Management and Budget 2 CFR 200 Uniform Guidance requirements, provided the entity has expended \$750,000 in Federal financial assistance in its fiscal year. Each year, the OIG reviews audit reports submitted by entities that meet the requirements listed in Florida Statutes, as well as the audit requirements listed in the 2 CFR 200 Uniform Guidance. During 2015-2016, our office reviewed 238 single audit reports.

## ***AUDIT WORK PLANS AND RISK ASSESSMENTS***

The OIG conducts an annual risk assessment in the development of the Annual Audit Plan. This assessment is based on Program responsibilities, key areas of risk, budgets, management of contracts and grants, past audit activity, staffing levels, and internal control structure. Discussions are held with DEP leadership team members, Division Directors, and other Management staff to identify areas of risk and concern to Managers. In conducting the risk assessment, the OIG evaluates risk factors of DEP Programs and functions, to assess the associated risks of operating those Programs and functions.

Factors considered in the assessment include:

- value of the financial resources applicable to the Program or function
- dollar amount of Program expenditures
- statutes, rules, internal controls, procedures, and monitoring tools applicable to the Program or function; concerns of Management; impact on the public safety, health, and welfare
- complexity and/or volume of activity in the Program or function
- previous audits performed
- identified areas of internal control concern or susceptibility to fraud

Program and function areas of risk are evaluated based upon these factors, then prioritized to determine the most efficient audit schedule, given the resources available.

## ***PRIOR YEAR AUDIT FOLLOW UP***

The OIG monitored the implementation of prior audit findings six months after completion, and on a bi-annual basis. Of the thirty-nine projects reported in FY 2014-2015 Annual Report, twenty-three had recommendations that were fully implemented and ten had no recommendations. Six projects had recommendations in which corrective action is being monitored as of the end of FY 2015-2016. The projects are listed in the following table.

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Project	Recommendation	Status
<p>A-1415DEP-001 Review of Apalachicola National Estuarine Research Reserve</p>	<p>We recommended the Apalachicola National Estuarine Research Reserve work with Friends of the Reserve to establish internal controls over gift shop revenues and donation collections. We also recommended that Friends of the Reserve establish limits on the amount of cash held in the safe, change the combination to the safe periodically, and evaluate the current number of staff who have access to the safe to determine necessary access. We recommended these procedures be documented and made part of Friends of the Reserve’s Bylaws, as well as updated in the Florida Coastal Office Citizen Support Organization Handbook. We recommended the Florida Coastal Office address the practice of Park staff being the primary resource used in support of the Citizen Support Organization’s activities with Apalachicola National Estuarine Research Reserve and Friends of the Reserve, as well as on an office-wide basis. We recommended controls be put in place to provide for a separation between the normal duties of Apalachicola National Estuarine Research Reserve staff and activities related to Friends of the Reserve.</p>	<p>Corrective Action is Being Monitored</p>
<p>A-1415DEP-014 Review of Rookery Bay National Estuarine Research Reserve</p>	<p>We recommended the Florida Coastal Office address the practices of Park staff being utilized to generate revenue for the Friends of Rookery Bay by operating the gift shop, coordinating the facility rentals and training events, and for assistance in obtaining grants with Rookery Bay National Estuarine Research Reserve, as well as on an office-wide basis. We recommended controls be put in place to provide for and documentation of a separation between the normal duties of Rookery Bay National Estuarine Research Reserve staff and activities related to Friends of Rookery Bay.</p>	<p>Corrective Action is Being Monitored</p>
<p>A-1415DEP-015 Review of Department Fuel Card Controls</p>	<p>We recommended DEP, through the Division of Administrative Services, require all Program Areas to demonstrate compliance with DEP Directive 660 and put processes in place to document the monitoring of fuel card activities prior to posting transactions into the Fleet system and scanning into OCULUS<sup>1</sup>. Further, we recommended the Division of Administrative Services conduct periodic reviews of vehicle usage log transactions for verification of reporting accuracy and use justification.</p>	<p>Corrective Action is Being Monitored</p>

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<sup>1</sup> OCULUS is a web-based application that enables the Department to manage documents from multiple sources.

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A-1415DEP-016 Audit of Big Lagoon State Park	We recommended Park Management require all resident volunteers complete 20 hours per week of volunteer work, as required in the Operation’s Manual. Timesheets should be reviewed by Management to ensure volunteer contributions comply with Division requirements.	Corrective Action is Being Monitored
A-1415DEP-024 Review of Guana Tolomato Matanzas National Estuarine Research Reserve	We recommended the Friends of Guana Tolomato Matanzas National Estuarine Research Reserve establish a separation of duties with respect to cash collection, check writing, and journalizing. In addition, deposits should not be made by the same Friends of Guana Tolomato Matanzas National Estuarine Research Reserve employee or Officer who collects cash. We also recommended that collections from the donation box be counted with Guana Tolomato Matanzas National Estuarine Research Reserve staff.	Corrective Action is Being Monitored
A-1415DEP-027 Audit of Little Manatee River State Park	We recommended the Division discontinue the business use of the Park under the verbal agreement until a permit and/or contracted agreement has been established between the vendor and the Park. The permit or agreement should include a compensation model that requires the vendor to provide the Park with a standard business-use commission fee and visitor entrance fee for each patron entering the Park. This would include patrons who enter the Park by canoe or attend one of the vendors after-hour events held at the Park. To ensure that future payments from the vendor are accurate, the permit or agreement should require the vendor to provide documentation monthly, indicating the number of patrons picked up at the Park or attending after-hour events so that the Park has an account of visitation. In addition, we recommended the vendor’s revenue records be made available to the Park to include daily patron reports. Park staff should conduct random physical observations of the vendor’s operations in the Park for verification.	Corrective Action is Being Monitored

***PERFORMANCE MEASURES***

In accordance with Section 20.055 (2) (b), F.S., the OIG assessed the performance measures for inclusion in the 2016-2017 Long Range Program Plan.

New Department measures were proposed September 2014, for the FY 2015-2016 Long Range Program Plan. However, the last performance measure adjustment approval given to the Department by the Executive Office of the Governor was dated April 23, 2013. The Department had not obtained approval for changes to performance measures since that time. Therefore, all Department measures approved at the time of this assessment had previously been assessed for validity and reliability.

## ***EXTERNAL AUDITS AND REVIEWS***

### 2016-166:

The Auditor General evaluated selected information technology controls applicable to the Department’s storage and safeguarding of surplus computer hard drives awaiting disposal and included a review of the surplus computer hard drive disposal processes followed when sanitizing and disposing of hard drives.

### Finding:

Documentation of surplus computer hard drive sanitization and disposition needed improvement to better demonstrate that appropriate actions were taken to prevent inappropriate or unauthorized access to confidential or exempt information. Certain security controls related to surplus computer hard drive disposal processes needed improvement to better ensure the continued protection of confidential and exempt information.

### Recommendation:

The Auditor General recommended that Department Management improve documentation of surplus computer hard drive sanitization and disposition to better demonstrate that appropriate actions were taken to prevent inappropriate or unauthorized access to confidential or exempt information. The Auditor General also recommended that Department Management improve security controls related to surplus computer hard drive disposal processes to better ensure the continued protection of confidential and exempt information.

### Action Taken:

The Department agreed with the findings and recommendations and will work to improve documentation of hard drives through the following actions:

- The Department will develop a policy and process requiring additional steps to be taken to document serial numbers for surplus computer hard drives being destroyed and disposed.
- Staff responsible for the following functions must adhere to the policy:
  - Sanitizing surplus hard drives
  - Completing “DEP Certification of Surplus Property” form

The Department also will improve security controls related to surplus computer hard drive disposal processes to better ensure the continued protection of confidential and exempt information.

## ***INTERNAL AUDIT REPORT SUMMARIES - FISCAL YEAR 2015-2016***

### **DIVISION OF RECREATION AND PARKS**

#### **A-1415DEP-021 Review of Park Donations**

The scope included a review of visitor donations and use of revenues made through Help our State Parks (HOSP) during the period of July 1, 2013, through June 30, 2014.

#### **Results of Review:**

Based on interviews with staff at twenty Parks, there were adequate controls over the collection of HOSP funds. Based on HOSP revenue requests, Parks requesting HOSP funds had sufficient available balances, with a minor exception. Parks used HOSP funds for Park equipment and supplies, special events, and resource management. In addition, six Parks requested HOSP revenue to fund OPS positions. Four of these six Parks used HOSP funds donated by Citizen Support Organizations (CSO) to fund OPS positions providing support to the CSO. According to the Division’s CSO Manual, Division employees cannot be engaged in substantial ways to operate a CSO’s independent regular business, or CSO revenue-generating activities.

