

Department of Environmental Protection

Office of Inspector General

Annual Report

Fiscal Year 2017-2018



Candie M. Fuller
Inspector General

Noah Valenstein
Secretary



Florida Department of Environmental Protection

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Tallahassee, Florida 32399-3000

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

September 18, 2018

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

Noah Valenstein, Secretary
Department of Environmental Protection
3900 Commonwealth Boulevard
Tallahassee, FL 32399-3000

Dear Chief Inspector General Miller and Secretary Valenstein:

I am pleased to present the Office of Inspector General's Annual Report for Fiscal Year 2017-2018. This report, which was prepared in accordance with Section 20.055(8), Florida Statutes, summarizes the activities performed by the Office of Inspector General based on its statutory responsibilities. This report highlights the accomplishments, findings, and recommendations of significant audit and investigative activities completed during Fiscal Year 2017-2018.

We will continue to support the Department's mission by diligently pursuing fraud, waste, and abuse; while promoting accountability, integrity and efficiency in the Department's operations.

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.

Sincerely,

A handwritten signature in blue ink that reads "Candie M. Fuller". The signature is fluid and cursive.

Candie M. Fuller
Inspector General

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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) 2017-2018.

- ❖ Conducted 13 Audits containing 21 recommendations, which were agreed to by management
- ❖ Conducted 14 Management Reviews containing 25 recommendations, which were agreed to by management
- ❖ Conducted seven Consulting Services containing three recommendations, which were agreed to by management
- ❖ Performed liaison and coordination activities for four external audits
- ❖ Reviewed and processed 223 Single Audit Reports
- ❖ Opened 100 cases
- ❖ Closed 94 cases, with 14 of those cases containing substantiated allegations
- ❖ Assisted the Office of the Chief Inspector General with multiple projects

Department Background

The Department is one of the more diverse agencies in State government. More than 3,580 Department employees serve the people of Florida. In addition to protecting the State's air and water quality and ensuring proper waste management, the Department is responsible for managing State Parks, recreational trails, and other areas for outdoor activities. The Department'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 OIG, during FY 2017-2018. 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 the Department’s 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 the Department. The OIG conducts independent and objective audits, reviews and investigations of Department issues and Programs, in order to assist 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 the Department.

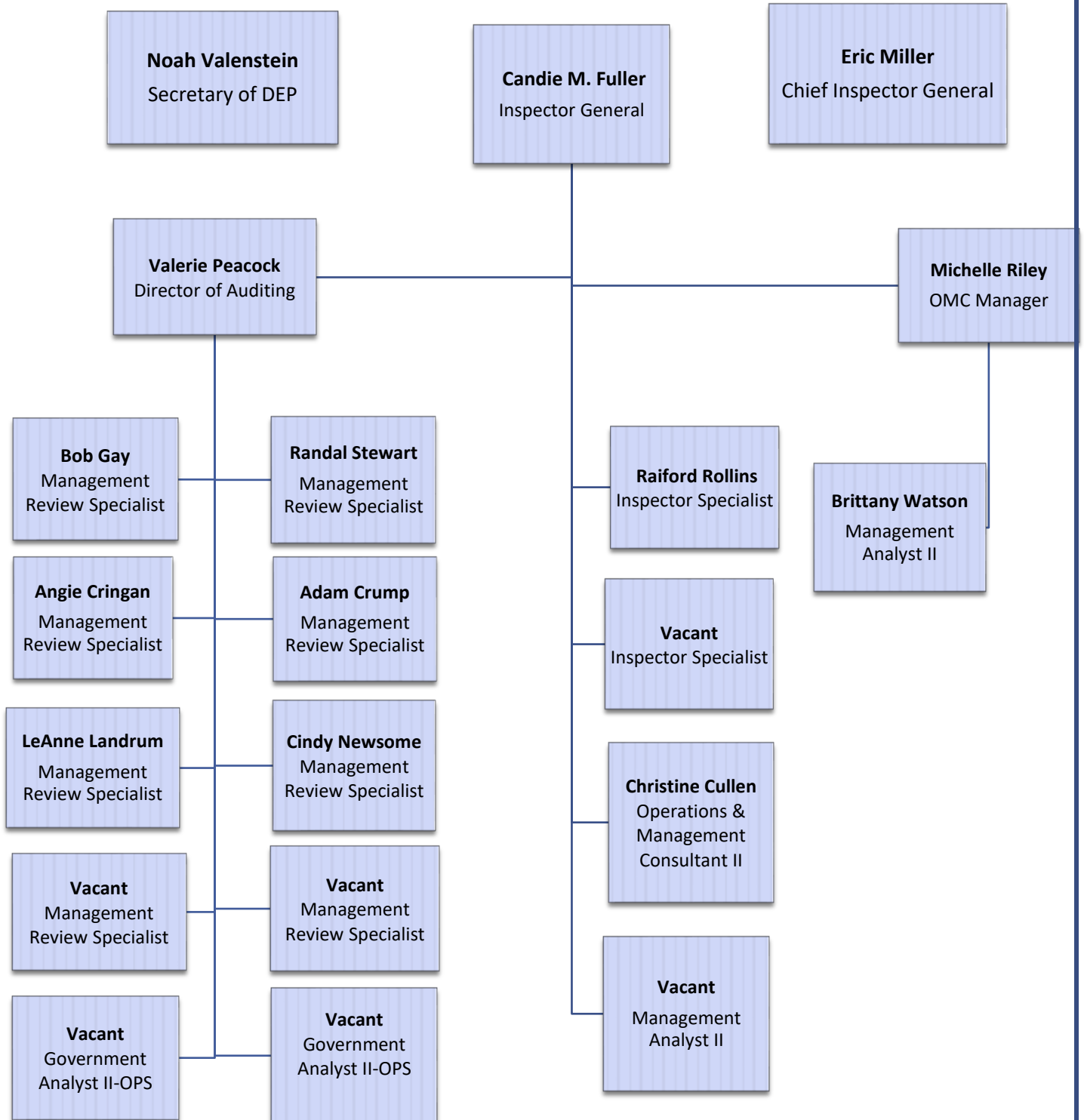
Duties and Responsibilities of the Inspector General

Per Section 20.055(2), F.S., the Office of Inspector General is established in each State agency to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency in government. It is the duty and responsibility of each Inspector General to:

- ❖ Advise in the development of performance measures, standards, and procedures for evaluating Department 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 the Department's operations.
- ❖ Conduct, supervise, and coordinate other activities to promote economy and efficiency and activities designed to prevent and detect fraud and abuse in the Department.
- ❖ Keep the Secretary and 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, 2018, 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 FY 2017-2018, staff received the benefit from trainings which included current audit issues, ethics, fraud detection, cybersecurity, grant management, data analytics, 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, Information Systems Audit and Control Association, and various State agencies, including Florida Department of Financial Services.

