



**State of Florida
Department of Environmental Protection
Office of Inspector General**

ANNUAL REPORT – FISCAL YEAR 2011-2012

**Candace M. Fuller
Inspector General**

**Herschel T. Vinyard, Jr.
Secretary**

"Courage of Integrity"

The highest courage is to dare to be yourself in the face of adversity.
Choosing right over wrong, ethics over convenience and truth over
popularity...

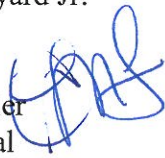
These are the choices that measure your life.
Travel the path of integrity without looking back,
for there is never a wrong time to do the right thing.

Department of Environmental Protection

Memorandum

September 30, 2012

TO: Herschel T. Vinyard Jr.
Secretary

FROM: Candace M. Fuller
Inspector General 

SUBJECT: Office of Inspector General's
Annual Report for FY 2011-2012

In accordance with Florida Statutes, Chapter 20.055, I am pleased to submit the Office of Inspector General's annual report for the 2011-2012 fiscal year. This report outlines the major accomplishments for this office, and documents the audits and investigations that fall within our jurisdiction.

On behalf of the office, I would like to acknowledge Department managers and staff in their continued cooperation as we continue our charge to *Promote Integrity, Accountability and Efficiency* within the Department.

CF/sf

CC: Melinda Miguel
Chief Inspector General

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EXECUTIVE SUMMARY



Agency Background

The Florida Department of Environmental Protection (DEP) is one of the more diverse agencies in state government. More than 4,176 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.

Purpose of Annual Report

This report, required by Section 20.055 (7) Florida Statutes, (F.S.) summarizes the activities and accomplishments of the DEP, Office of Inspector General (OIG), during fiscal year 2011 - 2012. 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 agency 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 OIG during the

reporting period, with respect to significant problems, abuses, or deficiencies identified.

- A process overview of the prior recommendations described in previous annual reports on which corrective action has not been completed.
- A summary of each audit completed during the reporting period.

INTRODUCTION

Mission Statement and Objectives

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

The duties and responsibilities of the Inspector General include:

- Advise in the development of performance measures, standards and procedures for evaluating agency programs, assess the reliability and validity of performance measures, and make recommendations for improvement.
- Review the actions taken by the agency to improve program performance and meet program standards, while making recommendations for improvement, if necessary.
- Provide direction for, supervise, and coordinate audits, investigations and

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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 agency head 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,

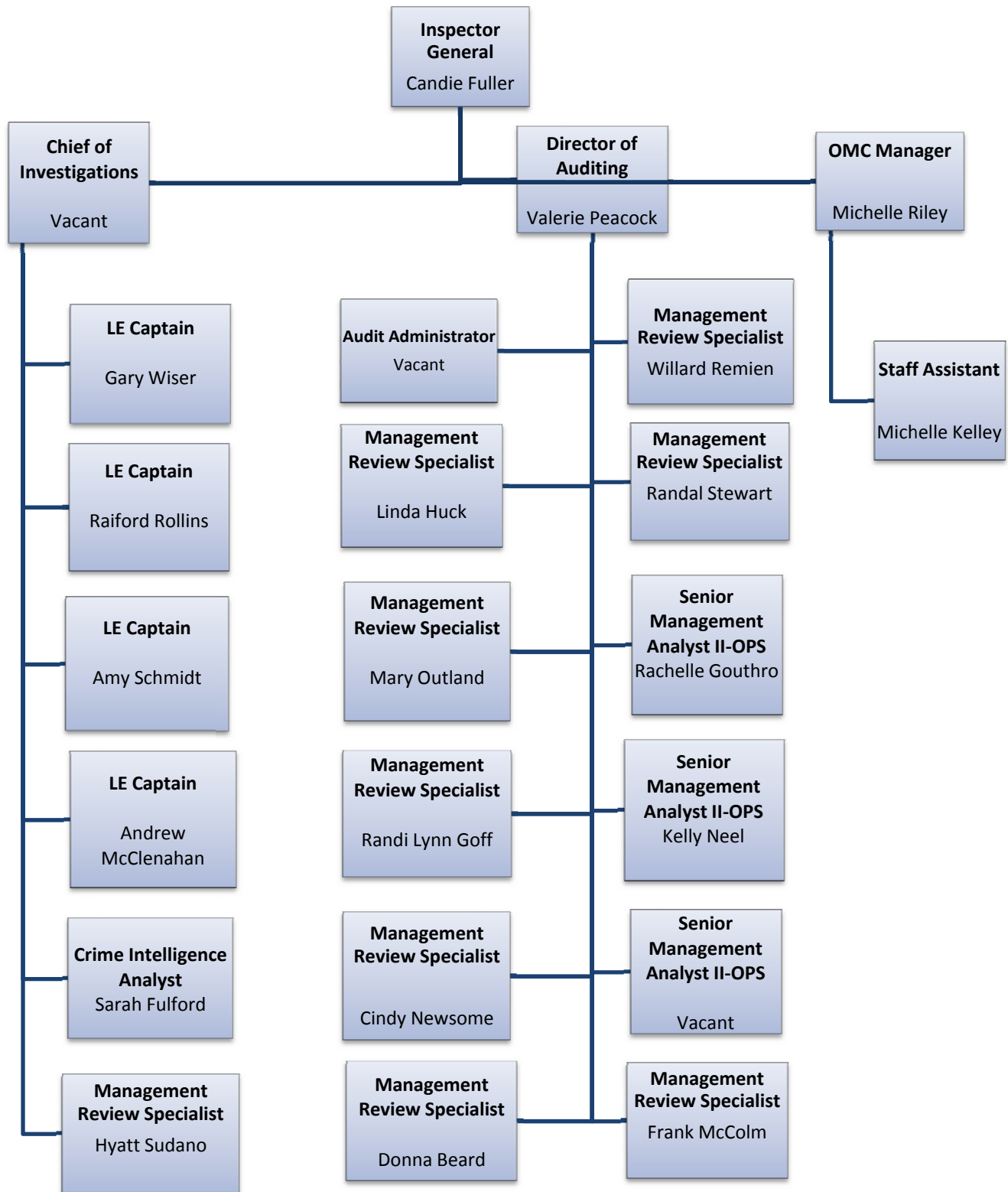
federal auditors and other government bodies with a view toward avoiding duplication.

- Review agency rules and make recommendations relating to their impact.
- Ensure that an appropriate balance is maintained between audits, investigations and other accountability activities.



Office of Inspector General – Annual Report – FY 2011-2012
“Promoting Integrity, Accountability and Efficiency”

As of June 30, 2012, OIG consists of 23 budgeted positions. This includes 20 full-time employees and 3 OPS positions. The distribution of OIG positions are described in the below chart:



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, policies and procedures. The Director of Auditing coordinates the development of an Annual Audit Plan, which identifies the areas within DEP scheduled for review using risk assessment criteria. These include management recommendations, audit staff suggestions, results and frequency of prior audits, quality of data systems, and susceptibility to fraud. Both a long range or strategic plan and a one-year plan are included in the Annual Audit Plan.

Audits are conducted in accordance with the International Standards for the Professional Practice of Internal Auditing published by the Institute of Internal Auditors. Where appropriate, the 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. All audit reports issued by the Audit Section contain a statement that the audit was conducted pursuant to the appropriate standards. These reports of findings are prepared and distributed to the Secretary of DEP, the Executive Leadership Team, the Auditor General, and other applicable departmental management.

The Audit Section provides a variety of services in addition to traditional audits. These include, but are not limited to, investigative assistance, reviews, research, management advisory services, performance measure assessments, contract monitoring and fraud prevention presentations, and policy reviews. 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. To meet the requirement of Internal Audit standards, the Internal Audit Section reports on the status of implementation by preparing the Audit Findings Status Report on a biannual basis.

In addition, the Audit Section assists the agency 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 Audit Section reports on the status of the recommendations included in these reports, as required by Section 20.055, F.S. As the agency's representative on audit-related issues, the 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 training and preparation of Compliance Supplements required under the Florida Single Audit Act.

The Audit Section prepares the Annual Audit Plan and 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 fiscal year 2012-2013 Audit Plan includes projects pertaining to park operations and fee collections, monitoring of DEP contracts and grants, petroleum tanks contracts and expenditures, regulatory enforcement issues, Federal awards programs, P-card audit and review of DEP issued cell phone usage. The Audit Plan also includes participation in multi-agency enterprise-wide audit projects. The results of these projects lead to a comprehensive report addressing common issues throughout state government. The Audit Plan was approved by the DEP's Inspector General and Secretary.

External Audits and Reviews

During fiscal year 2011-2012, five (5) audits were completed by external entities. Audits completed by external entities are as follows:

Department of Environmental Protection Land Acquisitions Operational Audit

The Auditor General performed an operational audit of DEP activities related to the acquisition of lands, the acquisition of appraisal and appraisal review services, and follow-up on prior audit findings. The Auditor General reported two (2) findings related to compliance with accepted appraisal practices, three (3) findings related to accuracy, completeness, and documentation of appraisal reports and negotiations, and one (1) finding related to acquisition of appraisal-related services. DEP presented corrective action steps and is in the process of resolving these findings.