#### **Recommendation:**

We recommended the Division address the use of HOSP funds for OPS positions used as support for CSO operations to ensure that Parks comply with the CSO Manual.

#### **Action Taken:**

The Division agreed with the recommendation and updated the Division’s Operations Manual and CSO Manual to allow for the use of CSO funds donated to HOSP to fund OPS employees to operate a CSO’s independent and regular business.

**A-1415DEP-037 Audit of Collier-Seminole State Park**

The scope included selected activities at Collier-Seminole State Park (Park) during the period of January 1, 2014, through January 31, 2015.

**Results of Audit:**

Reported revenue was consistent with daily reports of original entry, as well as settlement reports and bank deposits, with minor discrepancies. Attendance records were generally supported with documentation, with minor discrepancies due to entry errors. A selected sample of property items were verified with one item documented as surplus. Sampled purchases were documented in accordance with Purchasing Card procedures, were supported, reviewed, and appeared to be consistent with Park Activities. According to Park Management, Park staff did not collect tax exempt documentation from camping visitors claiming tax exempt status. During our test months of January and March 2014, the Park did not maintain tax exempt documentation for six of the eight reservations. The Park provided State sexual predator search documentation for all active volunteers; however, we were unable to verify these searches were conducted at the time the volunteer service began. Based on documentation, National sexual predator searches were not conducted for any volunteers.

**Recommendations:**

We recommended Park Management conduct and maintain State and National sexual predator/offender searches for all new and returning volunteers prior to the volunteer serving at the Park. We also recommended the Department remit payment of \$77 to the Department of Revenue for sales tax not collected for tax exempt reservations lacking support documentation. We additionally recommended the Park maintain tax exempt documentation from tax exempt visitors going forward. If tax exempt documentation cannot be provided, the Park should require payment of sales tax.

**Action Taken:**

The Division agreed with the recommendations and confirmed that sexual predator searches had been conducted. All files are currently up to date and all new and returning volunteer verifications will be completed in accordance with the Division’s Operations Manual prior to the volunteer beginning work. The Division coordinated with the Bureau of Finance and Accounting to remit payment to the Department of Revenue. Park visitors seeking exemption from sales tax will be



required to provide a copy of tax exempt documentation upon check-in, which the Park will maintain.

**A-1415DEP-038 Audit of Delnor-Wiggins Pass State Park**

The scope included selected activities at the Delnor-Wiggins Pass State Park (Park) during the period of January 1, 2014, through January 31, 2015.

Results of Audit:

Reported revenue was consistent with daily reports of original entry, as well as settlement reports and bank deposits, with minor discrepancies. Attendance records were generally supported, with general entry documentation errors. A selected sample of property items were verified during our audit. Sampled purchases were documented in accordance with Purchasing Card procedures, were supported, reviewed, and appeared to be consistent with Park Activities. The Park was required to conduct both State and National sexual predator searches for all volunteers. The Park provided State search documentation for all active volunteers for the sample month of January 2015. However, we were unable to verify all searches were conducted at the time the volunteer service began, based on available documentation. National sexual predator searches were not conducted for any volunteers.

Recommendation:

We recommended Park Management conduct and maintain State and National sexual predator/offender searches for all new and returning volunteers prior to the volunteer serving at the Park.

Action Taken:

The Division agreed with the recommendation. The Park has conducted all required searches for volunteers and the files are up to date. Going forward, the Park will conduct searches for all new and returning volunteers in accordance with the Division’s Operations Manual.

**A-1415DEP-041 Audit of Friends of Blue Springs State Park, Inc., Citizen Support**

**Organization**

The scope included select activities of Friends of Blue Springs State Park, Inc., Citizen Support Organization (CSO) during the period of July 1, 2013, through June 30, 2014, and other events considered relevant to testing.

**Results of Audit:**

CSO Bylaws indicate that at no time shall the Corporation have less than five Directors. At the time of our audit, there were only three out of five filled CSO Director positions. The CSO President held two of the three filled positions including the position of Treasurer. This required the President to prepare financial summaries and create Treasury Reports. The President also wrote checks, and received and reconciled the bank statements. The CSO President was also the Concessionaire in the Park, and the Concessionaire’s employee handled CSO revenue and financial documentation. CSO Board meeting minutes had not documented that the President abstained from voting on CSO matters involving paying the Concession employee. At the time of this audit, the CSO Presidents’ Concession employee was being paid for CSO accounting tasks. Without documented support for separation between the CSO President’s employee and Board’s decision, the compensation practice may be perceived as a conflict. Based on review of financial documentation, there were general ledger accounting errors and inconsistencies, proper documentation was not retained in transactions, and checks did not include required signatures. The CSO also operated a penny press machine, from which 50% of the income profits from the penny press machine during December 2014 to January 2015, was paid to an individual who purchased the machine. The agreement between the CSO and the individual regarding the penny press revenue was verbal and receipts for payments had not been documented or approved by the Board.

**Recommendations:**

We recommended the Division direct the CSO to fill the minimum five Directors positions, as outlined in their Bylaws. In addition, the duties of collecting and depositing revenue, as well as reconciling financial statements and bank accounts should be separated to provide internal control and accountability over finances. We also recommended the Division instruct the CSO to record Board meeting minutes to properly document all CSO business decisions. The CSO Board, with independently voting members, should formally vote on the accounting service expenditure,

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ensuring clear separation of duties and interest regarding payments to the CSO President’s business employee. In accordance with CSO Bylaws, we recommended the Division direct the CSO to comply and document accounting practices that demonstrate accountability in record keeping, and compliance regarding check signatures. We further recommended the Division direct the CSO to put all agreements in writing with Board approval.

**Action Taken:**

The Division agreed with the recommendations and four new Officers were elected to the Board. The Division directed the CSO to provide for separation of duties with collecting and depositing revenue and reconciling financial statements and bank accounts. The Division directed the CSO Board to provide for Board documentation of CSO business and outcome of voting results. The Concessionaire who was serving as the CSO President stepped down as President and serves as a member of the Board. Additionally, the Division directed the CSO Board to comply with accounting practices that demonstrate accountability in record keeping and required signatures on checks. Finally, the Division directed the CSO to require all Board approved agreements in writing.

**A-1415DEP-042 Audit of Washington Oaks Gardens State Park, Inc., Citizen Support**

**Organization**

The scope of this audit of Washington Oaks Gardens State Park, Inc., Citizen Support Organization (CSO) included select activities during the period of July 1, 2013, through June 30, 2014.

**Results of Audit:**

CSO reported revenue was based on source documents and books of original entry, with minor discrepancies. Based on review of sampled CSO’s expenditure documentation, checks did not include signatures in compliance with the CSO Bylaws. In addition, the CSO’s Financial Policies and Procedures were not consistent with CSO Bylaws regarding check signature requirements.

**Recommendations:**

We recommended the Division direct the CSO to update their Financial Policies and Procedures, consistent with the CSO Bylaws. Further, we recommended the Division direct the CSO to comply with the Bylaws, which requires two signatures on checks.

Action Taken:

The Division agreed with the recommendations. The CSO Board updated the Financial Policies and Bylaws for consistency. The updated Financial Policy requires two signatures for those checks of \$250 and above.

**A-1415DEP-043 Audit of Wekiwa Springs State Park**

The scope included select activities at Wekiwa Springs State Park (Park) during the period of July 1, 2013, through June 30, 2014.

Results of Audit:

Reported revenue was consistent with daily reports of original entry, as well as settlement reports and bank deposits, with minor discrepancies. Based on audit testing, thirty out of thirty-five refunds issued in the sample months of March and April 2014, did not meet the requirements outlined in the Division’s Operations Manual. A selected sample of property items were verified during our audit. Reported attendance figures during the audit period were supported, with minor discrepancies. Sampled purchases were documented in accordance with Purchasing Card procedures, were supported, reviewed, and appeared to be consistent with Park Activities. We reviewed tax exempt sales for the sample months of March and April 2014. The Park did not maintain tax exempt certificates for four out of the six reservations during the period. Based on the Park’s sales and local option tax rate, the amount of tax not collected for the four transactions was \$18.