Professional Qualifications and Affiliations



Staff within the OIG are highly qualified and bring a diversity of background experience and expertise to the Department. Staff have experience in auditing, accounting, Program evaluation and monitoring, budgeting, personnel management, investigations, contract and 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
- ❖ Certified Inspector General Auditor
- ❖ Certified Inspector General Investigator
- ❖ Certified Internal Auditor
- ❖ Certified Fraud Examiner
- ❖ Certified in Risk Management Assurance
- ❖ Certified Government Auditing Professional
- ❖ Certified Public Accountant
- ❖ Florida Certified Contract Manager

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
- ❖ Florida Institute of Certified Public Accountants

Internal Audit Section



The authority of the Internal Audit Section is established under Section 20.055, F.S., and the Department’s Directive 260. The responsibility of the Internal Audit Section is to promote integrity, accountability, and efficiency within the Department. The Inspector General reports to the Chief Inspector General and maintains organizational

independence of the internal audit activity. 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 2018-2019 Annual Audit Plan includes projects pertaining to Information Technology, Park operations, Petroleum Restoration Program contracts and expenditures, Waste Management, Air Resource Management, Water Resource Management and Water Policy and

Ecosystems Restoration Programs. Additionally, administrative 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 2018-2019 Annual Audit Plan.

Audits are conducted in conformance with the Code of Ethics and 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*. 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 audits. These include, but are not limited to, investigative assistance, reviews, research, technical assistance, 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.

Quality Assurance and Improvement Program



The Internal Audit Section has established quality assurance processes in conformance with the *International Standards for the Professional Practice of Internal Auditing* (Standards). This includes both internal and external quality assurance assessments of internal audit activities. Ongoing monitoring is an integral part of the supervision, review, and measurement of internal audit activities. Continuous monitoring activities have been established through engagement planning, supervision, and review, as well as standardized procedures and approvals. An internal assessment of the Internal Audit Section is conducted by the Audit Director annually. The internal assessment is submitted to the Inspector General for review and approval. An external assessment of the Internal Audit Section is conducted by the Auditor General in accordance with Section 11.45(2)(i), F.S., once every three years.

The most recent external Quality Assurance Review of the Internal Audit Section by the Auditor General was conducted November 2015 (Report 2016-037). The reported results stated, *in our opinion, the quality assurance program related to the Office of Inspector General's internal audit activity was adequately designed and complied with during the review period to provide reasonable assurance of conformance to applicable professional auditing standards. Also, the Office of Inspector General generally complied with those provisions of Section 20.055, Florida Statutes, governing the operation of State agencies' offices of inspectors general internal audit activities.*

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 \$750,000 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 FY 2017-2018, our office reviewed 223 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 Department 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 Department 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 biannually as necessary to resolution. Of the 23 internal projects reported in the FY 2016-2017 Annual Report, 15 had recommendations that were fully implemented as of the end of the FY 2017-2018 and six had no recommendations. Two projects had recommendations in which corrective action is being monitored as of the end of FY 2017-2018. The projects are listed in the following table.

Project	Recommendation	Status
A-1617DEP-012 Audit of Stephen Foster Folk Culture Center State Park	We recommended the Division establish a formal agreement with the CSO for the Florida Folk Festival that specifies required approvals, terms, responsibilities, and reporting for agreed upon fees and revenue distribution.	The Division is working with the Office of General Counsel to finalize an agreement.
A-1617DEP-027 Audit of Activities Funded by Tag Fee Allocations to Miami-Dade County	We recommended the Division direct the County to establish a local air pollution control trust fund, as required under Section 320.03, F.S.	The Division is working with the County for compliance.

Performance Measures



In accordance with Section 20.055 (2) (b), F.S., the OIG assessed the performance measures for inclusion in the FY 2018-2019 Long Range Program Plan.

During the FY 2016-2017 Long-Range Program Plan, the Executive Office of the Governor approved the addition of one new and one revised measure. The Department proposed one new measure and the deletion of one measure in September 2016 for the FY 2017-2018 Long Range Program Plan. On May 1, 2017, the Executive Office of the Governor provided approval for two new, one revised, and one deleted measure. Of the 22 performance measures included in the FY 2018-2019 Long Range Program Plan, 19 were measures that had previously been reviewed and determined to be valid and reliable. The remaining three measures were included in our assessment. All three measures were based on data tracking and reporting mechanisms that were considered valid. Of the three measures, the reporting mechanism for one was considered reliable, demonstrating consistently applied calculation with controls in place to mitigate report errors. For the remaining two measures, one was not considered reliable due to errors noted in source data files and a lack of verifiable source documentation supporting reported results. Program management established procedures outlining consistent calculation and independent verification of results for the measure. The other measure was not considered reliable due to the absence of a formal established definition for the procedure used to calculate and report the measure. Program management established a written policy to ensure the measure calculation is consistently applied.

External Audits and Reviews

2018-122 Administration of State Land Acquisitions and Dispositions

The Auditor General reviewed the Department's administration of State land acquisitions and dispositions. The audit also included a follow-up on the findings noted in report 2012-010.

Findings:

Department records did not always evidence that subsurface rights were considered in the valuation of State land disposition. For one land acquisition totaling \$3.15 million, the Department did not ensure the third party responsible for performing due diligence services, including appraisal services, complied with all terms and conditions of the memorandum of agreement related to the services. As similarly noted in report No. 2012-010, some appraisal reports received by the Department included errors and omissions that, while not necessarily material to the value conclusions, demonstrated a lack of attention to detail in the reports and subsequent reviews by review appraisers. Department records did not always include certain land acquisition documentation required by State law. As similarly noted in report 2012-010, the Department did not always solicit bids from multiple appraisers for required appraisal services.

Recommendations:

The Auditor General recommended that Department management take steps to ensure appraisers document their consideration of subsurface rights when making land valuations. Department management should establish procedures to ensure all required documents and actions associated with land acquisitions transacted by a third party are obtained or made in accordance with applicable Division and Board rules and requirements. The Department should exercise greater oversight of appraisers and review appraisers to ensure adjustments and conclusions are appropriately supported and appraisal reports are complete, accurate, and in compliance with applicable standards. It was further noted that Department management should establish procedures to ensure that appraisers complete affidavits substantiating they have no vested or fiduciary interest in the parcels being appraised. The Auditor General also recommended Department management establish procedures for verifying the receipt of beneficial interest disclosures made in accordance with State law. Finally, Department management should establish policies and procedures to ensure compliance with applicable laws and rules pertaining to the acquisition of appraisal services. Such policies and procedures should include the establishment of a minimum number of appraisers that should be solicited for bids to ensure compliance with Board rules.

Action Taken:

The Department agreed with the recommendations and will remind all appraisers by written notice to consider the impact on value due to the presence of, or lack of, subsurface rights and ensure this consideration is documented in their reports when making land valuations. The Department will follow all applicable Division and Board rules and requirements and develop a checklist protocol for ensuring third parties adhere to their memorandum of agreement. Further, the Department will meet with current Staff Appraisers to review the oversights made in the appraisals and appraisal reviews to provide in-house training and how to avoid similar errors and omissions in the future. To ensure greater compliance with the affidavit requirement, “Request for Proposal” packages sent out for bids will include language that makes a definitive statement that no contract will be valid, and that no “Notice to Proceed” will be issued, until the Department receives the signed affidavit. For assignments that the Department does not manage, the appraisal contracts and/or task assignments, management will work with those appraisal service users to ensure the Department receives signed affidavits. The Bureau of Real Estate Services has procedures in place for verifying receipt of beneficial interest disclosures, which includes the review of all documents by the Department’s Office of General Counsel. Finally, the Department has established policy of securing professional appraisal services that are the “best bid” on behalf of the Board of Trustees. The current practice is to get several bids for all assignments, with few exceptions.