Department of Environmental Protection Prior Audit Follow-Up Leases, Easements, and Other Uses of State-Owned Lands Operational Audit

The Auditor General performed an operational audit as a follow-up on the findings included in their report No. 2010-028, Leases, Easements, and Other uses of State-Owned Lands. In this audit, the Auditor General reported one (1) finding related to sovereignty submerged land leases, two (2) findings related to upland leases, and one (1) finding related to billing and collection of lease fees. DEP presented corrective action steps, including timelier inspection reporting, and policies for strengthened compliance efforts. DEP is in the process of implementing these steps.

Department of Environmental Protection State Park Revenues and Selective Administrative Activities Operational Audit

The Auditor General performed an operational audit on DEP revenues, cash collections, and inventory controls at State Parks; fine collection and write-off procedures; and selected information technology access controls. The Auditor General reported three (3) findings related to State Park Revenues, one (1) finding related to administrative fines, and one (1) finding related to information technology access control. DEP presented corrective action plans and is in the process of implementing these plans.

State of Florida Compliance and Internal Controls Over Financial Reporting and Federal Awards

As a condition of receiving Federal funds, the U.S. Office of Management and Budget (OMB) requires, as described in OMB Circular A-133, an audit of the State’s financial statement and major Federal awards programs. Pursuant to Section 11.45, the Auditor General performed an audit of the State’s financial statements and major Federal awards programs. There were no findings related to DEP programs.

Review of Selected Department of Environmental Protection Contract/Grant Agreements and related Management Activities

The Department of Financial Services conducted a review of DEP contract/grant agreements and related management activities in effect on or after July 1, 2011. Their review presented concerns regarding scope of work and deliverables, financial consequences, and contract/grant management. DEP presented corrective action plans in the areas of training, Procurement and General Disbursement Sections’ discussions with Programs, Performance Measures, financial consequences, and contract/grant management and monitoring.

Audit Project Summaries

Division of Administrative Services

A-1112DEP-056 "P-Card Audit"

The objectives of the audit were to determine: (1) the number of Purchasing Cards (P-Cards) issued compared to the total number of DEP employees; (2) how many active P-Cards have been used; and (3) evaluate P-Card use of active users.

OIG conducted an audit of DEP's P-Cards. The audit included a review of purchasing card practices, transactions, and related activities for the period of July 1, 2010 through December 1, 2011 and related transactions as determined necessary.

Results of Audit:

The Division of Administrative Services (Division) needs to re-evaluate the requirements for issuing DEP P-Cards. The Division needs to improve the current P-Card transaction approval process to ensure every transaction adheres to the P-Card usage policy.

Recommendations:

DEP, through the Division of Administrative Services, should improve the current P-Card transaction approval process, to ensure that all transactions are allowed. If exceptions are made for third party billing, they should be documented by the P-Card user and supervisor, to state the reason and circumstances for the exception, as well as Division approvals. In addition, the Purchasing Card Usage Policy should further clarify third party billing to avoid confusion among cardholders.

Action taken:

The Division updated the Department Purchasing Card Usage Policy, P-Card Not List, to identify Amazon Marketplace as a third-party billing provider, on March 7, 2012. In addition, the P-Card Administrator has contacted the Department of Financial Services' (DFS) P-Card Program Administrator regarding the use of third-party billing. DFS responded that third-party billing is not

prohibited, however, it is discouraged. The Division is considering allowing third-party billing on the purchasing card; but needs to address the procedures to be followed, if allowed. At this time, the Division is planning to change the current "P-Card Not List" to a "P-Card Exception List" that will be divided into two sections. The first section would contain those items that are prohibited from being purchased using the P-Card. The second section would identify those items that are considered conditionally allowable, subject to meeting certain specified requirements. The use of third-party billing would be placed on the allowable list, subject to meeting certain requirements. Until then, the Division is documenting all third-party billing by sending e-mails to the cardholder, through the supervisor, requesting documentation to support the reason third-party billing was required. Based on this information, the Division will determine whether it should be allowed or disallowed. Unfortunately, situations will continue to occur when the buyer is unaware that a third-party billing arrangement is being used by a vendor. The ability to recognize a third-party billing provider may be difficult. The Division will strive to better define and identify third-party billing providers' as they make the changes noted above.

V-1011DEP-071 Review of Employment Eligibility Processes and use of E-Verify System

The objectives of the audit were to determine: (1) DEP processes in place to institute the use of the E-Verify system in compliance with Executive Order 11-02; (2) if new contract template language has added requirements for contractors and subcontractors to use the E-Verify system for employment eligibility; and (3) if contract amendments are currently being processed with the requirements for employment eligibility.

The scope of this review included current DEP processes related to employment verification of employees, contractors and sub-contractors.

Results of Audit:

The Division of Administrative Services (Division) is responsible for personnel issues and contracting language in compliance with these executive orders. For this review, we traced documents through administrative processes. We also reviewed contract language and amendments. We did not test for contractor compliance of these requirements. It is our opinion that DEP processes are in place to institute the use of the E-verify system, in compliance with Executive Order 11-02 and subsequent Executive Order 11-116. It is further our opinion that DEP has added the proper requirements in its contract and amendment template language for contractors and subcontractors to use the E-verify system for employment eligibility.

Recommendations:

None reported.

A-1112EOG-012 Enterprise Audit of Contract Monitoring Process

The objectives of this audit were to determine: (1) if contract monitoring policies and procedures were in compliance with state laws, rules, and other regulatory requirements; (2) the adequacy of contract manager training and development; and (3) potential best practices by evaluating contract monitoring processes.

The scope of this audit examined the agency’s current policies, procedures, and processes for monitoring contract and grant agreements for services.

Results of Audit:

Contract management guidance could be improved by updating contract and procurement Directives DEP 300 and 315 to include all required elements. In regards to Enforcement Terms and Remedies, we noted that Directives DEP 300 and 315 did not include guidance regarding specific enforcement

terms or remedies as required in CFO Memorandum No. 06 (09-10). Further, approximately 32% of the survey respondents stated that their contracts/agreements did not contain enforcement remedies. In regards to Vendor Accountability, we noted that Directives DEP 300 and 315 did not include instructions for holding the vendor accountable as required in CFO Memorandum No. 06 (09-10). Further, approximately 14% of the survey respondents stated that their contracts did not contain terms to hold the vendor accountable for noncompliance.

Contract manager training and development could be improved by ensuring that all contract managers attend the required training and are aware of all of the additional guidance that should be reviewed. The following was noted based on survey results:

- Approximately 76% of the 126 respondents have attended the agency sponsored training;
- Approximately 71% of the 126 respondents have attended the DFS training; and
- Approximately 72% of the respondents were aware of the DFS Contract and Grant User guide and 69% were aware of the CFO Memorandum No. 1 (10-11).

Recommendations:

We recommended the Division review and update their policies and procedures to address all of the required elements, including all dispute resolution or corrective action, and vendor accountability as required by CFO Memorandum No. 06 (09-10). The State of Florida Contract and Grant User Guide published by DFS, provides specific guidelines related to key elements of contract and grant management. We also recommended the Division update training material to include all required material that must be reviewed by contract managers periodically. Program supervisors should be responsible for ensuring all contract managers attend required training. Training attendance should be documented and tracked by supervisors in contract manager files. Contract staff should be

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required to complete training prior to managing contracts/agreements.

Action taken:

The Division of Administrative Services, Bureau of General Services, Procurement Section has already begun the process to combine DEP Directives 300 and 315 into one updated directive. The directive will be concise, similar to the Travel Directive, and will reference a comprehensive Procurement Manual. The Procurement Manual will address all of the information needed from the initiation of procurement through receipt of goods/services, and contract monitoring, as set out in DFS Memorandum No. 06 (09-10).

Once the directive has been completed, the Procurement Section's training materials will be updated to parallel the information in the Procurement Manual. In addition, the Procurement Section will investigate the possibility of instituting a Power Point based procurement training program which will be divided into finite sections. Electronic certifications will be provided upon completion of each of the sections which is hoped can be tracked to a spreadsheet available on the web. By using this approach, contract/grant managers will be able to revisit a particular section at any time they need a review. In addition, it would be stressed throughout the training presentation that contract/grant managers can, and should, contact the Procurement Section whenever they have questions.

Currently, the Procurement Section is notifying contract/grant managers who have not had the required DFS training of upcoming offerings and copying their Division/District Directors. Contract/grant managers who attend the DFS training are providing copies of class certifications to the Procurement Section. Due to our current inability to electronically verify someone's attendance at DFS sponsored training, the Procurement Section will continue to track the required training for Department contract/grant managers by requesting periodic reports from DFS. In addition, the Division will look into posting on

the Procurement website our tracking spreadsheet of contract/grant managers with the dates they attended training for supervisors to view/consider. The Division will work with Senior Management to implement a policy where DEP contract/grant managers must attend DFS' training prior to serving in the role of a contract/grant manager.

Division of Air Resource Management

A-1011 DEP-068 Title V Audit for FY 2008-2009 and FY 2009-2010

The objectives of the audit were to determine if the annual Title V operation license fees collected by DEP were used solely to support costs of the Title V program as described in Section 403.0872 (11)(c) Florida Statute.

OIG audited the Title V Air Program expenditures for fiscal years 2008/2009 and 2009/2010. This audit included tests of supporting documentation for sampled billing requests and interviews with staff at two DEP district offices and three local programs administered by county governments.