Recommendations:

We recommended Park staff complete all refund procedures, as required in the Division’s Operations Manual, for all refund transactions. We also recommended the Park maintain tax exempt documentation and remit payment for \$18 of uncollected sales tax to the Department of Revenue.

Action Taken:

The Division agreed with the recommendations. The Park put processes in place to properly document refunds as required. The Division provided documentation to verify the additional taxes were paid to the Department of Revenue. The Park will maintain tax exempt documentation for all tax exempt transactions going forward.

**A-1415DEP-044 Audit of Wekiva Wilderness Trust, Inc., Citizen Support Organization at Wekiwa Springs State Park**

The scope of Wekiva Wilderness Trust, Inc., Citizen Support Organization (CSO) at Wekiwa Springs State Park included selected activities during the period of May 1, 2013, through April 31, 2014.

Results of Audit:

Revenues and expenditures recorded in the general ledger were supported by bank statements, invoices, receipts, and checks. Controls were in place regarding oversight and approval of events, revenue collections, and expenditures. Based on our audit, CSO Bylaws were not consistent with Financial Policies regarding petty cash.

Recommendation:

We recommended the Division direct the CSO to amend the CSO Financial Policies and Bylaws as necessary for consistency.

Action Taken:

The Division agreed with the recommendation. The CSO approved proposed changes to the Bylaws to correct the discrepancy.

**A-1415DEP-051 Audit of the Friends of MacArthur Beach State Park, Inc., Citizen Support Organization**

The scope included selected activities of the Friends of MacArthur Beach, Inc., Citizen Support Organization (CSO) at MacArthur Beach State Park (Park) during the period of January 1, 2014, through August 31, 2015.

Results of Audit:

Based on our audit, the CSO was in compliance with the agreement, the Division’s CSO Handbook and Operations Manual. The CSO provides members benefits including twelve free entries into the Park per year. Based on an agreement with the Division, the CSO is allowed to pool free member entries to the Park. Upon entry, Park staff track the number of CSO members entering the Park for free against the pooled amount. In addition to free Park entry, the CSO offers members complimentary rentals from the CSO’s kayak rental operations at the Park. While

these benefits may encourage membership with the CSO and increase CSO revenue from membership, the added benefit of this revenue is diminished by the costs involved with providing free Park entry and kayak rental privileges.

Recommendation: There were no findings or recommendations.

**A-1415DEP-055 Audit of Lighthouse Café/Boaters Grill Concession at Bill Baggs Cape Florida State Park**

The scope included selected activities of Lighthouse Café, Inc., (Concessionaire) at Bill Baggs Cape Florida State Park (Park) during the period of January 1, 2015, through December 31, 2015.

Results of Audit:

During our site visit, we confirmed the Concessionaire’s use of electronic registers and that customers were provided receipts as required. We also confirmed deposits were supported and conducted, as required by the Minimum Accounting Requirements. Additionally, two of the Concession payment card readers were no longer approved by the Payment Card Industry Security Standards Council, as required in the agreement. Gross sales reported in the general ledger agreed with the Concessionaire’s sales tax returns. However, in the sample month of July 2014, source documents reflected \$3,727.29 more than reported gross sales. In August 2014, sales documents reflected \$502.97 less than reported gross sales. Overall, this resulted in reported gross sales being understated by a total of \$3,224.32 in July and August 2014, resulting in underpayment of \$386.92 in commission to the Division. We were unable to verify that all E-Verify and sexual predator/offender searches had been conducted at the time of employment, as required by the agreement.

Recommendations:

We recommended the Division work with the Concessionaire to ensure reported gross sales are supported by documents specified in the Minimum Accounting Requirements and request reimbursement of \$386.92 for commission due based on the discrepancy. We also recommended the Division work with the Concessionaire to ensure payment terminals comply with Payment Card Industry Data Security Standards. We additionally recommended the Division require the Concessionaire to ensure E-Verify work authorizations and sexual predator/offender searches are conducted and documented for all Concessionaire employees.

Action Taken:

The Division agreed with the recommendations. The Division directed the Concessionaire to support reported gross sales with source documents stated in the agreement and obtained the recommended commission discrepancy difference. The Division also confirmed the Concessionaire had replaced the unapproved payment card terminals with approved terminals. In addition, the Division directed the Concessionaire to ensure E-Verify work authorizations and sexual predator/offender searches are conducted for all Concessionaire employees and subcontractors.

**A-1415DEP-056 Audit of Coral Reef Park Company Concession at John Pennekamp State Park**

The scope included select activities of the Coral Reef Park Company Concession (Concessionaire) at John Pennekamp State Park, including agreement compliance and gross sales reported during the period of January 1, 2014, through December 31, 2014.

Results of Audit:

Based on our audit, the Concessionaire accurately reported their gross sales for the period reviewed, with minor differences. However, bank deposits were not all made within timeframes, as specified in the Minimum Accounting Requirements. In addition, E-Verify and sexual predator/offender searches were not conducted, as required in the Concessionaire Agreement. Based on the sample months tested, refunds and voids were not approved by a Manager and customer signatures were not always obtained on refunds.

Recommendations:

We recommended the Division work with the Concessionaire to ensure bank deposits are made in accordance with the Minimum Accounting Requirements. We also recommended the Division require the Concessionaire to conduct sexual predator/offender searches, as required in the agreement. Additionally, we recommended the Division work with the Concessionaire to ensure voids and refunds are approved by Management and signed, as required in the Minimum Accounting Requirements.

Action Taken:

The Division agreed with the recommendations and directed the Concessionaire to ensure deposits are made in accordance with the Minimum Accounting Requirements. The Division also directed the Concessionaire to conduct all E-Verify work authorizations and sexual predator/offender searches before an employee begins work. The Division has worked with the Concessionaire to ensure customer refunds and voids are approved by Management and signed, as required in the Minimum Accounting Requirements.

**A-1415DEP-058 Audit of Silver Springs Management, LLC, Concessionaire at Silver Springs State Park**

The scope included selected activities of Silver Springs Management, LLC, (Concessionaire) at Silver Spring State Park (Park) during the period of January 1, 2014, through December 31, 2014. The scope also included selected Concessionaire activities during May 2015.

Results of Audit:

During our site visit, we observed the use of electronic cash registers, receipts being provided to customers, and signs reminding customers to obtain receipts. Our audit confirmed the Concessionaire submitted all required reporting and fees to the Park, maintained required insurance coverage and performance security, and procured a financial audit, as required by the agreement. During our audit, source documents did not support reported gross sales or sales tax collections. The Concessionaire also was unable to provide documentation supporting refunds made during the audit sample months. Contracts provided for special events were not pre-numbered, as required by Minimum Accounting Requirements. In addition, event contracts were not provided to Park Management. Based on review of the Concessionaire’s deposits made for tour boat operations during the sample months, four out of fifty-four deposits were not made within required timeframes specified in the Minimum Accounting Requirements. Based on our audit of Concession employee documentation, we were unable to confirm E-Verify authorizations and sexual predator/offender searches were conducted at the time of employment.

Recommendations:

We recommended the Division work with the Concessionaire to ensure reported gross sales are supported by documents of original sale detail and deposits are made, as required in the Minimum Accounting Requirements. Special event contracts should be pre-numbered and provided to Park



Management. We also recommended the Division ensure the Concessionaire retains original documentation of E-Verify authorizations and sexual predator/offender searches for all employees.

Action Taken:

The Division agreed with the recommendations and Park Management will establish a quarterly review of source documents to verify support for reported gross sales and timely deposits. Park Management will also monitor Concession event contracts. Processes have been put in place to routinely conduct E-Verify and sexual predator/offender searches of all employees prior to date of employment, and retain documentation of these searches.

**A-1415DEP-059 Audit of J & S Investment Properties, LLC, Concessionaire at Sebastian Inlet State Park**

The scope included selected activities of J & S Investment Properties, LLC, (Concessionaire) at Sebastian Inlet State Park (Park) during the period of January 1, 2014, through May 30, 2015.

Results of Audit:

Based on our audit, the Concessionaire submitted all required reporting and fees to the Park by deadlines, maintained all required insurance coverage and performance security, and provided the Park with special event documentation monthly, as required by the agreement. During our site visit, we observed sufficient inventory, the use of electronic registers with customer-facing displays, and signs reminding customers to obtain receipts, as required by the agreement. However, the agreement did not include all Park buildings currently in use by the Concessionaire, a diagram of facilities, nor the Park’s equipment items intended for the Concessionaire’s use. Also, the 2014 general ledger did not include detail of sales or sales tax collections. Source documents provided by the Concessionaire did not support reported gross sales. Additionally, we were unable to verify that E-Verify and sexual predator/offender searches were conducted at the time of employment. Finally, based on review of the bank statements for the sample months, five of the eighty-nine deposits were not made timely, as required in the Minimum Accounting Requirements.