Internal Audit Summary Reports

DIVISION OF RECREATION AND PARKS

A-1617DEP-013 and A-1617DEP-022 Audit of Henderson Beach and Fred Gannon Rocky Bayou State Parks

The scope of these audits included review of select activities of Park operations during the period of July 1, 2015, through June 31, 2016. Due to the common administration over both Parks, results were combined in one report.

Results of Audit:

Based on our audit, controls were in place for revenue collection. Overall duties related to operating registers, closing and reconciling revenue reports, preparing bank deposits, and bank statement reconciliation were performed by separate Park staff. Based on our review of expenditures for both Parks, purchase order expenditures during the sampled months included items from categories preapproved by the District. The purchase amounts and vendors used, as well as the frequency appeared reasonable for Park operations. For the sampled months, several deposits over \$2,000 were not deposited by the next available day as required at Henderson Beach State Park. For both Parks, several deposit slips and daily revenue reports did not include employee signatures as required. Of the 173 P-Card purchases sampled for both Parks, 86 were missing the Cardholder's signature or date. A purchase for \$2,500 was made by the Park Manager without obtaining the required quotes. Payment was questioned by the Division of Administration, Bureau of Finance and Accounting staff. However, due to the minimal amount over the limit, the Park Manager was not directed to take corrective steps. For both Parks, resident volunteer hours were not accurately maintained in the VSys Live System¹. During the sample months, Volunteer Time Records were submitted for one of 11 listed CSO members. Volunteer Agreements were also not documented as required in the VSys Live System. Of the 24 resident volunteers located at both Parks during the sampled months, sexual predator and offender searches were maintained for 13.

Recommendations:

We recommended the Division work with Park management to ensure Daily Checkout Sheets and deposit slips are accurately documented and deposits are made in a timely manner, as required in the Division's Operations Manual. We also recommended the Division direct the Parks to ensure all P-Card purchases are made and documented in accordance with P-Card and procurement requirements. We further recommended the Division work with Park management to ensure all required Volunteer Time Records and Agreement documents are recorded and

¹ VSys is a volunteer management system used by the Division of Recreation and Parks to better manage and track the nearly 30,000 volunteers to State parks and trails.

maintained. This includes consistent documentation in the VSys Live System. Park management should ensure all volunteer sexual predator and offender registration searches are conducted prior to volunteer assignment.

Action Taken:

The Division agreed with the recommendations and Park management has retrained staff to ensure all Daily Checkout Sheets and deposit slips are accurately documented. The Daily Checkout Sheet has been modified to ensure the user and verifier are properly signed by reducing the form from multiple users on one sheet to each individual user having their own daily sheet. All deposit slips are now verified to have two signatures prior to being deposited and all deposits are being made in a timely manner, as required in the Division's Operations Manual. Park management has reminded all staff issued a P-Card that all purchases are to be made and documented in accordance with P-Card and procurement requirements, including signing and dating the receipt by the employee. Park management verified all required Volunteer Time Records and Agreement documents are properly recorded and maintained in the VSys Live System. All resident volunteers use an updated written timesheet as a secondary source documentation. Park management verified all volunteer sexual predator and offender registration searches were conducted prior to volunteer assignment.

A-1617DEP-020 Audit of Hontoon Island State Park

The scope of this audit included Park financial records and select activities during the period of January 1, 2016, through June 30, 2016.

Results of Audit:

Based on our audit, controls were in place for revenue collections. For the sampled months, bank deposits were made weekly as required. The Park also demonstrated compliance with the Department's standards in its use of firearms. The sampled P-Card purchases were supported by receipts and completed reconciliation forms. All purchases were pre-approved by the District and each purchase appeared to be for Park related expenses. Park expenditures reviewed were documented in compliance with procurement requirements. Resident volunteer records and

sexual predator searches were maintained by the Park as required. Discrepancies were found between reported Park attendance and daily source documentation. Additionally, during the sampled months, tax exempt certificates had not been maintained for tax exempt camping transactions.

Recommendations:

We recommended the Division work with Park staff to ensure that reported attendance is supported accurately by Park records of original entry. We further recommended the Division work with the Park to ensure all Consumers Certificates of Exemption are verified and maintained on file for tax exempt transactions.

Actions Taken:

The Division agreed with the recommendations and has corrected the attendance discrepancy by removing the daily incoming campers from the final total of the counter from the ferry boat at the end of day. All staff were reminded that as per Park procedures, visitors claiming tax exemption need to provide documentation of the certificate upon arrival.

A-1617DEP-021 Audit of Hontoon Island Foundation Citizen Support Organization, Inc. at Hontoon Island State Park

The scope of this audit included financial records and activities of the Citizen Support Organization (CSO) during the period of January 1, 2016, through June 30, 2016.

Results of Audit:

Based on our audit, the CSO provided volunteer support to the Park. However, the CSO lacked effective controls over financial record keeping. The CSO did not maintain a general ledger or invoices supporting all expenditures and did not document approval of expenditures, as required in the Division's CSO Handbook and consistent with CSO Bylaws.

Recommendation:

We recommended the Division direct the CSO to establish financial record keeping and procedures, in compliance with the Division's CSO Handbook and amend Bylaws to reflect consistent procedures.

Actions Taken:

The Division agreed with the recommendation. The Park Manager worked with the CSO to update the Bylaws in February 2018. Financial procedures were implemented which included the use of a commercial electronic accounting system for maintaining financial records and bookkeeping.

A-1617DEP-028 Audit of John D. MacArthur Beach State Park

The scope of this audit included Park financial records during the period of July 1, 2015, through June 30, 2016, as well as select activities through August 2017.

Results of Audit:

Based on our audit, the Park demonstrated compliance with Division requirements in respect to revenue collection and reporting, attendance reporting, and management of property. With respect to resident volunteers, Park records did not document that required background searches were on file prior to the volunteer's first month of service. Based on review of purchases, we noted one purchase order exception over \$2,500 that had been awarded with only one quote. The form required for the sole source purchase did not include a statement detailing the reason additional quotes were not received. The purchase was approved by the District and subsequently through the procurement section in the Bureau of General Services. Based on review of two subsequent purchases to the vendor by the Park, one exceeded \$2,500. The purchase order for this purchase was supported by a documented solicitation for quotes to 13 potential vendors. Several appeared to either serve primarily in other areas of the State or did not provide the type of service described in the solicitation. The vendor awarded the prior purchase order provided the sole response. The Park made an additional after-the-fact purchase of \$1,498.50 to the same

vendor after services had been provided. The form DEP 55-201 submitted with the purchase did not provide justification for the after-the-fact purchase.

Recommendation:

We recommended the Division ensure the Park conducts and maintains sexual predator/offender searches for volunteers prior to authorized service at the Park. We also recommended District and Park procurement practices comply with Section 287, F.S., Chapter 60A-1.002, F.A.C., and the Department Procurement Guide. For purchases of \$2,500 or more, a minimum of two quotes should be obtained. If the minimum quotes cannot be obtained and due diligence procurement efforts have been demonstrated, the circumstances for the sole source purchase should be documented as required.