Results of Audit:

In our opinion, the Division of Air Resource Management (Division) and the associated Title V local program offices complied in all material respects with the requirements addressed in the objective of this audit during the audited periods. Although there were no findings as a result of this engagement, we noted immaterial reconciling items while verifying Hillsborough County's (County) payroll documentation to sampled billing requests. These did not have a significant impact on amounts billed to the Division for Title V hours worked during the audited period. These were communicated to the Division and the County as tentative findings prior to the report being issued and were discussed with the management team at the exit conference. It was determined that changes reflected in the current contract structure, as well as steps taken by the Contract Manager, had addressed these concerns prior to the audit being conducted.

Recommendations:

None reported.

Office of Technology and Information Services

A-1112DEP-013 Audit of Department IT Enterprise Maintenance Contract Managed through the Office of Technology and Information Services (OTIS)

The objectives of the audit were to determine whether (1) IT service hours billed to DEP entities accurately documented the IT services delivered; (2) requirements to use the IT Maintenance contract were applied consistently among Divisions/Program Areas including OTIS; and (3) IT Maintenance vendor provided the services as requested by the customers (i.e., Divisions/Program Areas).

The scope of this audit included the time frame of the current enterprise-wide IT maintenance contract. The audit did not include fiscal year 2011-2012 to ensure the accuracy of data in the audit report.

Results of Audit:

Based on a review of the contract and interviews with OTIS staff, the criteria for recommending applications to join the contract are not specifically stated on the task order. Supporting documentation was also not provided to justify the Divisions participating or not participating in the contract. At this time, OTIS has not denied any applications or Divisions from joining the contract. However, the practice of not documenting justifications for denying or accepting applications and not clearly stating the criteria, could lead to confusion as to why the applications are or are not on the maintenance contract as well as the benefits to joining.

Based on the June 2011 status report for fiscal year 2010-2011, Integrated Computer Systems (ICS) charged a significant amount of work hours towards supporting triage work and management and Work Order facilitation. Fiscal year 2010-2011 was the first year of the maintenance contract. Therefore, cross training, transition in, knowledge transfer, and

server upgrades were to be expected. However, if the work hours given to supporting work and management time continues to be high, it could lead to Divisions not receiving the service desired. A higher percentage of work hours spent on support and management could also distort estimates for work hours needed for the next year's recalculations. ICS and DEP agreed to the monthly costs which are supported by hourly rates. Therefore, DEP and the Divisions should be receiving adequate documentation that the agreed upon hours have been met per month as stated in the task orders. A clause should be added to the contract stating that failure to receive the stated task assignment hours will result in financial consequence to the vendor.

Recommendations:

First, we recommended OTIS list the criteria/requirements to join the maintenance contract on the Task Order so it is clear to all Divisions. OTIS should meet with Division management to determine if the Division's applications are eligible and beneficial to join the contract. Documentation should be provided justifying Division applications participating or not participating in the contract. These criteria should be applied consistently throughout DEP. Secondly, we recommended OTIS direct ICS to lower the amount of supporting triage work and management time for the next fiscal year. We also recommended OTIS contract management takes into account the hours used the previous year on triage efforts to recalculate the hours needed for the next fiscal year and reduce the amount paid by the Divisions as appropriate. OTIS and Division Management should consider the amount of savings they will realize by being or not being on the maintenance contract.

V-1112DEP-045 AEIT Security Risk Assessment Review

The objectives of this review were to determine whether the information submitted by Office of Technology and Information Services (OTIS) in the 2011 Risk Assessment survey complied with the

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Agency for Enterprise Information Technology (AEIT) requirements.

The scope of this review included the 2011 Enterprise Information Security Risk Assessment. In accordance with Section 282.318 F.S., security of data and information technology resources, DEP conducted a comprehensive risk analysis to determine the security threats to the data, information, and information technology resources of the agency. Agencies are required to update their risk analysis every 3 years. This requirement is consistent with Federal requirements related to information security.

Results of Review

We reviewed the internal risk assessment to determine whether the information presented by OTIS was reasonable. This review included evaluating scores, comments, and supporting documentation related to DEP information technology security. We reviewed Directives, DEP intranet management information, and interviewed the Information Security Manager (ISM) and Information Security Specialist (ISS). The ISM and ISS provided documentation to ensure that both the rating scores and comments accurately reflected DEP’s status related to each of the 21 risk assessment categories.

OIG concluded that the information provided in the 2011 Department Risk Assessment was supported and reasonable with exceptions related to Directive DEP 390, ISM position description, information security training, disaster recovery plans, and Computer Security Incident Response Team (CSIRT). These items were provided by management and addressed prior to submission of the Risk Assessment to AEIT.

Recommendations

Finalization of Directive DEP 390

We recommended this directive be finalized before submitting the survey to AEIT.

ISM Position Description

We recommended the specific duties of the ISM listed in Rule 71A-1.003 be included in the position description.

Regular Information Security Training

We recommended the ISM receive and document adequate training required to oversee DEP’s security program.

Disaster Recovery Plans

We recommended the ISM work with AEIT management to determine cost-effective ways to test recovery plans as required by Rule 71A-1.

Computer Security Incident Response Team

We recommended the CSIRT meet on a quarterly basis as required.

Division of Recreation and Parks

A-1112DEP-005 Audit of Florida Beach Services, Inc. at Honeymoon Island and Caladesi

The objectives of the audit were to determine: (1) compliance with the terms of the contract agreement; and (2) the accuracy of reported concession revenue.

A compliance audit was performed of Florida Beach Services, Inc. The audit included tests to evaluate the concessionaire’s compliance with provisions of the agreement and the accuracy of reported revenue. This audit was initiated as a result of the fiscal year 2011-2012 Annual Audit Plan. A number of noteworthy accomplishments were identified during our audit, including organized records and effective internal controls to mitigate risk. The scope of this audit included select activities of Florida Beach Services at Honeymoon Island and Caladesi Island State Parks during the period of January 1, 2010 through December 31, 2010.

Results of Audit:

Based on our observations and records testing of the three restaurants, Florida Beach Services maintains adequate documentation to support the accuracy of reported sales, fees and commissions. Florida

Beach Services also operates in compliance with the agreement.

Recommendations:

None reported.

A-1112DEP-014 Audit of the Recreational Trails Program (RTP) Transferring from Office of Greenways and Trails to Recreation and Parks

The objectives of the audit were to determine: (1) if the RTP was being managed in compliance with Federal grant requirements; and (2) if grant records were traceable to the State’s internal accounting system (FLAIR). The scope of this project included an audit of financial and reporting activity during the 2010-2011 fiscal year for sub-grant agreements established by the RTP during and prior to the 2010-2011 fiscal year. It also included compliance of selected Federal regulations and Best Management Practices that applied to the 2010-2011 fiscal year operations of the RTP.

Results of Audit:

With one exception, the RTP was managed in compliance with Federal grant requirements and with Best Management Practices. Of the four files reviewed, one file was missing quarterly status reports required by the agreement.

Recommendations:

OIG recommended that the RTP comply with the reporting and reimbursement requirements established in the agreement and Directive DEP 316.

A-1112DEP-022 Financial and Compliance Audit of the Friends of Homosassa Springs Wildlife Park, Inc

The objectives of the audit were to determine: (1) the Citizen Support Organization (CSO) is in compliance with the CSO agreement, CSO handbook, and Division of Recreation and Parks’ (Division) Operations Manual in the areas of:

- Cash collection and control
- State and Federal not-for-profit guidelines
- Fundraising
- Sales tax collection

- Financial management, including the program expense ratio; and
- Grant management

(2) the reported revenue and expenditures were accurate.

A compliance audit was performed of the Friends of Homosassa Springs State Park, a CSO. The CSO agreement is with the Division. The audit included tests of financial records for the period April 1, 2010 through March 31, 2011 and was initiated as a result of the fiscal year 2011-2012 Annual Audit Plan.

Results of Audit:

With two exceptions, the CSO is in compliance with the CSO agreement, CSO handbook, and Division Operations Manual. Revenue and expenditures were accurately reported for the period reviewed. We noted two areas involving separation of duties during cash collection and supporting documentation for expenditures that could be improved. The Division Operations Manual, Chapter 5, Section 3, requires separation of duties in revenue accounting. Currently, the CSO treasurer, who is responsible for revenue collection, also prepares and deposits the revenues in the CSO bank accounts. We acknowledge that it is difficult to recruit volunteers to assist with financial matters. However, a lack of separation of duties exposes the CSO to risk of revenue loss.

Currently, CSO internal control procedures dictate that expenditures should have a check requisition form, two member approvals, and original receipt to document each transaction. According to the expenditure testing noted above, 4.79% (\$2,067/\$43,117) of the total expenditures sampled lack the required supporting documentation. In order to ensure accountability for expenditures, required supporting documentation should be maintained for all expenditures.

Recommendations:

First, we recommended that the Division should ensure that the CSO establish a process to ensure

separation of duties regarding revenues including collection and deposits. This could be accomplished by using either the CSO president or a board member to assist with deposits. Secondly, we recommended that the Division should ensure the CSO maintains appropriate supporting documents for all expenditures.

Action Taken:

In response to the audit findings, the CSO Friends of Homosassa Springs Wildlife State Park have agreed to require a minimum of two people perform revenue accounting duties. The CSO has developed and implemented a "Cash Intake/Deposit Form" that requires two signatures. This will ensure a separation of duties to prevent employees responsible for collecting revenue and verifying validated bank receipts from also being responsible for the documentation supporting the deposited amount. The CSO also has a check requisition form in place that requires approval by at least two members and must be attached to the original receipt to document each expenditure. Additionally, the CSO has agreed to develop written financial policies to ensure minimum accounting procedures are followed for all transactions.