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Recommendations:

We recommended the Division amend the agreement to include all Park facilities and equipment agreed for use by the Concessionaire. We also recommended the Concessionaire maintain a ledger or journal capturing daily sales and sales tax collections that is supported by original source documents, and that daily deposits be made, as required in the Minimum Accounting Requirements. We recommended the Division ensure the Concessionaire conducts E-Verify and sexual predator/offender searches of all Concessionaire employees at the time of employment and maintain the search documentation.

Actions Taken:

The Division agreed with the recommendations and worked with the Bureau of Operational Services to amend the agreement. The Division directed the Concessionaire to maintain a ledger capturing daily sales and sales tax collection and ensure original source documents are retained to support reported gross sales. The Concessionaire was also directed to ensure deposits are made as required and to retain documentation of E-Verify authorizations and sexual predator/offender searches of all Concessionaire employees.

**A-1516DEP-005 Audit of Friends of San Felasco Hammock Preserve State Park, Inc.,  
Citizen Support Organization**

The scope included a financial examination and other related activities of the Friends of San Felasco Hammock Preserve State Park, Inc., Citizen Support Organization (CSO) at San Felasco Hammock Preserve State Park (Park) during the period of July 1, 2013, through June 30, 2014.

Results of Audit:

The CSO was operating in compliance with the agreement and related Financial Policies, with the exception of check signatures. We noted Financial Policy language contained in the CSO Bylaws which needed clarification.

Recommendation:

We recommended the Division ensure CSO Officers adhere to the Financial Policies regarding check signatures and clarify policy language to provide clear direction regarding deposits.

Action Taken:

The Division agreed with the recommendation and directed the CSO to consistently follow Financial Procedures. Park Management worked with the CSO to take steps to clarify deposit policies.

**A-1516DEP-010 Audit of Pier Associates Inc., Concessionaire at St. Andrews State Park**

The scope included selected activities of Pier Associates Inc., (Concessionaire) at St. Andrews State Park (Park) during the period of January 1, 2015, through August 30, 2015.

Results of Audit:

Based on our audit, the Concessionaire provided services outlined in the agreement. We also verified that required insurance policies were currently in place and were for the amounts specified in the agreement. The Concessionaire was required to complete a list of 159 capital improvement repairs no later than December 31, 2015. At the time of the site visit, there were discrepancies between improvements as documented complete based on our observation. Those discrepancies were being addressed by the Park Management and Division at the time of our audit. We were unable to verify E-Verify and sexual predator/offender searches were conducted for Concession employees at the time of employment.

Recommendations:

We recommended the Division take steps to ensure the Concessionaire meets all required capital improvements listed in the agreement. We also recommended the Division direct the Concessionaire to ensure E-Verify and sexual predator/offender searches are conducted and documented on all employees at the time of employment.

Action Taken:

The Division agreed with the recommendations and worked with the Park and Concessionaire to resolve capital improvement discrepancies. The Division also directed the Concessionaire to ensure E-Verify and sexual predator/offender searches are conducted and documented at the time of employment.

**A-1516DEP-011 Audit of Paragon of Florida, Inc., Concessionaire at St. Andrews State Park**

The scope included selected activities of Paragon of Florida, Inc., (Concessionaire) at St. Andrews State Park (Park) during the period of January 1, 2015, through September 30, 2015.

**Results of Audit:**

Based on our audit, the Concessionaire had business hours posted and provided full service commercial washers and dryers, as required in the Minimum Operational Requirements. The Park Manager and Concessionaire were unable to provide a copy of the required Environmental Protection and Safety Plan, as required in the agreement. The daily receipts exceeding \$2,000 were not deposited, as required in the Minimum Accounting Requirements. Additionally, undeposited funds were secured within the Concession operation, with the exception of one location. Reported gross sales were supported by source documents with the exception of sales at the Pontoon Shack cash transactions. Based on review of available documentation, we were unable to verify that E-Verify and sexual predator/offender searches were completed for Concession employees at the time of employment. A subcontractor was operating the Concession under a verbal agreement with the Concessionaire. The subcontractor did use a receipt system to record sales; however, receipts were not offered to customers and revenue supporting documentation was not available. Reported gross sales did not include sales from vending machines and occasional income from shuttle boats.

**Recommendations:**

We recommended the Division direct the Concessionaire to implement and document an Environmental Protection and Safety Plan, as required by the agreement. We also recommended the Division direct the Concessionaire to deposit receipts in accordance with Minimum Accounting Requirements, and provide adequate safeguards for all undeposited funds. Additionally, we recommended the Division direct the Concessionaire to ensure all subcontracts include approved written agreements and document and retain receipts for revenue generated at the Pontoon Shack. We further recommended the Division direct the Concessionaire to conduct and document E-Verify and sexual predator/offender searches on all employees at time of employment. Finally, we recommended the Division ensure the Concessionaire includes the sale of all goods and services, as defined in the agreement, in the Monthly Reports of Gross Sales and direct the Concessionaire to pay \$793.36 (\$408.99 + 384.37) for vending machine and shuttle

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boat rental commissions. The Division should also take steps to recuperate commission payments on identified vending and rental sales for periods outside the scope of the audit.

Action Taken:

The Division agreed with the recommendations. Park Management provided an Environmental Protection and Safety Plan template to the Concessionaire to assist in the development of the Concessionaire’s Safety Plan. The Concessionaire will make timely deposits and purchased a safe so that all undeposited receipts are secured, as required in the Minimum Accounting Requirements. The Concessionaire will also develop a formal subcontract agreement and has implemented a procedure to maintain receipts for all Pontoon Rental Shack and Concession boat sales. The Division has directed the Concessionaire to ensure E-Verify sexual predator/offender searches are conducted and documented for all Concessionaire employees at the time of employment. Finally, the Division directed the Concessionaire to remit \$793.36 in commission due and will include all sales for goods and services defined in the agreement in the Monthly Reports of Gross Sales.

**A-1516DEP-026 Review of the Aquatic Preserve Society, Inc., Citizen Support Organization**

The scope of this limited review included initial organizational structure of the Aquatic Preserve Society, Inc., Citizen Support Organization (CSO) during the period of January 1, 2015, through February 29, 2016.

Results of Review:

The CSO was newly established at the time of our review and appeared to have established a sufficient governing structure with the exception of the role of the individual serving as Secretary and Treasurer. The CSO’s Secretary/Treasurer was designated to be responsible for bookkeeping, collecting and depositing revenue, and making purchases, which includes signing checks. We discussed the need for separation of duties oversight with Management in the Florida Coastal Office as the CSO moves forward.

Recommendation:

There were no findings or recommendations.

**A-1516DEP-029 Audit of Friends of Birch State Park, Inc., Citizen Support Organization**

The scope included select activities of the Friends of Birch State Park, Inc., Citizen Support Organization (CSO) during the period of January 1, 2015, through June 30, 2015.

**Results of Audit:**

The CSO was operating in compliance with the agreement and Financial Policies. We were; however, unable to verify volunteer hours reported based on documentation maintained by the CSO and the Park. We were also unable to verify that all E-Verify and sexual predator/offender searches were conducted at the initial point of volunteer service.

**Recommendations:**

We recommended the Division direct the CSO to ensure all CSO member reported volunteer hours are accurately supported by original source documents. We also recommended the Division direct the CSO to conduct and document sexual predator/offender searches at the time of initial volunteer service.

**Action Taken:**

The Division agreed with the recommendations and will work with the CSO to ensure reported volunteer hours are accurate and consistent with original records. The Division also directed the CSO to conduct and document sexual predator/offender searches for volunteers as required.

**DIVISION OF WASTE MANAGEMENT**

**A-1415DEP-033 Audit of Volusia County Petroleum Cleanup Program Contract**

The scope included activities of Volusia County (County) Petroleum Cleanup Program Contract, conducted under Task Assignments 4, 5, and 6 during the period of July 1, 2012, through December 31, 2015.

**Results of Audit:**

The County generally complied with the contract standards based on tests of salaries, expenditures and Year End Financial Statements, as well as OCULUS performance standards. However, the County did not meet document management performance requirements for

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document entry into the Storage Tanks Contamination Monitoring (STCM) system for all three of the task assignments reviewed.