Actions Taken:

The Division agreed with the recommendations and has reminded all District management to ensure Park Managers are in compliance with conducting both sexual predator/offender searches for volunteers, prior to the volunteer's service at the Park. Park management has taken steps to ensure all required searches are now current. Further, Division and Park management have been reminded of the requirement to obtain at least two written quotes for purchases of \$2,500 or more. Park management will ensure compliance with agency purchasing guidelines. Specific to wildlife removal services, District staff will work to establish a continuing services contract with an appropriate vendor to provide District-wide services.

A-1617DEP-029 Audit of Friends of Savannas Preserve State Park, Inc.

The scope of this audit included CSO financial records and select activities during the period of January 1, 2016, through December 31, 2016.

Results of Audit:

Based on our audit, the Friends of Savannas Preserve State Park, Inc., accurately reported revenues and expenditures and operated in compliance with the selected provisions of the Division's CSO Handbook and Operations Manual, as well as the CSO Agreement and Bylaws

during the audit period. Park management also demonstrated sufficient oversight of Friends of Savannas Preserve State Park, Inc., activities during the audit period.

Recommendation:

The audit contained no findings or recommendations.

A-1617DEP-033 Audit of Andersons Outdoor Adventures Concession, LLC at Manatee Springs State Park

The scope of this audit included financial records and selected Agreement activities of the Concessionaire during the period of January 1, 2016, through December 31, 2016.

Results of Audit:

Based on our audit, reported monthly gross sales were not consistent with source documents, bank account activity, or sales reported to the Department of Revenue (DOR). Refunds were not documented as required by the Agreement, and documented daily sales did not demonstrate controls consistent with the Minimum Accounting Requirements. With respect to the Agreement, the Concessionaire demonstrated compliance in the areas of the required Environmental Protection Plan, surety bond and insurance, and business licenses. Required Payment Card Industry Data Security Standard (PCI DSS) verification was completed, but had not been conducted for the audit period. Required E-Verify Employment Eligibility Verification searches were conducted for seven Concession employees; however, six were completed several months after employee hire. Required sexual predator and offender searches were also conducted for the seven employees. The Concessionaire employed 16 additional temporary staff during the peak season, but did not conduct E-Verify Employment Eligibility Verification and sexual predator and offender searches on these staff.

Recommendations:

We recommended the Division ensure the Concessionaire reports gross sales that are consistent with daily sales records, bank activity, and sales reported to DOR. We also recommended the Division ensure Concession refunds and daily controls demonstrate compliance with the

Minimum Accounting Requirements. We further recommended the Division work with the Concessionaire to ensure E-Verify Employment Eligibility Verification and sexual predator and offender searches are conducted for all employees. Finally, we recommended the Division ensure the required PSI DSS Self-Assessment Questionnaire is completed annually by the Concessionaire and provided to the Park.

Actions Taken:

The Division agreed with the recommendations. The Park will ensure the Concessionaire demonstrates compliance with the Minimum Accounting Requirements with respect to controls over reported revenues and documented refunds. In addition, the Park will work with the Concessionaire to ensure compliance with Agreement requirements for E-Verify and sexual predator and offender searches of all employees going forward. The Park will also work with the Concessionaire to ensure PCI compliance documentation is verified annually.

A-1617DEP-036 Audit of Paynes Prairie Preserve State Park

The scope of this audit included financial records and select activities during the period of July 1, 2016, through June 30, 2017.

Results of Audit:

Based on our audit, the Park demonstrated compliance with Division requirements regarding revenue collection and reporting, attendance, resident volunteers, and property management with minor discrepancies. Sampled P-Card and purchase order expenditures were documented in compliance with procurement requirements, with the exception of one purchase over \$2,500, which was made without obtaining the required minimum quotes.

Recommendation:

We recommended the Division ensure the Park procurement practices comply with procurement requirements. For purchases that are \$2,500 or above, a minimum of two quotes should be obtained. If the minimum quotes cannot be obtained, the circumstances for the sole source purchase should be documented as required.

Actions Taken:

The Division agreed with the recommendation and will ensure the Park follows purchasing policies regarding minimum number of quotes and documenting sole source purchases as applicable.

A-1617DEP-041 Review of Concession Agreement MY-0812 with J&S Investment Properties, LLC, at Sebastian Inlet State Park

The scope of this review included selected Concessionaire revenues during the period of July 1, 2016, through April 30, 2017.

Results of Review:

Based on our review, the Concessionaire did not provide all the support documentation requested for this review, as required under Section 25(a) of the Agreement. However, for the limited business categories and months provided, source documents generally agreed with the reported gross sales, as applicable. Due to the lack of necessary financial support, we were unable to make a determination regarding the overall accuracy of reported gross sales for the review period. Therefore, the Department does not have assurance on the accuracy of reported gross sales by the Concessionaire. Since the Agreement expired June 10, 2017, this uncertainty should be considered during the course of all Agreement finalization efforts by the Division.

Recommendation:

This review contained no findings or recommendations.

A-1718DEP-011 Review of Permit Agreements for Ferry Services at Anclote Key Preserve State Park

The scope of this review included financial records and selected Permit Agreements during the period of July 1, 2016, through August 31, 2017.

Results of Review:

Based on our review, support records generally agreed with the amounts reported in the weekly reports. Of the seven permit agreements, three contained requirements for monthly fee payments and monthly report of gross sales. The remaining four Permit Agreements did not include Minimum Accounting Requirements and did not require the permittee to submit a report of passengers or fees on a monthly basis. Several aspects of the Permit Agreement requirements in both structures were not reasonable or applicable for the services required. The Permit Agreements also did not contain clear guidance for fee payments, reporting, and support of passenger records necessary for effective monitoring. A consistent process was not in place for monitoring permittee performance and reconciling reported passengers to monthly payments, which resulted in ineffective management oversight.

Recommendation:

We recommended the Division take steps to amend the Permit Agreements to outline Department requirements specific to the ferry services provided. We also recommended the Division avoid using standard concession agreement language for external ferry service providers that do not operate solely in the Park as Concessionaires. Amendments or renewals of the Permit Agreements should be reviewed by the Office of General Counsel. We further recommended processes be put in place to routinely monitor Permit Agreement compliance and accurate reporting. Permit Agreements modified for permit fee payments should be formally approved by the Division. Discrepancies between payments, reports, and non-compliance with the terms of the Permit Agreements should be addressed and documented by Park management.

Actions Taken:

The Division agreed with the recommendations. The Division will amend the Permit Agreements to outline specific requirements applicable to the ferry services provided and will clearly define passengers subject to required fees. These Permit Agreements will contain the method and frequency of payments, reported passengers, and accounting and record keeping procedures. Processes will be implemented to routinely monitor Permit Agreement compliance and accurate reporting. Permit Agreements modified for permit fee payments will be formally approved by the

Division. Discrepancies between payments, reports, and areas of non-compliance according to the Permit Agreement will be addressed and documented by Park management.

A-1718DEP-035 Review of Permit Agreement STSEP-2016 with Coin-O-Matic, Inc. at John Pennekamp Coral Reef State Park

The scope of this review included financial records and Permit activities during the period of July 1, 2017, through January 31, 2018.

Results of Review:

Based on our review, the two coin-operated commercial washers and two dryers provided appeared to be well maintained. However, current processes regarding collections, payments, refunds, and operations were not consistent with requirements outlined in the Permit. Where payments were made past the required due date, late fees specified under the Permit were not assessed. Despite a change in corporate ownership, the Permit had not been amended to reflect the vendor currently providing services.