A-1112DEP-023 Financial and Compliance Audit of the Concessionaire, Cape Leisure, Corporation at Homosassa Springs State Park

The objectives of the audit were to determine: (1) the concessionaire is in compliance with provisions of the contract agreement; and (2) the accuracy of reported gross sales for the audit period by concessionaire Cape Leisure Corporation (CLC). This audit included tests to verify the accuracy of reported revenue to DEP and to evaluate the compliance with the agreement. This audit was initiated as a result of the fiscal year 2011-2012 Annual Audit Plan. The scope of this audit included a financial and compliance audit of the concessions at Ellie Schiller Homosassa Springs Wildlife State Park for the six (6) month period of January 1, 2011, through June 30, 2011, including current internal control practices.

Results of Audit:

We concluded with minor exceptions, CLC is in compliance with the contract and has accurately reported gross sales. We noted one area involving the Novelty Ice Cream Cart sales where inventory tracking and sales documentation could be improved. A variety of ice cream is sold through the Novelty Ice Cream Cart. According to concession management, the ice cream is counted prior to sale and counted once again at the end of the day to verify sales, but a form tracking the sales and reconciliation is not used. Receipts are not issued and sales are tracked on a sheet of paper due to the lack of a cash register. Manually tracking sales could result in miscounting items sold. The proper fees may not be paid to DEP, if the sales amount is not correct. In addition, the Novelty Ice Cream Cart sales are added to the daily café sales based on the manual sheet used to track cart sales. If sales are miscounted, then the sales tax paid by CLC will also be inaccurate.

Recommendations:

In order to prevent DEP from losing revenue, the Division of Recreation and Parks should require CLC to properly document and reconcile the Novelty Ice Cream Cart's sales. Inventory records should be kept to reconcile the items sold to the on-hand quantities at the end of each business day. Using dual-custody, revenue generated could be verified with a reconciliation form that would document sales and inventory daily.

Action taken:

In response to the audit findings, CLC has indicated to the Park Manager that it will begin installing cash registers at not only Novelty Ice Cream Cart locations, but all mobile cart locations beginning January 27, 2012. This will eliminate the manual tracking methods currently used and will allow accurate documenting/reconciling of sales and inventory. By installing cash registers, CLC will also be able to provide customer receipts from all mobile cart locations.

A-1112DEP-032 Audit of the Land and Water Conservation Fund (LWCF) Federal Grant Program

The objectives of the audit were to determine: (1) LWCF grants were managed in compliance with Federal grant requirements; and (2) the Division of Recreation and Parks (Division) was accounting for funds properly.

OIG performed a compliance audit of the LWCF grants, administered by the Division. The Federal grants are funded by the U.S. Department of Interior via the National Park Service (NPS). The audit included tests to evaluate compliance with provisions of the Federal agreement and financial accounting. This audit was initiated as a result of the fiscal year 2011-2012 Audit Plan. The scope of this audit included financial and reporting activity during the 2010-2011 fiscal year, for a sample of LWCF grant awards. These projects were initiated in 2008.

Results of Audit:

OIG found that the Division has maintained well documented files to support compliance with program objectives initiated by NPS. Also, documentation revealed that the Division provided grantees with appropriate information to inform them of their responsibilities under the LWCF grant program. The OIG found the absence of onsite inspections that are required by the Federal program.

Recommendations:

OIG recommended that the Division perform the on-site inspections as required in the LWCF Grant Manual.

Action taken:

The Division is aware that on-site inspections are a LWCF program requirement. However, due to budget/travel restrictions which have curtailed our staff's ability to travel, we have found a means to maintain control and compliance of our projects by using grantee self-inspection reports and certification. These certifications always include

completed site photos. This method of compliance has been reviewed and approved by NPS.

A-1112DEP-046 Audit of Blue Moon Outdoor Center at Oleta River State Park

The objectives of the audit were to determine: (1) if the concessionaire was in compliance with the terms of the contract agreement; and (2) the accuracy of reported concession revenue.

OIG performed a compliance audit of Blue Moon Outdoor Center, LLC, (Concessionaire) concession at Oleta River State Park. This audit was initiated as a result of the fiscal year 2011-2012 Annual Audit Plan. The scope of this audit included select activities of Blue Moon Outdoor Center, LLC at Oleta River State Park, during the period of January 1, 2011 through September 30, 2011.

Results of Audit:

Based on our review, the Concessionaire is in compliance with the provisions of the agreement with two exceptions. The first was a lack of documented sexual predator and sexual offender verifications in the employee files. The second was in the area of the minimum accounting requirements, which are discussed below.

Based on our review, revenues reported in the Monthly Reports of Gross Sales were not supported by the Concessionaire's trial balance. The Concessionaire did not comply with the Minimum Accounting Requirements in the areas of revenue reporting and bank accounts. The Concessionaire operates the concessions at both Oleta River State Park and John U. Lloyd Beach State Park and maintains a combined general ledger of concession operations at both parks.

Recommendations:

First, we recommended the Division of Recreation and Parks (Division) direct park management to review all Concessionaire files to verify the inclusion of updated sexual predator and sexual offender registration verification. If the files do not include the sexual predator and sexual offender registration verification, they should be completed,

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reviewed, and placed in the file. Secondly, we recommended the Division direct the Concessionaire to base the amounts reported in the Monthly Reports of Gross Sales directly on books of original entry. Amounts reported by category should be tied directly to source documents to verify accuracy. Thirdly, we recommended the Division work with the Concessionaire in order to properly pay commissions on all gross sales for operations under this agreement. Sales of off-site tours and used rental equipment should be formally addressed with the Concessionaire, by the Division. All revenues from operations under the contract and deposited in the concessionaire's bank account should be subject to commission payments. Bank deposits should equal amounts reported by period as required. We recommended the Division require the Concessionaire to pay \$1,523.73 (\$10,883.74 X 14%) commission, for amounts removed from the total gross sales commission calculation during the audit period. We further recommended the Division take steps to recuperate commission payments on sales removed from commission calculations for periods outside of this audit scope. Lastly, we recommended the Division require the Concessionaire to maintain separate accounting records for operations under this agreement in order to accurately depict financial activities at Oleta River State Park.

Action Taken:

The Division is in agreement with the OIG's recommendations. The Park Manager will add a line to the quarterly concession evaluation form, which will be used to perform random checks to ensure the appropriate sexual predator and sexual offender registration verifications are being completed on employees. The initial check will ensure all current employees have been checked. This will be included on the next scheduled quarterly review, which is due to the Bureau of Operational Services, (BOS) on July 20, 2012. Additionally, BOS will include this information in the Quarterly Evaluation master template for use with all multi-year concession operations, upon its next revision. Based on paragraph 35 of Visitor Services Agreement number R-3204, the Park

Manager will request the Concessionaire to provide additional training for employees and managers, specifically with regard to cash handling and data entry to the point of sale system. The Park Manager will also emphasize the necessity of the Concessionaire's accounting records reconciling to the gross sales reported to the Division. The Division is in the process of reviewing monthly reports of gross sales to determine the amount of commission due to DEP. In order to facilitate this review, the Division requests assistance from the OIG in determining the total amount owed. Once this is determined, the Division will pursue collection of the delinquent commissions from the Concessionaire. It should be noted as well that the Concessionaire no longer operates the concession at John U. Lloyd Beach State Park.

A-1112DEP-047 Audit of John Pennekamp State Park

The objectives of the audit were to determine: (1) the accuracy of reported revenue; and (2) the park was in compliance with applicable laws, rules, and internal procedures, as stated in the Recreation and Parks Operations Manual; Florida Park Service Volunteer Handbook; and Section 943.04351, Florida Statutes (F.S.), in the areas of cash collection and control, use of the Purchasing Card (P-card), and state property.

The OIG audited John Pennekamp State Park. This audit included tests of daily cash shift check-out sheets, daily sales packets, validated deposit slips, and P-card records. This audit was initiated as a result of the fiscal year 2011-2012 Audit Plan. The scope of this audit included activities during the period July 1, 2010 through June 30, 2011.

Results of Audit:

According to the Bureau of Finance and Accounting, the change fund amount for John Pennekamp State Park (Park) is \$1,500.00. In the main ranger station, six (6) bank bags and one (1) change box were removed from the vault for verification. A bank bag was also located and counted in the Visitor's Center. During our site

visit, we verified that the park was accurately maintaining the reported change fund amount.

During the audited period, the Park’s revenue was reported accurately. The months of August 2010 and May 2011 were randomly selected for testing. For both months, the Daily Report of Receipts reconciled to the Weekly Report of Receipts. A sample of 15 days was further tested to trace daily reports to point-of-sales documentation (daily cash register tapes or receipts). All 15 samples reconciled with the daily sales. The Daily Shift Check-Out Sheets were reconciled to bank account amounts deposited for the period. Bank deposits in August 2010 and May 2011 were made in a timely manner.

Based on observations and interviews with the Park Manager and park employees, it appears internal controls are in place concerning cash collections and cash handling procedures. These controls included bank deposit procedures, controls over cash drawers, separation of duties of employees, operating cash registers, closing procedures, reconciliation, preparing weekly reports of receipts, limitation of staff who have access to the park safe and combination, a non check cashing policy, and refunds/voids procedures.