**Recommendation:**

We recommended the Division take necessary steps to ensure the County enters site documentation in STCM, as required in the contract for document management performance.

**Action Taken:**

The Division agreed with the recommendation and has worked with the County to ensure organizational and staffing measures are taken in order for contract performance requirements to be met.

**A-1415DEP-034 Audit of Orange County Petroleum Cleanup Program Contract**

The scope included activities of Orange County (County) Petroleum Cleanup Program Contract, conducted under Task Assignments 5 and 6 during the period of July 1, 2013, through December 31, 2014.

**Results of Audit:**

The County generally complied with the contract standards based on tests of salaries, expenditures, and Year End Financial Statements, as well as STCM and OCULUS performance standards, with a minor exception. Based on review of expenditures, a cell phone used by a different Program area was included in Program costs.

**Recommendation:**

We recommended the Division direct the County to include expenditures only related to contract activities in amounts supporting the Year End Financial Statement.

**Action Taken:**

The Division agreed with the recommendation and directed the County to ensure expenditures only related to contract activities are included in the calculation of the Year End Financial Statements.

**A-1415DEP-045 Audit of Collier County Compliance Contract**

The scope included activities of Collier County (County) Compliance Contract, conducted under Task Assignments 7 and 8 issued during the period of July 1, 2013, through June 2, 2015.

**Results of Audit:**

The County did not meet all contract interim routine inspection milestones during the task assignments, but met the final end of year task assignment milestones. According to Contract GC690, *a compliance inspection where a discharge is initially noted will only be counted as a compliance inspection and a Discharge Report Form inspection would not be required.* During routine inspections, two facilities had noted discharges that lead to discharge inspections. The Program paid the County for both the routine and discharge inspections.

**Recommendation:**

We recommended the Program either recover the cost of the two discharge inspections or work with the District and County personnel to revise contract guidance documents to reflect the current Program inspection practices.

**Action Taken:**

The Division agreed with the recommendation and developed an application to retrieve real time data from FIRST<sup>2</sup> and STCM databases to identify, assign and track assigned routine inspections. Contract guidance was interpreted by the County to allow charging for a discharge inspection concurrently with a routine inspection. The Division clarified contract guidance and communicated the clarification with local Programs to prevent future occurrences.

**A-1415DEP-047 Continuous Review of Petroleum Restoration Program Activities**

The scope included a continuous review of Petroleum Restoration Program (PRP) purchase orders issued during the period of July 1, 2014, through June 30, 2015. This included the review of ten purchase orders for cleanup activity on sites managed by PRP teams as well as local Programs.

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<sup>2</sup> Florida Inspection Reporting Storage Tanks (FIRST) is an application used by DEP to collect, track and report on compliance and enforcement activities.



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Results of Review:

Based on comparisons of approved invoices to deliverables and support documents, as well as communication with PRP and contract staff, we identified and communicated discrepancies noted through formal memos to PRP Management.

Recommendation:

As a continuous review, our recommendations addressed specific purchase order discrepancies, as communicated through five periodic management memos. Review results included recommendations related to specific pay item unsupported costs, miscalculations, incomplete field notes, inconsistent reports, and invoice rate sheet errors.

Action Taken:

The Division agreed with our recommendations and PRP Management addressed specified discrepancies and demonstrated corrective action with appropriate Site Managers and Contractors.

**A-1516DEP-002 Audit of Madison County Compliance Contract**

The scope included activities of Madison County (County) Compliance Contract GC704 and Task Assignments 9 through 12 issued during the period of July 1, 2013, through June 30, 2015.

Results of Audit:

The County did not meet contract routine inspection interim milestones during the task assignments, but met the final end of year milestones. The County also did not meet performance metrics regarding compliance activity timeframes, letters, and documents. Following a performance review by the Northeast District, the County developed a corrective action plan to address deficiencies.

Recommendations:

We recommended the Division continue to work closely with the County to ensure all open inspection activities are updated in FIRST, are completed in a timely manner and achieve adequate performance under the contract. If the County cannot meet EPA and Department inspection requirements, we recommended the Division consider remedies provided under the contract, to include termination of the contract.

Action Taken:

The Division, along with the Northwest and Northeast Districts, have worked closely monitoring the performance of the County. During FY 2015-2016, the payment of invoices was stopped until performance deficiencies were corrected.

**A-1516DEP-009 Review of Alachua County Household Hazardous Waste Cooperative Grant**

The scope included activities conducted of the Alachua County (County) Household Hazardous Waste Cooperative Grant Agreement S0716 (Agreement) during the period of July 1, 2014, through June 30, 2015.

Results of the Review:

Based on our review, the County reimbursed eligible household hazardous waste coordination and amnesty event expenses for each neighboring County. Quarterly progress reports were submitted as required. Each neighboring County paid the required 25% contribution for amnesty events to the County. Additionally, reimbursement requests were supported by invoices consistent with the Agreement, Task 1 requirements, with a minor salary exception.

Recommendation:

There were no findings or recommendations.

**A-1516DEP-012 Audit of Citrus County Compliance Contract**

The scope included activities of Citrus County (County) Compliance Contract GC712, Task Assignments 9 through 12 issued during the period of July 1, 2013, and June 30, 2015.

Results of the Audit:

The County completed 470 of the 472 assigned routine compliance inspections. However, the County was not meeting the contract guidance of issuing non-compliance letters regarding required timeframes and documentation of follow-up activity in FIRST. According to the contract, the Department is required to conduct an annual performance review which is conducted by the District. The County receives two task assignments annually, as the County's assigned facilities cover multiple Counties representing two Districts. One District conducted the annual

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Program review, as required in the contract. However, that review covered facilities only under one of the County’s task assignments.

Recommendations:

We recommended the Division work with the County to ensure timely issuance of required notification and document entry in FIRST, as required in the contract guidance Document F. We also recommended the Division provide clarification to Districts regarding Program review expectations.

Action Taken:

The Division agreed with the recommendations and will work with the County to consistently issue non-compliance letters and enter documents into FIRST. The Division also agreed to issue clarification guidance to Districts regarding Program review responsibilities going forward.

**A-1516DEP-017 Review of Cost Estimates Related to Contract HW554 with Chicago Bridge & Iron**

The scope included review of cost estimates submitted by Chicago Bridge & Iron (Contractor) during the period of October 1, 2012, through April 30, 2015, under Contract HW554 (Contract) managed by the Division’s Waste Cleanup Program (Program).

Results of Review:

Cost estimates submitted by the Contractor used a former contract rate structure in error, which lead to overpayment for labor of \$300,403.27. As the error was identified, the Contractor corrected estimates to the correct rate structure going forward.

Recommendation:

We recommended the Program take steps to recuperate \$300,403.27 in overpayment to the Contractor. In addition, we recommended the Program take appropriate measures to ensure all Program Contractors use correct cost structures described under current contracts.

Action Taken:

The Program provided documentation of the Contractor’s reimbursement and took steps to verify cost structures currently in use.

**A-1516DEP-018 Audit of Broward County Compliance Contract GC691**

The scope included activities of Broward County (County) Compliance Contract, conducted under Task Assignment 8, during the period of July 1, 2014, through June 30, 2015.

**Results of Audit:**

The County completed routine inspections, as assigned on the task assignment facility listing exhibit. The exhibit was revised during the task assignment, due to a correction regarding sites on the original exhibit not requiring an inspection. The County showed improvement during their annual Program review, correcting discrepancies by including documentation of inspection review notes in the inspection comments. The County also met contract performance requirements.

**Recommendation:**

There were no findings or recommendations.

**A-1516DEP-019 Audit of Broward County Cleanup Program Contract S0479**

The scope included activities of Broward County (County) Cleanup Program Contract, conducted under Task Assignments 5 and 6 during the period of July 1, 2013, through June 30, 2015.

**Results of Audit:**

Based on our audit of the County’s expenditures and Year End Financial Statements, we determined listings and statements were allowable and related to Petroleum Restoration Program activities. The number of sites managed by the County was consistent with tasked number of sites for each task assignment. The County’s overall financial reporting and performance activities documented during the audit period were consistent with contract requirements.

**Recommendation:**

There were no findings or recommendations.

**A-1516DEP-035 Audit of Palm Beach County Compliance Contract GC680**

The scope included activities of Palm Beach County (County) Compliance Contract, conducted under Task Assignments 7 and 8 during the period of July 1, 2013, through June 30, 2015, and selected events through October 31, 2015.