Recommendations:

We recommended the Division amend the Permit to reflect the correct vendor and requirements specifically applicable to the coin-operated laundry services provided. Requirements should include procedures for collections, reporting, payments, and refunds. The Permit should also reflect the Division's expected level of service and associated financial consequences. The Division should discontinue the inclusion of concession Minimum Accounting Requirements that do not apply to the services provided. We also recommended the Division ensure the Park provides effective oversight and documentation of collections and commission payments and assessment of late fees where applicable.

Actions Taken:

The Division agreed with the recommendations and will replace the Permit with a newly developed Commercial Use Agreement. The Commercial Use Agreement will be adapted for coin-operated laundry services. The Commercial Use Agreement will include appropriate legal

protections for the Division. Accounting requirements will be modified to avoid conflict with services authorized by the Commercial Use Agreement.

DIVISION OF STATE LANDS

A-1718DEP-019 Audit of Lease Agreement with Miami Dade County and Florida International University Board of Trustees for the Coconut Grove Playhouse Property

The scope of this audit included Agreement activities during the period of October 13, 2013, through January 2018.

Results of Audit:

Based on our audit, the County failed to adhere to the timetable for the Capital Plan as set forth in the Business Plan and required under Paragraph 40.A., Special Conditions of the Lease. The Project has been subject to numerous delays, which are reflected in the County's ongoing updates and adjustments to the duration and completion of phases under the Project Development Schedule. The County's request in October 2016 for revision in timing for completion of phases within the Project was not approved. This request included projected completion dates for phases the County has since been unable to meet. The Project is subject to further delays. While the County maintains its commitment to completion of the Project by October 2022, the continued delays and ongoing updates diminish the reliability of this commitment.

Recommendation:

We recommended the Department take necessary steps to enforce the terms of the Lease with respect to the County's failure to adhere to the timetable set forth in the Business Plan under Paragraph 40.A., Special Conditions of the Lease. This will ensure the Property is managed consistent with the original management concept included in the approved Business Plan.

Actions Taken:

The Division agreed with the recommendation and will work diligently with the County and the Office of General Counsel to pursue a remedy on the issues noted in this audit.

A-1617DEP-035 Review of Recreational Trails Program Agreement T2B22 and Land and Water Conservation Fund Agreement LW610 with the City of Sanford

The scope of this review included activities relating to the Office of Operations² (Office) Agreement T2B22 for the Coastline Park Trailhead Project (Trailhead Project) and LW610 for the Coastline Park Project (Park Project).

Results of Review:

Based on our review, the City of Sanford (City) did not complete the Trailhead Project Grant Work Plan Elements specified in the approved project application and in compliance with the T2B22 Agreement, but was reimbursed for the Recreational Trails Program (Program) share of the Trailhead Project. LW610 expired January 28, 2017, prior to reimbursement. The City's management of the Park Project and reimbursement requests were not in compliance with the Project Work Plan. The Program approved reimbursement for the Trailhead Project in error, without verifying the City Contractor's costs included in the reimbursement request and ensuring compliance with the agreement.

Recommendations:

We recommended the Office request reimbursement of \$67,500 from the City for the Department's share of the Trailhead Project in accordance with Paragraph 24 of Agreement T2B22. We also recommended the Program put controls in place to mitigate areas of noncompliance and incomplete financial reporting. This should include the requirement for detailed support documentation with reimbursement requests from the grantee to demonstrate

² As of July 1, 2018, the Land and Recreation Grants Program was organizationally transferred from the Office of Operations to the Division of State Lands.

compliance with agreement terms and grant work plans. This should also include scopes of work that incorporate project elements and deliverable detail consistent with approved project plans.

Actions Taken:

The Office agreed with the recommendations and the City began the process of resolving the issues noted in the report. The Department obtained reimbursement of \$67,500 from the City. Program management established additional processes to increase monitoring of active projects, incoming applications, and closed projects to ensure no duplication and overlapping of project facilities. The Office will continue to work on improvements to Agreement oversight by Program management.

DIVISION OF WASTE MANAGEMENT

A-1617DEP-016 Review of Small County Consolidated Solid Waste Grant Agreement SC619 with Jefferson County

The scope of this review included Agreement payments and selected activities during the period of October 1, 2015, through September 30, 2016.

Results of Review:

Based on our review, reimbursed expenditures for tipping fees were allowable and eligible under the Agreement. In addition, the County generally operated in compliance with the Agreement and Work Plan, with the exception of incomplete tipping weight support associated with fees required for reimbursement. We verified the fees charged were based on rates allowed under the Agreement, through weight ticket documents obtained from the County.

Recommendation:

We recommended the Division ensure that reimbursement requests include support documentation sufficient to verify compliance with tipping fee rates specified in the Agreement prior to Division approval for payment.

Action Taken:

The Division agreed with the recommendation. Grant management will ensure supporting weight tickets are obtained prior to approval of reimbursement requests.

A-1617DEP-018 Review of Agency Term Contractor Advanced Environmental Technologies, LLC

The scope of this review included select purchase order payments and Contract activities during the period of July 1, 2015, through June 30, 2016.

Results of Review:

Based on our review, the Contractor met certification and license requirements under Section 376.3071, F.S. The Contractor met requirements for invoice and deliverable timeliness, as well as deliverables with no errors in over 90% of submissions. As such, the Contractor was rated overall as a top performer. However, for the few instances of late invoices, deliverables, and errors in Automated Data Processing Tool (ADaPT), the associated performance evaluations did not reflect a lower score.

Of the reviewed purchase orders, the Contractor invoiced for one pay item without the required supporting documentation. Of the seven subcontractor payments reviewed, three were paid timely in accordance with the Contract. Two purchase orders included in our review were awarded through cost share agreements. The Petroleum Restoration Program (PRP) had not obtained documentation of the Applicant/Participant's proof of payment for their committed cost share. Based on management interviews, the PRP does not verify proof of these payments.

Recommendations:

We recommended PRP work with management and Site Managers to emphasize the accurate and consistent documentation of Contractor performance in each evaluation. We also recommended PRP clarify discrepancies with Program management and ensure required documentation is reviewed and verified prior to invoice approval and payment. We recommended PRP recover unsupported invoice costs totaling \$611.05. We further recommended PRP direct the Contractor

to make timely subcontract payments as required under the Contract. Finally, we recommended PRP obtain proof of payment as required under cost share agreements.

Actions Taken:

The Division agreed with the recommendations. Division management emphasized the requirement for accurate and complete Contractor Performance Evaluation reviews during several PRP teleconferences. Site Managers and reviewers were also reminded of the importance of ensuring that required documentation is reviewed and verified prior to invoice approval and payments in a PRP teleconference. Site Managers and reviewers were also directed to ensure confirmation of cost share payments are obtained going forward. PRP obtained required documentation from the Contractor for the identified unsupported costs. The Contractor was directed to make timely payments as required and to correct any terms or conditions agreed between the Contractor and Subcontractor that conflict with their obligations under the Contract. The Contractor provided documentation of payment and resolution of applicable subcontractor penalties.

A-1617DEP-019 Review of Agency Term Contractor FRS Environmental Remediation, Inc.

The scope of this review included select purchase order payments and Contract activities during the period of July 1, 2015, through June 30, 2016.