All P-card transactions for the months of August 2010 and May 2011 were reviewed. Transactions were accompanied by adequate receipt documentation, purchases were made for authorized merchandise within authorized limits, and payments were made by authorized personnel. All reviewed transactions were in compliance with park fiscal procedures regarding use of the P-card.

Based on interviews and observations, it was determined the Park is in compliance with park fiscal procedures regarding state property. We verified a sample of 19 items on the sensitive items list. All items were located in the park. The sensitive items list is kept by the Park Manager and consists of items which could be susceptible to theft or misuse. Of the 20 items sampled from the property listing, 18 (90%) were located in the park. A Sony EV-S900 8MM Video Recorder valued at

\$1,725, purchased on 12/2/1991, and fuel tanks (3) valued at \$6,222, purchased on 1/1/1980, were unable to be located. The Assistant Park Manager indicated that the fuel tanks had been scrapped as the park no longer uses them and was unsure of the location of the video recorder. An updated model of the video recorder is currently in use at the park. The inability to locate items on the property list could be perceived as the result of theft or misuse of park funds.

We reviewed volunteer and employee files to determine if they included the sexual predator and sexual offender registration verification as required. Samples of 10 volunteer and 5 employee files were reviewed. Out of the ten volunteer files, one (10%) did not include the verification. Out of the five employee files examined, two (40%) did not include the verifications. Park staff ran the verifications online and placed them in the incomplete files while we were in the office.

Recommendations:

We recommended the Division of Recreation and Parks (Division) direct park staff to review all volunteer and employee files to verify they include the sexual predator and sexual offender registration verification. If the files do not include the sexual predator and sexual offender registration verification, they should be completed, reviewed, and placed in the file. As an added control, the Division may want to consider an annual review of files to verify complete records. We also recommended Park staff complete a thorough check of the inventory items and follow the Directive DEP 320 procedures to correct the inventory list. DEP 320 provides agency procedures regarding lost, missing, or stolen property and the disposal of property.

Action taken:

Missing sexual predator and sexual offender registration verification records were reviewed for all volunteers and employees. It was determined that missing records were the result of misfiling. In the future additional annual reviews and checks by

staff will be performed to ensure that this required verification is being completed as required.

As a result of audit findings, an additional property audit was performed by staff. This review also included infrastructural property inventory items not included in our previous inventory audits as well as a "Report of Missing Inventory Items" for the missing camera. Copies of the property audit and report of missing inventory will be scanned and sent to the OIG. A cleanup of currently listed infrastructural items, following DEP 320 procedures to correct the DEP inventory list, is also needed. A review of historic records for the Park indicates that the three fuel tanks indicated in this audit were three of six located in the park. A survey document and an "existing Utilities Plan" indicate that four of the six fuel tanks are located under BL015069 "Concession Restrooms" and were filled in. The remaining two are presumed to be subterranean and located under the roadway by the park's boat ramp and pump-a-head. It is unknown as to why three of the six fuel tanks were surveyed at the time of decommissioning. This information will be submitted to the DEP Property Section for property record corrections.

H-1112DEP-007 Review of Concessionaire Annual Agreed-Upon-Procedures Reports for Calendar Year 2010

The objectives of the audit were to determine: (1) reports provide an opinion of the accuracy of reported gross sales; and (2) the concessionaires complied with the Department contract.

The OIG has concluded a review of accounting year 2010 Certified Public Accountant (CPA) audits of Concessionaires, whose gross sales exceeded \$400,000. According to a report provided by the Bureau of Finance and Accounting, 18 Concessionaires reported annual gross sales exceeding \$400,000. For these Concessionaires, a CPA report addressing the Division's agreed upon procedures is required no later than June 30 of the following calendar year.

Results of audit:

Based on our review of the 2010 reports, we believe some reports do not fully serve the objectives of the agreed upon procedures, developed by our office and adopted by the Division of Recreation and Parks. The cause of this is primarily because they either do not state an independent opinion on the accuracy of reported sales and compliance with the terms of the contract, or they do not provide a summary of audited gross sales. Without presentation of audited gross sales, we are unable to compare audited amounts to gross sales reported to DEP on the Monthly Reports of Gross sales.

Recommendations:

None reported.

Office of the Secretary

V-1112DEP-012 Management of Department Website Information Content and Format

The objectives of the audit were to determine: (1) how internet information and content is managed throughout DEP; (2) the cost that could be realized through a web management system or process; (3) the number of staff involved in web management and information content; and (4) how and where the web information is housed.

The OIG was asked by the Director of External Affairs to conduct a review of the current DEP website content management. As a result, this review was included in the OIG's Annual Audit Plan. This review included intranet and internet website creation and content management. The scope of this review included the current DEP internet website format, content and ownership for every division/program site, and the methods used to maintain the webpage. The review period was from the DEP site launch date to December 2011.

Results of Audit:

An estimated cost for DEP's in-house web site management was calculated based on the amount of staff and their time allocation to website related duties. Based on our research, we estimate that DEP pays approximately \$355,074 annually for website

content management. The number of employees that provide web-related information for each page varies between divisions. Some employees provide minimal information and others provide all of the information. DEP has three hosted Uniform Resource Locators (URLs) that use an independent content management system for the site. A standard site template is maintained by the web manager, for the Web Administrators to maintain consistency. In addition to the template, Office of Technology and Information Services (OTIS) developed a web site development and usage standard with assistance from the web manager. The Office of External Affairs has web guidelines that are also provided to the Web Administrators to improve consistency among DEP sites. In our opinion, DEP should consider taking steps to centralize final content publishing to improve consistency throughout DEP website, and to ensure compliance with Section 508 of the Rehabilitation Act. A content management system could possibly serve as an alternative, if it meets DEP’s website’s needs while lowering costs.

Three findings were noted in the following areas:

- Inconsistency throughout department Website
- Noncompliance with Standards, and
- Cost-Effectiveness

Recommendations:

First, we recommended DEP consider taking steps to centralize final content publishing to improve consistency throughout DEP web site and to ensure

compliance with Section 508 of the Rehabilitation Act. Secondly, we recommended Web Administrators be responsible for complying with DEP Web Site Development and Usage Standard developed by OTIS. Thirdly, we recommended DEP use the annual cost estimate to consider more cost-effective alternatives for on-going web site management. Fourthly, we recommended DEP consider taking steps to centralize final content publishing to improve consistency throughout DEP web site and to ensure compliance with Section 508 of the Rehabilitation Act. We also recommended Web Administrators be responsible for complying with DEP Web Site Development and Usage Standards developed by OTIS. Lastly, we recommended DEP use the annual cost estimate to consider more cost-effective alternatives for on-going web site management.

Action taken:

The Director of External Affairs concurred with the findings. The audit was shared with the Chief Information Officer and discussion is underway concerning ways new technologies could help with an effort to consolidate DEP’s content management services.

Division of Waste

A-1011DEP-010 Audit of Duval County Compliance Contract GC679

The objectives of the audit were to determine: (1) the actual costs reported by the City of Jacksonville, Duval County (City) were reasonable, accurate, and incurred in conjunction with the contract; (2) the Year End Financial Statements were accurate; and (3) the City complied with Contract Performance Requirements.

The scope of this audit included an examination of the Contract GC679 between DEP and the City to determine if the City complied with the terms of the contract. The period audited was July 1, 2007 through June 30, 2010.

Results of Audit:

In our opinion, the City’s documentation and internal controls were insufficient to ensure that contract costs were always reasonable, accurate, and

incurred in conjunction with contract activities. The OIG found some costs were either not supported, could not be determined, or were not for the benefit of the program. The Year End Financial Statements did not appear accurate. The expenditure amounts listed on the detail provided by the City did not always equal the amounts reported on the Year End Financial Statements. The City appeared to comply with Contract Performance Requirements.

Recommendations:

None reported.

A-1011DEP-032 Performance Compliance Audit of Marion County Contract GC715

The objectives of the audit were to determine: (1) the actual costs reported by the Florida Department of Health, Columbia County Health Department (County) were reasonable, accurate, and incurred in conjunction with the contract; (2) the Year End Financial Statements were accurate; and (3) the County complied with Contract Performance Requirements.

The scope of this audit included an examination of the Contract GC715 between DEP and the County to determine if the County complied with the terms of the contract. The period audited was July 1, 2007 through June 30, 2010.

Results of Audit:

In our opinion, the County was in general compliance with the contract. The storage tank facilities were inspected in Marion County as stipulated in Task 1, 2 and 3. However, we noted the County used inconsistent accounting practices over the period of the contract that created overstated/understated costs in the payroll, vehicle costs, and other expenditures. The OIG determined that the amounts reported on the financial statement for the three (3) tasks were not accurately recorded. Specifically, the County did not consistently maintain separate accounts for the receipt and disbursement of funds provided under this Contract; had not established a formal system for allocating salaries and benefits between two separate contracts; and had not adequately documented the

sharing of expenditures between two contracts. The County generally complied with all performance requirements.

Recommendations:

We recommended the Bureau of Petroleum Storage Systems (Bureau) direct the County to amend the Year End Financial Statements to accurately report the accurate expenditures and audited fund balance information; establish a consistent cost system for allocating the expenditures for the petroleum compliance verification services and maintain the supporting documentation; use actual hours as recorded in the Employee Activity Reporting System and the accounting system to calculate the Salary and Benefit expenditures to be used for the Year End Financial Statements; and use actual documented expenditures in order to ensure that the Year End Financial Statements are an accurate reflection of the amount expended on petroleum compliance activities. We further recommended the Bureau combine the two existing contracts (for Columbia and Marion) currently being held by Columbia County into one contract over the petroleum compliance verification services and issue two distinct Task Assignments for the counties within the two DEP District offices involved.