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Results of Audit:

The County completed routine inspections, as assigned through an original and revised facility listing. The County also met performance metrics regarding completion of routine inspections. However, due to change in District Staff and difficulties in identifying all task related documents and correspondence, the County was paid for two facilities more than the total assigned. The County also did not meet the contract guidance performance requirement regarding issuance of non-compliance letters.

Recommendations:

We recommended the Division provide sufficient review of task assignment facilities listing, prior to issuance of the task assignment to minimize revisions and payment for unnecessary routine inspections. Additionally, we recommended the Division take steps to ensure that Program and District Management upload contract task assignments, exhibits, invoice packages, Program reviews, approvals for facility substitutions, and other supporting documents to the Petroleum OCULUS database. We also recommended the Division take steps to work with the County to meet contract performance requirements regarding the issuance of non-compliance letters.

Action Taken:

The Division agreed with the recommendations, indicating future task assignment lists will be sent to the respective Counties for verification prior to the beginning of the task period. This process change should minimize errors and the need for modification of task assignments. In addition, the Program will be utilizing OCULUS for storage of contracts, task assignments, invoices and Contractor performance reviews contemporaneously to the document being generated going forward. Historical documents from the current fiscal year that are filed in personal hard drives, common drives, and in paper form will be loaded on to OCULUS as time permits. The Program addressed the required timeframe regarding issuance of non-compliance letters by the County, in accordance with contract guidance with all Counties. Further, the Program will monitor the County’s performance going forward.

## **DIVISION OF STATE LANDS**

### **A-1415DEP-048 Review of Conservation Easement Monitoring**

The scope included review of conservation easement monitoring activities during the period of July 1, 2012, through June 30, 2015.

#### Results of Review:

At the time of our review, the Division had established processes for monitoring 117 conservation easements for compliance, in accordance with agreement terms. Although there are no specified requirements for monitoring frequency, the Division contracted monitoring activities on an eighteen-month rotation. Based on our review, actual monitoring frequency of a sample of twenty conservation easements varied, with most easements averaging over the eighteen-month rotation. Of the 221 conservation easement monitoring reports, two included major violations which were resolved through correspondence.

#### Recommendation:

We recommended the Division evaluate the conservation easement monitoring schedule using a risk based approach, to ensure a balance between monitoring efficiencies and effectiveness.

#### Action Taken:

The Division extended the conservation easement rotation frequency to a thirty-six-month cycle.

## **OFFICE OF TECHNOLOGY AND INFORMATION SERVICES**

### **A-1516DEP-004 Review of Internal Controls Over OCULUS Restricted**

The scope included review of internal controls over user permissions in OCULUS Restricted.

#### Results of Review:

Based on a sample of eighty current OCULUS users, four had inappropriate permissions in restricted catalogs. As such, documentation was not available. At the time of our review, there were no standard procedures for recording requests for permissions, nor were controls in place to ensure secure and documented access.

Recommendations:

We recommended the Office of Technology and Information Services (OTIS) put controls in place to ensure that only users in documented positions of trust, with documented job responsibilities, receive Administrator permissions. We also recommended that any certification procedures implemented include a written disciplinary policy that addresses Department actions in the event of a breach of sensitive information. Lastly, because there was no written procedure for storing email permission requests, we recommended that OCULUS Coordinators maintain permission requests to document specific job related need.

Action Taken: OTIS agreed with the recommendations and submitted an Action Plan to establish effective security controls for the administration of user permissions in OCULUS.

**A-1516DEP-007 Review of Manual Processing Function within the Storage Tanks Contamination Monitoring Database**

The scope included a cost analysis regarding the manual processing function within the Storage Tanks Contamination Monitoring (STCM) database.

Results:

Certain accounting processes necessary in the STCM application had historically been performed by a contracted Consultant. We evaluated estimated cost for continuing manual processing compared to estimated costs for the system automation rewrite from a qualified State vendor. Based on these estimates, outlay of added funds required for automation would exceed manual processing with an approximate twelve-year break-even point. This analysis was provided to OTIS for use in application maintenance planning.

**OFFICE OF OPERATIONS**

**A-1516DEP-014 Audit of Florida Recreation Development Assistance Program Grant A15227 Port St. Joe Redevelopment**

The scope included selected business activities of the Port St. Joe Redevelopment Agency (Agency) during the grant billing period of September 8, 2014, through September 23, 2015.

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Results of Audit:

Based on our review of expenditure documentation and completion of deliverables, documentation was properly supported and related to work performed according to the agreement. However, certain required project elements could not be verified during audit testing.

Recommendation:

We recommended the Office of Operations work with the Agency to ensure required project elements were completed and provided, as specified in the agreement.

Action Taken:

The Office of Operations agreed with the recommendation. The Agency resolved the issues noted in the audit and verified the project was in compliance with the agreement.

**A-1516DEP-015 Audit of Florida Recreation Development Assistance Program Grant**

**A15163 City of Port St. Joe**

The scope included selected business activities of the City of Port St. Joe (City) during the grant billing period of August 26, 2014, through August 20, 2015.

Results of Audit:

Based on our review of expenditure documentation, amounts were properly supported and related to work performed according to the agreement. Based on review of grant purchases, the City did not obtain written quotations from two or more vendors for five of the six purchases over \$2,500, as required by the City’s procurement procedures. During audit testing, we were unable to verify project elements were available as specified in the grant.

Recommendations:

We recommended the Office of Operations work with the City to ensure procurement procedures were followed as required. Additionally, grant expenditures exceeding designated amounts should be supported with formal bids and approvals prior to payment. We also recommended the Office of Operations direct the City to ensure agreement elements be provided to the public as required



Action Taken:

The Office of Operations agreed with the recommendations and revised the Grant Program application to reiterate the need for applicants to certify they will adhere to local procurement procedures for expenditure of grant funds. Grant expenditures should be appropriately supported with formal bids and approvals, as necessary, prior to payment. The Office of Operations will implement site visits and final inspections based on twenty percent of projects funded each fiscal year, per Program, to ensure developed facilities are open to the public prior to payment.

**A-1516DEP-021 Review of Land and Water Conservation Grant City of Fort Lauderdale**

The scope included grant activities of the Land and Water Conservation Grant, City of Fort Lauderdale (City), during the period of April 18, 2011, through April 18, 2015.

Results of Review:

Based on our review, deliverables were completed, as stated in the Project work plan, with appropriate documentation submitted to the Office of Operations. Expenditures incurred by the City aligned with the Projects’ work plan, and met appropriate match funding levels for the Project. Office and City staff provided sufficient oversight to the Project completion including deliverables and completion documents.

Recommendation:

There were no findings or recommendations.

**DIVISION OF WATER RESTORATION ASSISTANCE**

**A-1516DEP-013 Audit of the Clean Water and Drinking Water Revolving Fund Programs’ Special Purpose Financial Presentations, Selected Internal Controls, and Compliance for Fiscal Year Ended June 30, 2015**

The scope included the Department’s Clean Water and Drinking Water Revolving Fund (CWSRF) Programs’ Special Purpose Financial Presentations during the period of July 1, 2014, through June 30, 2015.

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Results of Audit:

Based on our audit, financial statements presented fairly the financial position of the Clean Water and Drinking Water Revolving Fund Programs as of June 30, 2015, and the revenues, expenditures, and changes in fund balances. The results of our testing disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, originally submitted current loans receivable of the CWSRF were overstated by \$24,286,496.50 in the Department’s financial statements. Proper internal controls providing for reviews of manually updated State Revolving Fund database coding and resulting financial reports were not in place to prevent this error from being detected prior to the issuance of the financial statements.

Recommendation:

We recommended the Department’s Office of Technology and Information Services put processes in place that ensure review of amendments to atypical amortization schedules manually processed in the State Revolving Fund database are performed. As part of these processes, the resulting financial reports should be verified by State Revolving Fund Program Administration.

Action Taken:

The Office of Technology and Information Services and the State Revolving Fund Program agreed with the recommendation and have implemented procedures to ensure reviews of amendments to manually processed amortization schedules.

**A-1516DEP-024 Review of City of Grand Ridge State Revolving Fund Agreements**

The scope included documents associated with the planning and construction of the City of Grand Ridge’s (City) wastewater collection and treatment system during the period of July 1, 2014, through June 30, 2015.

Results of Review:

City water and sewer related revenue and cost documentation, along with pledged funds from an account, supported the debt service coverage requirement. Based on our review of expenditure documents, supporting documentation was present and properly supported disbursement to the City.