Results of Review:

Based on our review, the Contractor met certification and license requirements under Section 376.3071, F.S. The Contractor met requirements for invoice and deliverable timeliness, as well as deliverables with no errors in over 90% of all instances. As such, the Contractor was rated overall as a top performer. However, for the few late invoices and deliverables, and errors in ADaPT, some of the associated performance evaluations did not reflect a lower score. Of the purchase orders reviewed, the Contractor invoiced for pay items without the required supporting documentation. Of the 14 subcontractor payments reviewed, 13 were not paid timely as required. Three purchase orders included in our review were awarded under Preapproved Advanced

Cleanup Program Agreements where the Contractor shared a business interest with the sites' responsible party.

Recommendations:

We recommended PRP work with management and Site Managers to emphasize the accurate and consistent documentation of Contractor performance in each evaluation. We also recommended PRP clarify discrepancies with Program management and ensure required documentation is reviewed and verified prior to invoice approval and payment. We recommended PRP recover unsupported invoice costs totaling \$3,082. We further recommended PRP direct the Contractor to make timely subcontract payments as required under the Contract. Finally, we recommended PRP discontinue the execution or extension of agreements and the assignment of remediation work where the Contractor shares a business interest with the site's responsible party.

Actions Taken:

The Division agreed with the recommendations. Division management emphasized the requirement for accurate and complete Contractor Performance Evaluation reviews during several PRP teleconferences. Site Managers and reviewers were also reminded of the importance of ensuring that required documentation is reviewed and verified prior to invoice approval and payment. The Contractor reimbursed the Department \$1,490 for unsupported costs. PRP is following up with the Contractor for the remaining \$1,592. PRP directed the Contractor to make timely subcontract payments as required under the Contract. In addition, PRP will obtain sufficient documentation to demonstrate the Contractor's resolution of applicable penalties as specified under Section 287.0585(1), F.S. Finally, PRP analyzed the Contractor's current projects and determined the best value to the State is served by maintaining the consistency in the Contractor's management of these sites. Moving forward, PRP will avoid contracting with Agency Term Contractors where the appearance of conflict may exist.

A-1617DEP-025 Audit of Orange County Compliance Contract GC702

The scope of this audit included Contract payments and select activities during the period of July 1, 2015, through June 30, 2016.

Results of Audit:

Based on our audit, the County performed the required compliance and variable inspections, as specified in Task Assignments 10 and 11. In addition, the Division provided oversight of the compliance inspection contract and inspections performed. However, the County did not consistently meet the required Level of Effort guidance regarding non-compliance letters and follow-up of open violations. In addition, the County invoiced and was paid for duplicate inspections at two facilities.

Recommendations:

We recommended the Division work with the County to ensure follow-up activities required under the Level of Effort guidance are conducted, documented, and sufficiently tracked. To avoid risk of duplicate payments, we recommended the Division ensure that all approved reimbursements are made for work commenced as of the task execution date to avoid misinterpretations in the submission of reimbursement requests. Finally, we recommended the Division increase efforts to sufficiently track re-opened inspections throughout the task period to avoid duplicate payments. The Division should request \$760.45 from the County for the inspections billed and paid twice.

Actions Taken:

The Division agreed with the recommendations. District Task Managers will provide oversight of County efforts to ensure deliverables are met and Program guidance is followed by Contractors. Division management emphasized the County Level of Effort requirements during monthly teleconferences. Districts are working closer with Counties to address open violations. The County reimbursed the Department \$760.45 for the duplicate payment identified.

A-1617DEP-030 Audit of Pinellas County Cleanup Contract GC897

The scope of this audit included Contract payments and activities during the period of July 1, 2016, through June 30, 2017.

Results of Audit:

Based on our audit, the Contract Manager demonstrated active involvement in overseeing County activities. Performance reviews were addressed with the County and documented in the invoice review records. However, task funding calculations and invoiced amounts were not supported consistently with the site list and invoice documents. This included discrepancies in the number of managed sites under Program categories and phases used to develop the County's task assignment. Invoiced activities representing incentive payments were not consistently supported.

Recommendation:

Due to the Contract's complex compensation structure, we recommended the Division consider whether a simplified compensation model could provide a more manageable Contract, yet still encourage and incentivize efficient site cleanup. If the Division continues the current Contract and task assignment structure, we recommended PRP establish additional process controls, tracking, and verification of site and incentive activities to ensure County compliance.

Actions Taken:

The Division agreed with the recommendations. PRP developed an invoice review procedure to document and clarify steps required for review of monthly invoices. Going forward, PRP will require Counties to provide facility information sufficient to support incentive payment. For task assignment development, the proposed site list will be reviewed to ensure accurate funding. The Division will also request Counties provide year-end financial statements each fiscal year going forward to ensure tasks are developed using an accurate assessment of cost.

A-1617DEP-031 Review of Agency Term Contractor Enviro-Pro-Tech, Inc.

The scope of this review included select purchase order payments and Contract activities during the period of July 1, 2015, through June 30, 2016.

Results of Review:

Based on our review, the Contractor met certification and license requirements under Section 376.3071, F.S. Of the purchase orders reviewed, we noted discrepancies in required due dates between Site Manager correspondence and Contract requirements. We further noted that required support documentation had not been obtained prior to invoice payment of certain purchase orders. Of the subcontractor payments reviewed, some were not made timely and others were the subject of unresolved disputes between the Contractor and subcontractors.

Recommendations:

We recommended the Division clarify discrepancies with Program management and ensure required documentation is reviewed and verified prior to invoice approval and payment. We also recommended the Division ensure that invoice requirements specified in Site Manager Review Letters are consistent with Contract requirements. Once payment disputes are resolved, we recommended the Division recover payments made for remaining unsupported costs and direct the Contractor to make timely payments as required. Going forward, we recommended the PRP establish processes for additional monitoring, verification, and other necessary steps, as provided under the Contract, to ensure Contractor compliance regarding subcontractor payments.

Actions Taken:

The Division agreed with the recommendations. During PRP teleconferences, Site Managers and reviewers were directed to ensure that required documentation is reviewed and verified prior to invoice approval and payment. Site Managers and reviewers were reminded of the required reporting timeframes. PRP worked with the Contractor to resolve unsupported invoiced costs and disputed subcontractor payments. This was not provided by the Contractor. The Division terminated the Contract.

A-1617DEP-034 Audit of Brevard County Cleanup Contract GC889

The scope of this audit included Contract payments and activities during the period of July 1, 2016, through June 30, 2017.

Results of Audit:

Based on our audit, the Contract Manager demonstrated active involvement in overseeing County activities and performance reviews were addressed with the County and documented in the invoice review records. However, task funding calculations were not supported consistently with the site list and County cost estimates. This included discrepancies in the number of managed sites under Program categories and phases used to develop the County's task assignment as well as the County's reported salary costs. Invoiced amounts were not supported by activities associated with incentive payments.

Recommendation:

Due to the Contract's complex compensation structure, we recommended the Division consider whether a simplified compensation model could provide a more manageable Contract, yet still encourage and incentivize efficient site cleanup. If the Division continues the current Contract and task assignment structure, we recommended PRP establish additional process controls, tracking, and verification of site and incentive activities to ensure County compliance.