Action Taken:

The Bureau directed the County to submit revised Year End Financial Statements to the Bureau. The County was also instructed to use actual hours to determine salary and benefit expenditures. The Bureau advised the County that the cost system used for allocations should be uniform and supporting documentation should be maintained. The Bureau will also work to combine County contracts to appropriately separate task assignments.

A-1011DEP-034 Audit of Seminole County Compliance Program Contract GC684

The objectives of the audit were to determine: (1) the actual costs reported by the Seminole County Local Program (County) incurred in conjunction with the contract were accurate and reasonable; (2) the Year End Financial Statements were accurate;

and (3) the County complied with the contract’s administrative performance requirements.

The scope of this project was to audit Contract GC684 for petroleum tank compliance verification services in Seminole County. This audit included tests of County and Bureau of Petroleum Storage Systems’ (Bureau) records and procedures, as well as interviews from appropriate personnel. This audit was initiated as part of the fiscal year 2010-2011 Audit Plan. The scope of this audit included the period July 1, 2007 through June 30, 2010.

Results of Audit:

The Year End Financial Statements submitted to the Department were not accurate due to the use of allocated labor hours instead of actual hours worked. This caused overcharges for salaries and benefits totaling \$32,498.80 for the three task years. Other expenditures not reported on the Year End Financial Statements totaled \$30,025.18.

Recommendations:

The Year End Financial Statements were not accurate. We recommended that the Bureau instruct the County to report accurate expenditures of all required expense categories for future Year End Financial Statements and resubmit their three task year statements using the audited figures provided.

Action Taken:

The County provided revised Year End Financial Statements.

A-1011DEP-055 Audit of Holmes County Compliance Contract GC722

The objectives of the audit were to determine: (1) the actual costs reported by the Florida Department of Health, Holmes County Health Department (County) were reasonable, accurate and incurred in conjunction with the contract; (2) the Year End Financial Statements reported by the County were accurate; and (3) the County complied with the Contract’s performance requirements.

The scope of the audit included an examination of the contract GC722 between DEP and the County to

determine if the County complied with the terms of the contract. The period audited was from July 1, 2009 through June 30, 2010.

Results of Audit:

In our opinion, the expenditures were generally incurred in conjunction with contract regulations and were deemed reasonable for program activities, except for the audit adjustments necessitated by the overstatements reported in the Year End Financial Statements. In addition, the Year End Financial Statements did not agree with the expenditure amounts listed on the detail provided by the County. The financial statements did not accurately portray financial position due to the misstatement of salaries and benefits and other expenditures, as noted in the findings section below.

Recommendations:

The OIG noted overstatements of salaries and benefits, as well as other recorded expenses charged to the petroleum compliance verification services program. We recommended that the County amend the 2009/2010 fiscal year financial statements to accurately report the correct expenditures and fund balances and submit these amended statements to the Bureau of Petroleum Storage Systems (Bureau). The Bureau should instruct the County to use actual hours as recorded in the Employee Activity Reporting System and the accounting system to calculate the salary and benefit expenditures to be used for the year-end financial statements. The County needs to establish internal controls to ensure expenses other than salaries are accurately reported in the Year End Financial Statements.

Action Taken:

The County submitted revised Year End Financial Statements correcting the overcharges.

A-1011DEP-066 Audit of Columbia Compliance Contract GC700

The objectives of the audit were to determine: (1) the actual costs reported by the Florida Department of Health, Columbia County Health Department (County) were reasonable and incurred in conjunction with the contract; and (2) the Year End

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Financial Statements reported by the County were accurate.

The scope of the audit included an examination of the contract GC700 between DEP and the County to determine if the County complied with the terms of the contract. The period audited was from July 1, 2008 through June 30, 2010.

Results of Audit:

The County's records and internal controls were not accurate to ensure contract costs were reasonable, accurate, and incurred in conjunction with contract activities. The OIG found some costs were either not supported, overstated, could not be determined, or were not for the benefit of the program. Although the Year End Financial Statements did agree with the expenditure amounts listed on the detail provided by the County, the financial statements did not accurately portray the financial position, due to the misstatement of salaries and benefits, vehicle expense, and indirect charges, as noted in the findings section below. The OIG noted coding and allocation errors of salaries and benefits, as well as other recorded expenses between contracts and between the petroleum compliance verification services and other Environmental Health activities. Columbia County, pursuant to Contract GC700, was under contract with DEP for petroleum tank compliance verification services in Columbia, Gilchrist, Hamilton, Levy, and Union counties. In addition, the County entered into Contract GC715 with DEP effective March 10, 2008, to conduct petroleum tank compliance inspection services for Marion County. As noted above, the County's split of salaries and benefits between the two contracts was not supported by documentation indicating the basis for the split or reflecting actual time spent on each contract.

Recommendations:

Although the adjustments to the Year End Financial Statements for tasks 2 and 3 for the errors noted above did not result in the County having to reimburse the Bureau as they had sufficient expenditures to cover all the disallowed costs, we recommended that the County amend the 2008/2009

and 2009/2010 fiscal year financial statements to accurately report the correct expenditures and fund balances and submit these revised statements to the Bureau of Petroleum Storage Systems (Bureau). Secondly, we recommended that the Bureau instruct the County to use actual hours as recorded in the Employee Activity Reporting System and the accounting system to calculate the salary and benefit expenditures to be used for the Year End Financial Statements. Thirdly, we recommended that the Bureau combine the two existing contracts into one contract over the petroleum compliance verification services and issue two distinct task assignments separating the Counties by Districts. This will ensure that the two DEP Districts can accurately track and oversee the performance requirements of the contract. Lastly, we recommended that the Bureau instruct the County to establish, for all other expenses, a consistent cost system to allocate charges between the petroleum compliance verification services and the other Environmental Health activities.

A-1112DEP-011 Audit of Remediation Contractor AET

The objectives of the audit were to determine: (1) the work order activities were supported by documentation demonstrating completion in accordance with DEP policy and procedure; (2) any subcontracted work was performed by the subcontractors and included validation of subcontractor's invoices and payments; (3) subcontracting efforts were in accordance with DEP guidance; and (4) the remediation contractor or subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings. The scope of this audit included an examination of the scope of work for selected facilities and related work orders between DEP and AET. The work orders reviewed were completed from July 1, 2008 to March 2011.

Results of Audit:

Based on audit testing, the work assigned in the work orders was completed. The work order activities were documented and supported the work being performed. In addition, the subcontracted

work was either performed and invoiced by the subcontractors listed on the work order or added by verbal change order. We also confirmed with the subcontractors that the amounts invoiced to AET were paid. In addition, both AET and the subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings. However, some subcontracted work was subcontracted by the City of Starke without prior written approval from DEP, as required by the work order.

Recommendations:

We recommend the Bureau of Petroleum Storage Systems (Bureau) recover \$66, 192.50 from AET for violation of paragraph 2(a)(1) of the Work Order 2010-93-W89288. (Violations of this provision shall result in forfeiture of payment for the associated work.) Secondly, we recommended including the work order terms and conditions in on-going updates and training for site managers and reviewers regarding the specific contract stipulations with requirements and consequences.

A-1112DEP-015 Audit of Remediation Contractor Geo Solutions

The objectives of the audit were to determine: (1) the work order performance requirements (events) were supported by documentation that demonstrated completion; (2) any subcontracted work was performed by the subcontractor (based on documentation), to include validation of subcontractor’s invoice and payment; (3) subcontracting efforts were in accordance with DEP guidance; and (4) the remediation contractor or subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings.

The scope of the audit included an examination of the Scope of Work for selected work orders issued to the remediation contractor.

Results of Audit:

In our opinion, the contractor complied with all the requirements of the work orders.

Recommendations:

None reported.

A-1112DEP-016 Audit of Remediation Contractor Fortis

The objectives of the audit were to determine: (1) the work order performance requirements (events) were supported by documentation that demonstrated completion; (2) any subcontracted work was performed by the subcontractor and was paid for by Fortis Environmental Group, LLC (Fortis), to include validation of subcontractor’s invoice and payment; (3) subcontracting efforts were in accordance with Department guidance; and (4) Fortis or subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings.

The OIG audited selected work orders and supporting documents issued to Fortis. The audit included tests of the work orders, comparisons to the invoice supporting documentation, remediation contractor’s records, and information from subcontractors. This audit was initiated as a result of the fiscal year 2011-2012 Audit Plan. The scope of this audit included an examination of the scope of work for selected work orders, to determine if the work assigned in the work orders was completed. The work orders reviewed were issued during the period July 1, 2006 to February 2012.

Results of Audit:

Based on our review of the scope of work for selected facilities and related work orders, the work assigned in the work orders was completed. We reviewed DEP Site Manager approvals, time sheets, and field notes, and found the events to be supported by documented Site Manager approvals. In addition, the subcontracted work was performed and invoiced by the subcontractors listed on the work order and verbal change order. Subcontractors were paid as invoiced. Subcontracting efforts were performed in accordance with DEP guidance. Based on this testing, Fortis complied with the requirements of the work orders, including the appropriate completion

of the work tasked, and the use, oversight, and payment of preapproved subcontractors.