Recommendation:

There were no findings or recommendations.

**DIVISION OF ADMINISTRATIVE SERVICES**

**A-1516DEP-027 Limited Review of Management Representation over Department**

**Purchasing Card Use**

The scope included a limited review of the Departments’ Purchasing Card Program Plan and certain internal controls during the period of September 1, 2015, through December 31, 2015.

Results of Review:

Based on our review, the Department had processes in place to ensure cardholders received training. Controls were in place to ensure accounts were deactivated upon employee separating, and processes were in place to ensure transactions were properly supported, documented and reconciled. However, based on a sample tested, some were not reconciled within required timeframes and deactivation processes were not always followed.

Recommendations:

We recommended the Bureau of Finance and Accounting ensure that processes in place regarding Purchasing Card deactivation are consistently followed. We also recommended processes regarding reconciliation between the employee cardholder activities and receipts should also be consistently followed.

Action Taken:

The Bureau of Finance and Accounting finalized the Purchasing Card Plan, which clarified the required time requirements for reconciliation. The Bureau of Finance and Accounting monitors Purchasing Card required activities through the Cherwell system, the Purchasing Card Security Report, and monthly reports from the Bureau of Human Resource Management.

## **OFFICE OF ECOSYSTEM PROJECTS**

### **A-1516DEP-033 Review of Grant Agreement S0802 with the Loxahatchee River**

#### **Environmental Control District**

The scope included activities of Grant Agreement S0802 (Agreement) with the Loxahatchee River Environmental Control District, associated with Task 1 during the period of April 1, 2015, through March 30, 2016.

#### **Results of Review:**

Based on our review, reimbursed costs were allowable per the agreement and were below the maximum allowable reimbursement amount for Task 1. Reimbursed costs associated with Task 1 were supported by invoices from the District’s design subcontractor, the project final design plan, and the required permit. In addition, the District submitted all required reports, executed subcontracts, and maintained all required insurance coverage. As part of this review, the District provided sufficient procurement documentation to demonstrate purchases were made, as required in the agreement.

#### **Recommendation:**

There were no findings or recommendations.

## **DIVISION OF WATER RESOURCE MANAGEMENT**

### **A-1516DEP-037 Audit of Contract BS029 with Coastal Technology Corporation for**

#### **Professional Engineering Services**

The scope included activities of Contract BS029 with Coastal Technology Corporation for Professional Engineering Services associated with Task Assignment 11 and Task Assignment 12 during the period of March 1, 2014, through April 30, 2016.

#### **Results of Audit:**

Based on our audit, thirty deliverables were completed during the month in which they were due, and twenty-eight of those reviewed conformed to the deliverable requirements in Task Assignment 11. The remaining two deliverables did not include sufficient documentation indicating that work was completed; however, Division Management confirmed that the Contractor completed the work associated with the two deliverables. All seven deliverables

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conformed to deliverable requirements in Task Assignment 12, and were completed during the month in which they were due.

**Recommendation:**

There were no findings or recommendations.

## **INTERNAL INVESTIGATIONS**

The Inspector General is responsible for the management and operation of the Department’s Internal Investigations Section. This includes planning, developing and implementing an internal review system to examine and investigate allegations of misconduct on the part of the Department’s employees.

The investigative duties and responsibilities of the Inspector General, as defined in Section 20.055 F.S., include:

- ❖ Conducting, supervising, and coordinating investigations designed to detect, deter, prevent, and eradicate fraud, waste, mismanagement, misconduct, and other abuses in the Department
- ❖ Receiving complaints and coordinating all activities of the Department, as required by the Whistle-blowers Act pursuant to Sections 112.3187 – 112.31895, F.S.
- ❖ Receiving and reviewing all other complaints (non-Whistle-blower’s Act), and conducting such inquiries and investigations as the Inspector General deems appropriate
- ❖ Conducting investigations related to alleged employee misconduct or reporting expeditiously to the Florida Department of Law Enforcement or other law enforcement agencies, as deemed appropriate by the Inspector General
- ❖ Conducting investigations and other inquiries that are free of actual or perceived impairment to the independence of the Inspector General or the staff in the OIG
- ❖ Submitting the findings to the subject of each investigation in which the subject is a specific entity contracting with the State or an individual substantially affected, if the investigation is not confidential or otherwise exempt from disclosure by law. The subject shall be advised in writing that they may submit a written response 20 working days after receipt of the findings. The response and the Inspector General’s rebuttal, if any, must be included in the final report
- ❖ Submitting in a timely fashion, final reports on investigations conducted by the OIG to Senior Management and applicable Departmental Management, except for Whistle-blower investigations, which are conducted and reported pursuant to Section 112.3189, F.S.

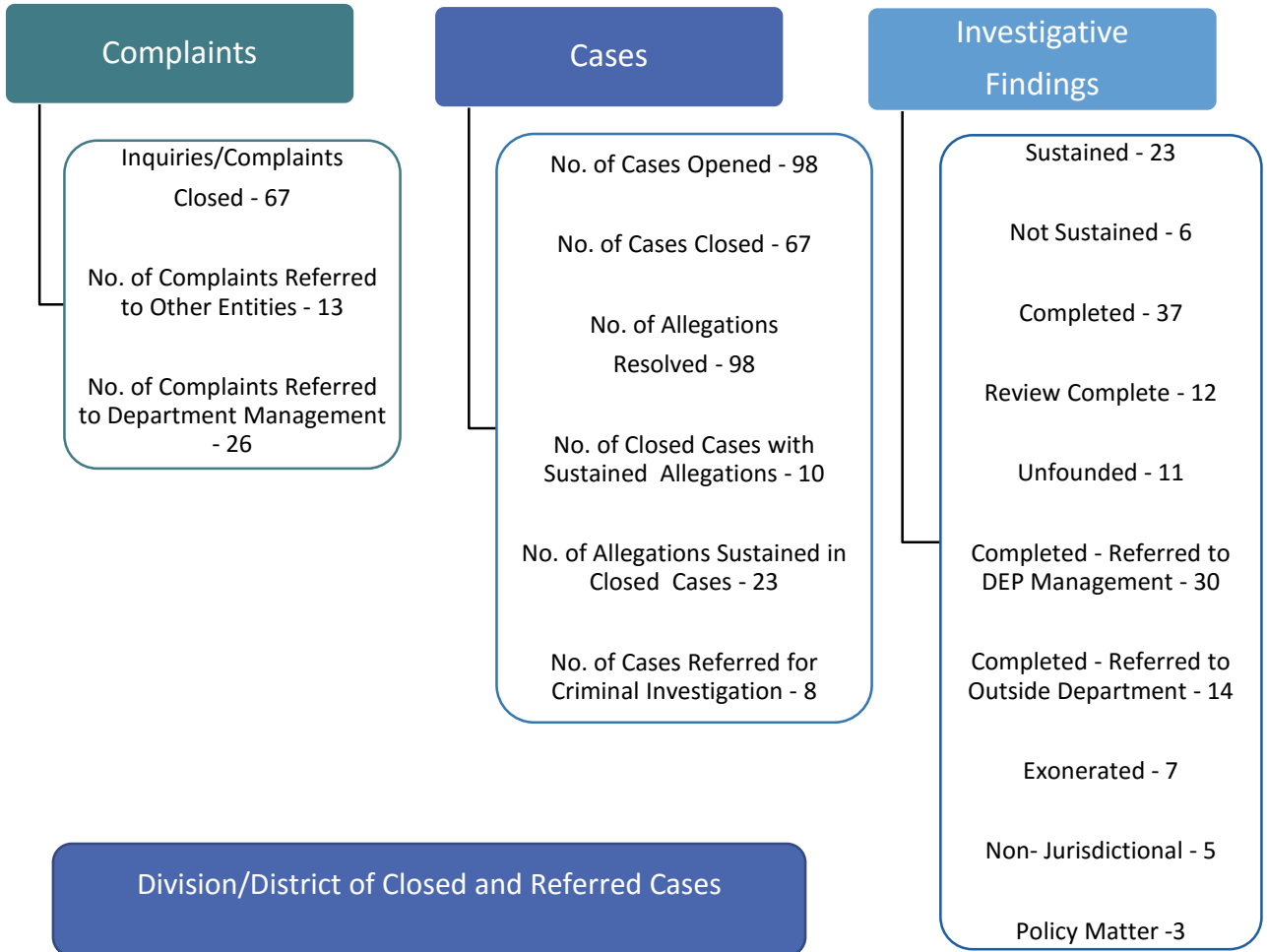
## ***ACCREDITATION***

An accreditation program has long been recognized as a means of maintaining and verifying the highest standards of Investigation. The Commission for Florida Law Enforcement Accreditation (CFA) was formed in 1993, which initially was limited to law enforcement and correctional agencies. In 2009, Offices of Inspectors General were offered the opportunity to also become accredited. The CFA worked closely with Florida’s Inspectors General to develop professional standards for Florida Inspector General Investigative functions.