Actions Taken:

The Division agreed with the recommendations. PRP developed an invoice review procedure to document and clarify steps required for review of monthly invoices. Going forward, PRP will require Counties to provide facility information sufficient to support incentive payment. For task assignment development, the proposed site list will be reviewed to ensure accurate funding. The Division will also request Counties provide year-end financial statements each fiscal year going forward to ensure tasks are developed using an accurate assessment of cost.

A-1617DEP-038 Audit of Polk County Cleanup Contract GC898

The scope of this audit included Contract payment and activities during the period of July 1, 2016, through June 30, 2017.

Results of Audit:

Based on our audit, the Contract Manager demonstrated active involvement in overseeing County activities. Performance reviews were addressed with the County and documented in the invoice review records. However, task funding calculations and invoiced amounts were not supported consistently with the site list and invoice documents. This included discrepancies in the number of managed sites under Program categories and phases used to develop the County's task assignment as well as the County's reported Program costs. Invoiced activities representing incentive payments were not consistently supported.

Recommendation:

Due to the Contract's complex compensation structure, we recommended the Division consider whether a simplified compensation model could provide a more manageable Contract, yet still encourage and incentivize efficient site cleanup. If the Division continues the current Contract and task assignment structure, we recommended PRP establish additional process controls, tracking, and verification of site and incentive activities to ensure County compliance.

Actions Taken:

The Division agreed with the recommendations. PRP developed an invoice review procedure to document and clarify steps required for review of monthly invoices. Going forward, PRP will require Counties to provide facility information sufficient to support incentive payment. For task assignment development, the proposed site list will be reviewed to ensure accurate funding. The Division will also request Counties provide year-end financial statements each fiscal year going forward to ensure tasks are developed using an accurate assessment of cost.

DIVISION OF ENVIRONMENTAL ASSESSMENT AND RESTORATION

A-1718DEP-004 Review of Task Assignments for Bureau of Labs Contract Services

The scope of this review included funded activities related to five of the Bureau's laboratory service contracts during the period of July 1, 2016, through June 30, 2017.

Results of Review:

Based on the review, Inland Protection Trust Fund (IPTF) funds were used for payment of laboratory testing services with no documented association to activities authorized under Section 376.3071(4), F.S., for the majority of IPTF funded payments. Records of compensation to be paid under the contracts, including contract task assignments and contract service requests, were also not uploaded to the Florida Accountability Contract Tracking System (FACTS) as required by Section 215.985(14) (a)6, F.S. Based on the review, the Bureau had not obtained the Contractors' Quality Manuals documenting quality protocols for the two Contractors for which it was required. In addition, the Bureau had not conducted round robin exercises or audits on any of the contract laboratory service providers, and had not obtained the results of accreditation assessments for required certifications.

Further, all contracts contain specific requirements for custody, analysis and methodologies specific to required standards for type of testing services provided. Under the scope of services, reports submitted between one and five days late are subject to a liquidated damage assessment of 5% of the total charge. For one payment under Contract LAB019, testing results were submitted three days beyond the 60-day requirement. The payment was approved without a deduction for liquidated damages or justification for the late submission.

Recommendations:

We recommended the Division take steps to ensure that approved payments for laboratory testing services have documented applicability of activities authorized under Section 376.3071, F.S. We further recommended the Bureau put processes in place to ensure all documents associated with compensation to be paid under the contracts are uploaded to FACTS as required. We also recommended the Bureau put processes in place to verify that testing services provided

externally through contracted service providers meet the quality standards consistent with the Department. Bureau contracts should consistently reflect the required quality standards applicable to the services outlined in the contract scope. In addition, if the Bureau determines that assessments conducted externally on contracted service providers will result in the same assurance as Department audits and quality exercises, these assessments should be obtained and monitored periodically by the Bureau. Finally, we recommended the Bureau ensure all contracts contain requirements for expected levels of services and financial consequences consistent with the required methodologies of the services provided. In addition, if the level of required service is not met, the Bureau should apply financial consequences as applicable to the contract or sufficiently document justification for the exception.

Actions Taken:

The Division agreed with the recommendations and will take the steps necessary to ensure payment for testing services are paid from applicable funding sources. All contract funding related documents will be entered into FACTS. Contract Laboratory's Quality Assurance Manual and audit reports will be obtained going forward. With respect to financial consequences, an exception had been allowed in the noted instance. The Division will ensure any exceptions are documented going forward. All new Contracts will include applicable provisions for required turnaround time.

DIVISION OF WATER RESTORATION ASSISTANCE

A-1718DEP-018 Audit of the Clean Water and Drinking Water Revolving Fund Programs' Special Purpose Financial Presentations, Selected Internal Controls and Compliance

The scope of the audit included the Department's Clean Water and Drinking Water Revolving Fund Programs' financial statements for the fiscal year ended June 30, 2017.

Results of Audit:

Based on the audit, the Department's financial statements for the State Revolving Fund presented fairly the financial position of the Clean Water and Drinking Water Revolving Fund Programs, including the revenues, expenditures, and changes in fund balances for the fiscal year ended June 30, 2017. We noted no matters involving the Department's internal controls over financial reporting and its operation that we considered to be significant deficiencies or material weaknesses. The results of our testing disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Recommendation:

The audit contained no findings or recommendations.

A-1617DEP-032 Review of City of Apalachicola Water and Sewer Fund Revenues and Expenditures and Compliance with the Clean Water State Revolving Fund Debt Purchase Agreement CS12042709P

The scope of the review included City revenues and expenditures from Water and Sewer funds during the period of October 1, 2015, through September 30, 2016, as well as current practices as related to Agreement terms.

Results of Review:

Based on the review, the level of revenues and expenses associated with the City of Apalachicola's Water and Sewer Department did not provide available revenues sufficient to meet the State Revolving Fund Agreement debt service obligations. Since the required semiannual loan repayments had not been made, the City was not in compliance with the terms of the Agreement, and the loan is in default. While economic challenges impact revenue sources available to meet the City's loan repayment obligation, several of the City's billing policies and practices limit income necessary for its financial solvency.

Recommendation:

We recommended the Division work with the City to revise its rates and charges for the services furnished by the Water and Sewer Systems to a structure that is sufficient to provide the required revenues for semiannual loan repayments. If the City chooses to maintain its current billing policies and practices regarding customer discounts, application of rates, and alternative billing structure, the Division should take progressive steps to enforce its rights through remedies provided in Article 6.02 of the Agreement.

Actions Taken:

The Division agreed with the recommendation and the City approved a rate increase to be implemented over a three-year timeframe. The Department is working with the City to address issues noted in the review.

OFFICE OF ECOSYSTEM PROJECTS

A-1617DEP-040 Review of Environmental Compliance Process

The scope of the review included compliance activities and inspections performed by the Office during the period of July 1, 2016, through June 30, 2017.

Results of Review:

Based on the review, the Office's Compliance Section maintains an organized system of permit project documents that demonstrate the Department's participation and coordination with permittees and multiple project participants. Compliance inspections are completed consistent with established frequencies and demonstrate positive results with respect to addressing permit conditions. However, the processes in place did not provide a consistent mechanism to effectively track the timely and complete submission of deliverables. In addition, the results of compliance inspections did not provide a clear description of required permit expectations for use as the foundation of inspection observations.

Recommendation:

We recommended the Office establish a consistent tracking mechanism to monitor the specific conditions of each permit to ensure the Department is obtaining timely and complete information necessary for effective oversight. We also recommended the Office develop a Field Compliance Inspection report process to document observations as applicable to permit expectations. These processes should include documentation of appropriate follow-up to address corrective actions or justification for circumstances that support necessary exceptions. In addition, we recommended the Office finalize the Compliance Manual to implement consistent processes Program-wide.