Recommendations:

None reported.

A-1112DEP-019 Audit of Remediation Contractor Environmental Consulting and Technology

The objectives of the audit were to determine: (1) the work order performance requirements (events) were supported by documentation to demonstrate completion; (2) any subcontracted work was performed by the subcontractor (based on evidentiary documentation), to include validation of subcontractor's invoice and payment; and (3) the remediation contractor or subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings.

The OIG audited selected work orders and supporting documents issued to Environmental Consulting & Technology, Inc. (ECT). The audit included tests of the work orders, comparisons to the invoice supporting documentation, remediation contractor's records, and information from subcontractors. This audit was initiated as a result of the fiscal year 2011-2012 Audit Plan. The scope of this audit was limited to an examination of the scope of work for selected work orders to determine if the work assigned in the work orders was completed. The work orders reviewed were issued during the period of January 1, 2009 to December 31, 2010.

Results of Audit:

Based on our review of the scope of work for Facility ID 018518101 and related work orders, the work assigned in the work orders was completed. We reviewed DEP Site Manager approvals, time sheets, and field notes, and found the events to be supported by documented Site Manager approvals. In addition, the subcontracted work was performed and invoiced by the subcontractors listed on the work order and verbal change order. Subcontractors were paid by ECT as invoiced. Based on audit testing, ECT complied with the

requirements of the work orders, including the appropriate completion of the work tasked, and the use, oversight, and payment of preapproved subcontractors. Neither the remediation contractor nor its subcontractors were listed on the Department of Management Services Convicted or Suspended Vendor listings.

Recommendations:

None reported.

A-1112DEP-026 Brevard County Clean Up Audit Contract S0478

The objectives of the audit were to determine: (1) the Brevard County Board of County Commissioners (County) complied with the contract requirements; and (2) accurately reported financial information.

The scope of this audit included an examination of the contract S0478 (Contract) between DEP and the County. The period audited was January 1, 2010 through June 30, 2011, this included Task Assignments 1 and 2 of the contract. Current procedures were evaluated as considered necessary.

Results of Audit:

The OIG determined that actual costs for salaries and benefits and other expenditures were not always reasonable or incurred in conjunction with the contract. These minor overstatements of expenditures resulted in understating the fund balances for both task assignments. DEP subsequently reduced the task assignment award for Task 3 based on an estimated fund balance, which more than covered the disallowed costs noted in the audit. The County generally complied with all performance requirements of the Contract.

Recommendations:

The OIG recommended that the Bureau direct the County to submit revised financial statements for Tasks 1 and 2, with the corrected expenditures and fund balance totals. Further, the Bureau of Petroleum Storage Systems (Bureau) should direct the County to establish the necessary controls to prevent expenditures for purposes other than Inland

Protection Trust Fund (IPTF) related being charged to the cleanup program.

A-1112DEP-028 Volusia County Compliance Audit Contract GC706

The objectives of the audit were to determine: (1) the actual costs reported by the Volusia County Council (County) were reasonable, accurate, and incurred in conjunction with the contract; (2) the Year End Financial Statements were accurate; and (3) the County complied with Contract Performance Requirements.

The scope of this audit included an examination of the Contract GC706 (Contract) between DEP and the County to determine if the County complied with the terms of the contract. The period audited was July 1, 2007 through June 30, 2011.

Results of Audit:

Based on this review, storage tank facilities were inspected in Volusia County as stipulated in Tasks 1, 2, 3, and 4. However, we noted that amounts reported on the financial statements for the four (4) tasks were not accurately recorded. Specifically, the County charged leave and retirement benefits to the contract upon retirement of employees which should have been included in salary and benefit contract payments during the course of active employment with the Compliance Program. The County reported salary and benefits for one employee during Task 1 that did not work for the program; and overstated all other expenditures reported in Task 1. The County generally complied with all performance requirements.

Recommendations:

We recommended the Bureau of Petroleum Storage Systems (Bureau) direct the County to return \$98,516.45 for unallowed expenditures. The Bureau should direct the County to submit revised financial statements for Tasks 1 through 4 with the corrected expenditures and fund balance totals. In addition, the Bureau should direct the County to establish the necessary controls to prevent expenditures from being charged to the Compliance program for purposes other than the program.

Lastly, we recommended that the Bureau direct the County to ensure that all inspectors notify the facility owners or representatives of inspection results for all inspections completed and document this in FIRST. A note may be made in the comments section if a signature was not obtained to document how the owner/representative was notified.

Action Taken:

The Bureau sent the County an e-mail requesting return of funds, submission of revised financial statements, establishment of necessary controls, and improvement of inspection procedures.

A-1112DEP-029 Volusia County Clean up Audit Agreement S0490

The objectives of the audit were to determine: (1) the actual costs reported by Volusia County (County) were reasonable, accurate, and incurred in conjunction with the Agreement; (2) the Year End Financial Statements were accurate; and (3) the County complied with the contractual requirements regarding administrative performance criteria.

The OIG audited Task Assignments 1 and 2 of the Volusia County Site Cleanup Management Services Agreement S0490, which covers Volusia County. This audit included tests of financial (salaries and benefits, direct and indirect costs, fund balances, etc.) and performance activity. This audit was initiated as a result of the fiscal year 2011-2012 audit plan. The scope of this audit included an examination of Agreement S0490 between DEP and the County Board of County Commissioners to determine if the County complied with the terms of the agreement.

Results of Audit:

In our opinion, expenditures were generally incurred in conjunction with agreement requirements and were deemed reasonable for program activities. However, the financial statements did not accurately portray the financial position because the County did not report all expenditures applicable to the cleanup program. Based on our review of DEP’s OCULUS and

STCM databases, the County generally complied with all performance requirements.

Recommendations:

We recommended the Bureau of Petroleum Storage Systems (Bureau) direct the County to record and report on the Year End Financial Statements all expenses incurred in performing the cleanup program services, even if it results in a negative fund balance.

Action taken:

The Bureau sent an e-mail directing the County to record and report on the Year End Financial Statements, all expenses incurred in performing the cleanup program services, even if it results in a negative fund balance.

A-1112DEP-037 Audit of Escambia County Clean Up Contract

The objectives of the audit were to determine: (1) the actual costs reported by the Escambia County Local Program (Local Program) were reasonable and allowable according to the contract; (2) the Year End Financial Statements were accurate; and (3) the Local Program complied with the contractual requirements regarding administrative performance criteria.

The scope of this audit included an examination of the Contracts S0482 and Task Assignment 9 of GC626 between the Local Program and DEP. The period audited was July 1, 2009 through June 30, 2011.

Results of Audit:

Based on an audit of Contracts S0482 and Task Assignment 9 of GC626 between DEP and the Local Program, the Local Program generally complied with the contract during the period audited. The costs reported by the Local Program were reasonable and allowable. The costs could be traced to contract activities and petroleum cleanup efforts. The Year End Financial Statements for the two task periods were accurate. The Year End Financial Statements were supported by detail listings of expenditures which totaled the amounts

listed as expenses. In addition, requested expenditure documents supported the expenses and were provided in a timely manner. Finally, the Local Program complied with the contractual requirements for responding to deliverables within 60 days. In addition, data entry into STCM was performed within the 60 day criteria 90% of the time during Task Assignment 1, but decreased to 89% during Task Assignment 2.

Recommendations:

None reported.

A-1112DEP-043 Audit of Charlotte County Compliance Contract GC710

The objectives of the audit were to determine: (1) the actual costs reported by the Charlotte County Health Department (County) were reasonable, accurate, and incurred in conjunction with the Contract; (2) the Year End Financial Statements were accurate; and (3) the County complied with Contract Performance Requirements.

The scope of this audit included an examination of the Contract GC710 (Contract) between DEP and County to determine if the County complied with the terms of the contract. The tasks audited were Tasks 3 and 4 during the period July 1, 2009 through June 30, 2011.

Results of Audit:

Based on this review, storage tank facilities were inspected in Charlotte County as stipulated in Tasks 3 and 4. However, we noted that amounts reported on the financial statements for the two tasks were not accurately recorded. Specifically, the County understated salaries and benefits reported in Task 3, and overstated salaries and benefits reported in Task 4. The County also understated Vehicle Expenses reported in Task 4 and understated All Other Expenditures reported in Tasks 3 and 4. As a result, the Ending Fund Balance and Carry Forward amounts reported were overstated for both tasks. In regards to Year End Financial Statements, the County retained a Fund Balance that exceeded the allowed retention amount of 10% of the total task. The Bureau of Petroleum Storage Systems (Bureau)

did not obtain reimbursement for the excess funds and did not approve the County’s retention of the excess Fund Balance. The County generally complied with all performance requirements.

Recommendations:

First, we recommended the Bureau direct the County to submit revised financial statements for Tasks 3 and 4 with the corrected expenditures and fund balance totals. Secondly, the Bureau should direct the County to establish the necessary controls to prevent expenditures from being incorrectly charged to the Compliance program. Thirdly, we recommended the Bureau direct the County to refund \$69,751.44 to DEP for the excess fund balance. This amount represents funds in excess of 10% of the Task 4 assignment amount. Finally, the Bureau should establish procedures to ensure that year-end excess funds are either returned to DEP or if retained by the County, document approval for the retention.