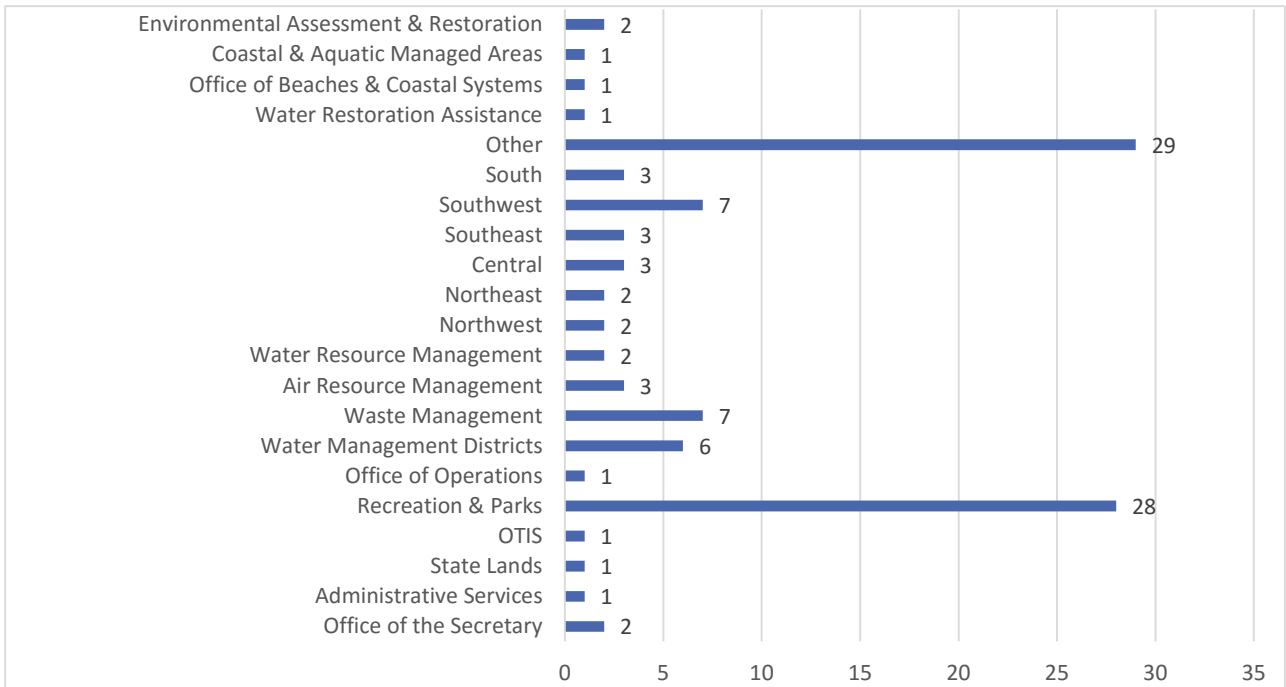
In August 2009, an assessment team from the CFA arrived to examine the policies, procedures, and operations of the Department’s Office of Inspector General, Investigations Section. The assessment team determined that all requirements of the 42 standards were complied with and accreditation status was awarded by the Commission in October 2009. Reaccreditation status was achieved in September 2012, and again October, 2015.



**TYPES OF INVESTIGATIVE ACTIVITY**



**Division/District of Closed and Referred Cases**





## *INVESTIGATIVE CASE SUMMARIES*

2015-042 - A complaint was received alleging a DEP employee was performing unauthorized activities, had conduct unbecoming a public employee, and had a Park owned rifle in the toolbox of the State vehicle. Based on information gathered during the investigation the following findings were concluded:

- four allegations were exonerated
- three allegations were unfounded
- one allegation was determined to be a policy matter
- one allegation was sustained
- four allegations were not sustained

2015-081 - A complaint was received alleging sexual harassment and conduct unbecoming a public employee. Based on interviews conducted and the evidence gathered, all findings were sustained.

2015-076 - A complaint was received alleging a hostile work environment and discrimination. Based on evidence gathered during the investigation, the first allegation was unfounded and the second allegation was exonerated.

2015-075 - A complaint was received alleging multiple DEP employees had some involvement in behaviors that were violations of DEP policy or directives. It was determined that seven of the allegations mentioned had no governing policy or directive; therefore, there was no substantive evidence that warranted further investigation. Based on evidence gathered during the investigation the following findings were concluded for the remaining allegations:

- two allegations were not sustained
- three allegations were unfounded
- one allegation was exonerated
- one allegation was determined to be a policy matter

2015-097 - A complaint was received alleging a DEP employee had violated multiple DEP rules and regulations, such as timesheet falsification, inappropriate Purchasing Card usage, the use of State equipment for personal usage, and not performing management duties appropriately. Based on the evidence gathered, all allegations were sustained.

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2015-095 - A complaint was received alleging a DEP employee had violated numerous DEP Directives, including: not using their Purchasing Card per Department policy, creating a hostile work environment, wasting State funds, numerous safety violations, using State equipment for personal use, and conduct unbecoming a public employee. Based on information gathered during the investigation the following findings were concluded:

- two allegations were sustained
- one allegation was not sustained
- three allegations were unfounded

2014-092 - A complaint was received alleging DEP employees had violated Section 287.057, F.S. by not using competitive procurement processes. Based on evidence gathered during the investigation, it was determined that a violation of the Statute did not occur; however, a violation of the Agency Term Contract Section 2.B did occur when the employees made the determination to direct assign sites to Agency Term Contractors. Therefore, the finding was sustained.

2016-022 - A complaint was received alleging an employee was verbally assaulted by one of their co-workers. The complainant asked that the investigation be stopped as the issue had been resolved; therefore, the case was withdrawn and referred to Management.

2016-037 - A complaint was received alleging a DEP employee had placed coins under rods to get surveys to close, and also had a firearm in their possession while riding in or operating a State vehicle. Based on information gathered during the investigation and admission by the subject, the allegations were sustained.

2016-032 - A complaint was received alleging a DEP employee had violated DEP rules by harassing other employees and members of the public. Based on the interviews conducted and evidence gathered during the investigation, the finding was sustained.

2016-044 - A complaint was received alleging a DEP employee had harassed them and behaved in a manner unbecoming a public employee. Based on testimony and supporting evidence, the findings were sustained.

2016-028 - A complaint was received alleging a DEP employee had violated Information Technology Security Policies and Standards, which caused the intrusion of malware to the DEP computer system. The subject admitted to the violation; therefore, the finding was sustained.

During the course of the investigation and according to witness statements compared to statements made by the subject in their sworn statement, the subject did not provide truthful information which was a violation of DEP Directive 290. Based on this information, the finding was sustained.

### ***RECOMMENDED CORRECTIVE ACTIONS***

Internal Investigations may make recommendations for the purpose of process improvement or corrective action. These recommendations are provided to Division Management and are tracked to completion. A total of two recommendations were issued during FY 2015-2016. Both were agreed to and completed by Management.

### ***CONCLUSIONS OF FACT DEFINITIONS***

- ❖ Exonerated - Alleged actions occurred, but were lawful and proper
- ❖ Not Sustained - There is insufficient evidence to prove or disprove that a violation occurred
- ❖ Sustained - There is sufficient evidence to justify a reasonable conclusion that the allegation is true
- ❖ Unfounded – The allegation is proved to be false, or there is no credible evidence to support it
- ❖ Policy Matter - The alleged actions occurred, but were not addressed by Departmental policy
- ❖ Non-Jurisdictional - Not within the jurisdiction of the Department of Environmental Protection
- ❖ Withdrawn - The cancellation of an investigation, after Agreement between Management and the Office of Inspector General that the original complaint was filed, but no longer warrants review. (Complainant requests withdrawal or is non-responsive to investigative efforts)
- ❖ Completed - Closure for background checks, public records requests, preliminary inquiries, investigative reviews, and miscellaneous complaints that do not warrant an investigation

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