Actions Taken:

The Office agreed with the recommendations and revised the Compliance Manual effective June 1, 2018. The Compliance Manual is utilized for guidance to conduct compliance activities, including tracking deliverables and conducting field inspections. As part of the tracking mechanism for monitoring specific permit requirements, staff will upload permit conditions in the database and use that list to track what has and what has not been submitted.

Internal Investigations Section



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 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; and
- ❖ 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

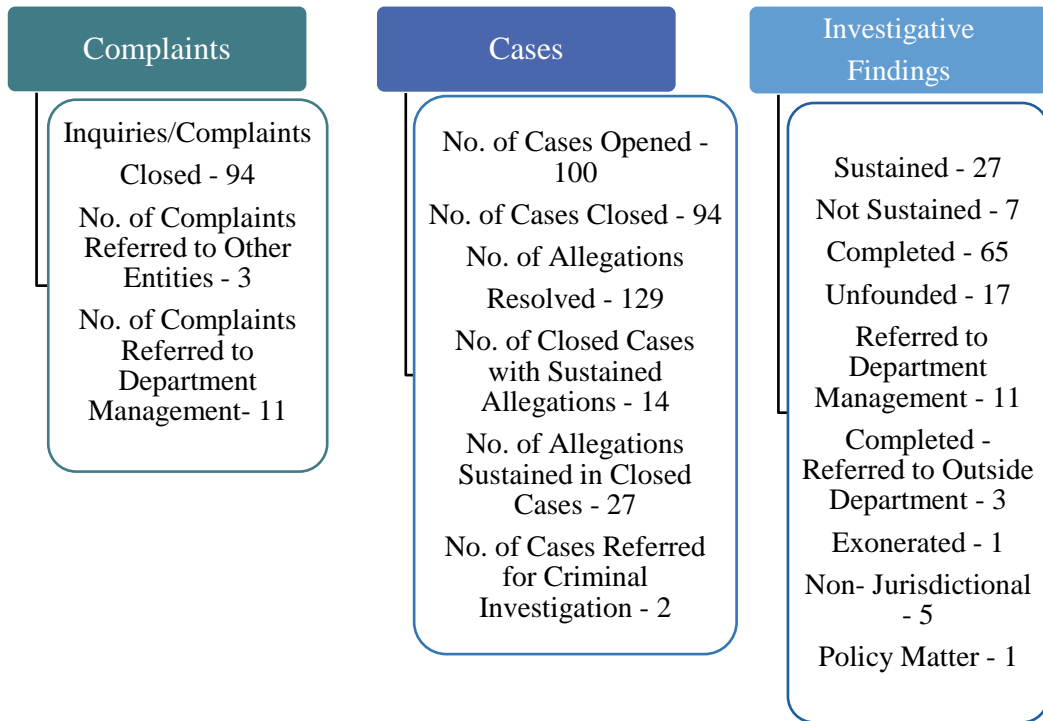


An accreditation program has long been recognized as a means of maintaining and verifying the highest standards of Investigation. The Commission for Florida Law Enforcement Accreditation (CFA) was formed in 1993, which initially was limited to law enforcement and correctional agencies. In 2009, Offices 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 examined 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 accredited status was awarded by the CFA Commission in October 2009. Reaccredited status was achieved in September 2012, and again October 2015. In July 2018, an assessment was conducted by the CFA assessment team. The team indicated a recommendation of reaccreditation will be presented to the CFA Commission in October 2018. If granted, the reaccredited status will be for a three-year period.

Types of Investigative Activity



Investigative Case Summaries

2017-033 - A complaint was received alleging staff were required to pump sewage from a septic system located on an island and transport the waste to the mainland for disposal without being provided protective equipment and specialized clothing. The complainant also alleged sewage was leaking from a composting toilet into a canal. Additionally, the complainant alleged conduct unbecoming a public employee and retaliation. Based on information gathered during the investigation, four allegations were sustained and four were completed.

2017-052 - Complaint received alleging a manager was harassing a subordinate. Based on interviews conducted and evidence gathered during the investigation, one allegation was sustained.

2017-064 - Complaint received alleging harassment and threats of violence, as well as sexual harassment. Based on interviews conducted and the evidence gathered, two allegations were sustained.

2017-066 - Complaint received alleging management created a hostile work environment. It was also alleged the subject was operating a business from a State-owned residence. Based on interviews conducted and evidence gathered during the investigation, four allegations were unfounded and two were sustained.

2017-067 - Complaint received alleging an employee was creating a hostile work environment and had exhibited conduct unbecoming a public employee. Based on information gathered during the investigation, two allegations were sustained and one was not sustained.

2017-075 - Complaint received alleging harassment, conduct unbecoming a public employee and inaccurate recording of attendance and leave on a timesheet. Based on testimony and supporting evidence, two allegations were sustained and one was not sustained.

2017-080 - Complaint received regarding allegations of sexual harassment and hostile work environment. Based on information gathered during the investigation, one allegation was sustained and one was not sustained.

2017-091 - Complaint received alleging sexual assault and further alleged the subject did not ensure the safety of a vendor. Based on evidence gathered during the investigation, two allegations were not sustained.

2017-092 - Complaint received alleging a manager was creating a hostile work environment for staff. Based on interviews conducted and evidence gathered during the investigation, one allegation was unfounded and one was sustained.

2017-093 - Complaint received alleging theft by an employee. Based on the fact the employee resigned from their position, the allegation was closed as complete.

2017-095 - Complaint received alleging an employee had exhibited conduct unbecoming a public employee and violation of law or department rules. Based on testimony and evidence gathered during the investigation, two allegations were sustained, one was unfounded and one was not sustained.

2017-097 - Complaint received alleging an employee and their family were bullied by another employee. Based on interviews conducted and supporting evidence, one allegation was unfounded.

2017-099 – Complaint received alleging conduct unbecoming a public employee based on unacceptable communication by an employee. Based on testimony and evidence gathered during the investigation, one allegation was sustained.

2018-003 – Complaint received alleging an employee confronted another employee regarding testimony they had provided in an investigation. There were also allegations the subject made degrading remarks about another employee at a meeting. Based on testimony provided and written documentation obtained in the investigation, one allegation was exonerated and one was unfounded.

2018-012 – Complaint received alleging an employee made verbal threats to another employee in the workplace. Based on testimony and evidence gathered during the investigation, one allegation was sustained.

2018-019 – Complaint received regarding allegations of improper fuel card use, not following procedures regarding monthly vehicle logs and sharing the fuel card personal identification number with another employee. Based on interviews conducted and supporting evidence, six allegations were sustained.

2018-021 – Complaint received regarding an inappropriate comment one employee made to another in the workplace. Based on testimony provided during the investigation, one allegation was sustained.

2018-023 – Complaint received alleging an employee had recorded another employee with a personal cell phone without their knowledge. Based on testimony and evidence gathered during the investigation, one allegation was sustained.

2018-029 – Complaint received regarding allegations of discrimination by multiple employees. Based on interviews conducted and supporting evidence, four allegations were unfounded.

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. There were no Program recommendations provided during FY 2017-2018.

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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