Action taken:

The Bureau directed the County to submit corrected financial statements for Tasks 3 and 4 and to establish controls to prevent future discrepancies. The Bureau also directed the County to maintain the excess funds until further notice.

V-1011 DEP-060 Compilation Report of District Reviews of County Site Inspection Contracts

The objectives of the audit were to determine: (1) Districts performed the annual inspection reviews for all petroleum tank compliance inspection contracts issued in their district; required that corrective action plans, if applicable, be submitted timely and adequately addressed findings; and performed follow-ups to ensure the corrective action plans were implemented; (2) Districts performed the necessary steps as set out in DEP’s procedures and DEP’s Enforcement Manual to address and enforce compliance for significant violations noted by the counties compliance inspectors; and (3) Districts adequately monitored the counties to ensure that the counties actually performed the required inspections and provided a

copy of the inspection report to the owner/representative.

The scope of this review was to compile the results of the individual District reviews on their effectiveness in administering the Petroleum Tank Compliance Program. The period of review was July 1, 2008 to May 2012.

Results of Audit:

Although the Districts conducted all annual program reviews for the 2009/2010 fiscal year, we did note deficiencies and inconsistencies between the Districts on how they followed the contract and guidance documents attached to the contract. The Districts generally acted on all significant violations to bring the facilities into compliance. There were no noted instances in which facility inspections were reported but not actually conducted. Although all Districts completed the annual program review for all of their contracts for the 2009/2010 fiscal year, and no contractor received a score of less than 75, we did note some discrepancies and inconsistencies among the districts as follows:

Guidance Document D, attached to the standard contract states that reviews should be accomplished between the 5th and 10th month of the task assignment. Only 2 reviews out of 40 contracts were conducted within that time frame during the reviews conducted for the 2009/2010 fiscal year. All others were conducted later in the year or in the next fiscal year.

Two districts did not have the date of the review noted on the Program Review Form entered into OCULUS. Standard contract requires that the contractor shall provide a written response to the Program Review findings; however, only one district enforced this requirement. Guidance document to contract does not specify how to score the reports. Scoring is left to the judgment of the districts. We could not find any consistency in the scoring. One district scored all of their contracts for the 2009/2010 fiscal year at 95 or higher.

Although we could not identify a requirement to perform Quality Assurance/Quality Control

(QA/QC) inspections, on the Annual Program Review Form, 40 out of a possible 100 points were allocated to Field Inspection reviews, which indicate they should be done. Two districts did not perform any QA/QC inspections during the 2009/2010 fiscal year, one district only performed 3 QA/QC inspections total for their 6 contracts, and the other three districts generally performed at least 2 QA/QC inspections for each contract in their district.

Recommendations:

First, we recommended that all Districts comply with the contracts Guidance Document D requirement, that the annual program reviews be conducted between the 5th and 10th month of the task assignment. Secondly, we recommended that all Districts note on the Program Review Form, the date the review was conducted and that all pages of the form and related correspondence be entered into OCULUS on a timely basis. Third, we recommended that all Districts enforce the requirement for the contractor to respond in writing to the findings on the annual program review and at a minimum, require details on any corrective actions that will be implemented. Fourth, we recommended that DEP adopt criteria and guidance for scoring the annual program review form, in order to provide some consistency among the districts. This should include when and how many QA/QC inspections should be conducted for each contract during the fiscal year. Fifth, we recommended DEP review the staffing requirements at the District offices to ensure that all Districts have adequate staffing to keep enforcement activities current, to avoid or minimize any potential environmental damage. The OIG considers timely enforcement to be an issue management should monitor to ensure there are no adverse environmental consequences resulting from any delays. Lastly, we recommended DEP review the procedures for utilization of the Toughbook computers at the site, rather than completing the inspection report at the District office and review the practicality of establishing procedures to assure that all inspections reported were actually conducted.

V-1011 DEP-064 Review of Remediation Contractor FRS Environmental Remediation

The objectives of the audit were to determine: (1) work order events were supported by evidentiary documentation that determined completion; (2) work that was subcontracted had the necessary evidentiary documentation to determine that work was completed; and (3) remediation contractor or subcontractors were not listed on the Department of Management Services Convicted or Suspended listings.

The scope of the review included an examination of selected work orders to determine if (based on the documentation in the OCULUS database) the work assigned in the work orders was completed. The work orders reviewed were completed from July 2009 to May 2011.

Results of Audit:

The OIG's review of 10 Work Orders for FRS Environmental Remediation, Inc. disclosed that generally all relevant documentation (i.e. proposals, work order assignments, invoices, deliverables, and related correspondence) relating to the work order was found and located in OCULUS. It was also noted that all subcontractor invoices and other charges were in accordance with the Work Order template and scope of services. Invoices were complete and were submitted when the required event was completed. All required deliverables were submitted and contained the required information and were reviewed and approved by the Bureau of Petroleum Storage Systems (Bureau) staff. The OIG's review of the 10 completed work orders for this contractor indicated that the contractor did in fact accomplish all that was required in the work order and approved amendments. The OIG verified that neither the contractor nor subcontractors were on the suspended or disbarred vendor listing of the state. The OIG also verified that the laboratories utilized by the contractor were certified for the type of testing required by the work order. The OIG verified with the Secretary of State and the Department of Professional and Business Regulation that the contractor was registered and

licensed to do business in the State of Florida. In our opinion, this contractor performed in accordance with the requirements of the work order and the Department’s rules and regulations for the 10 completed work orders tested.

Recommendations:

None reported.

V-1011DEP-065 Review of Remediation Contractor Cameron-Cole LLC

The objectives of the audit were to determine: (1) work order events were supported by evidentiary documentation that determined completion; (2) work that was subcontracted had the necessary evidentiary documentation to determine that work was completed; and (3) the remediation contractor or subcontractors were not listed on the Department of Management Services Convicted or Suspended Vendor listings.

The scope of the review included an examination of the scopes of work for selected work orders to determine if (based on the documentation in the OCULUS database) the work assigned in the work orders was completed. The work orders reviewed were completed from July 2009 to May 2011.

Results of Audit:

The remediation contractor, Cameron-Cole, performed the scopes of work for completed work orders. However, the uploading of interim deliverables could be improved. In our opinion, the work assigned in the work orders was completed based on the documentation in OCULUS. Both the work order events and subcontracted efforts were supported by evidentiary documentation that determined completion. The OIG did not identify any findings and recommendations for management’s consideration. However, the OIG did identify a condition that may warrant management’s attention. This concern was not a reportable condition for the purpose of this report and was addressed in a management memo dated June 30, 2011.

Recommendations:

None reported.

V-1011 DEP-070 Review of Remediation Contractor Panhandle Industries Inc.

The objectives of the audit were to determine: (1) the work order events are supported by evidentiary documentation that determines completion; (2) the work that was subcontracted out has the necessary evidentiary documentation to determine that work was completed; and (3) the remediation contractor or subcontractor were not listed on the Department of Management Services Convicted or Suspended Vendor listings.

The scope of the review included an examination of the scopes of work for selected work orders to determine if (based on the documentation in the OCULUS database) the work assigned in the work orders was completed. The work orders reviewed were completed from July 2009 to May 2011.

Results of Audit:

In our opinion the contractor, Panhandle Industries, Inc., appears to be completing the work orders as specified and providing the required deliverables. The OIG did not identify any findings and recommendations for management’s consideration. However, the OIG did identify a condition that may warrant management’s attention. This concern was not a reportable condition for the purpose of this report and was addressed in a management memo dated August 10, 2011.

Recommendations:

None reported.

V-1112DEP-017 Review of Financial Assurances

This review, at the special request of management, was in the Division of Waste Management, Bureau of Solid and Hazardous Wastes Financial Assurance Program. Although securing financial assurance for closure and long term care of regulated landfills is an on-going concern, DEP has not funded a landfill closure or long term care to date due to financial assurance failure. Further, of the 621 active and inactive regulated permittees, only 3% (21) have

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been considered a concern by DEP. DEP continues to make extensive efforts to keep permittees in compliance and accountable for the financial responsibility and long term care. This work takes a concerted effort on the part of the Division of Waste Management, Districts, and Office of General Counsel.

Results of Audit:

During this review, we noted factors that reached across organizational lines that were important to Department effectiveness. We recommended these for continuous management emphasis.

Recommendations:

We recommended Senior District, Division of Waste Management, and Office of General Counsel management should work together to ensure reporting, monitoring, enforcement actions are completed and communicated timely. Any delays should be documented to show justification. Secondly, we recommended continuous monitoring of regulated permittees by Districts to ensure that failure risks are mitigated. By allocating sufficient District and Division resources to monitoring efforts, early detection of concerns can help mitigate liability. Thirdly, we recommended prompt and continuous communication and enforcement action steps remain a priority in ensuring DEP has taken all necessary steps to hold regulated permittees accountable for financial responsibility. Lastly, we recommended DEP take steps to consider EPA's cost methodology guidance for consistent evaluation of permittees' cost estimates.

V-1112DEP-020 Review of Submissions for Remediation Action Plans and Modifications

The objective of this project was to review the submission of Remediation Action Plans (RAPs) to determine the number of times additional information was requested of the remediation contractor before the RAP was approved.

Results of Audit:

Our conclusion was that, for the 195 Bureau of Petroleum Storage Systems (Bureau) RAPs

reviewed, 151 or 78% are approved on either the first or second submission; and only 2 or 1% were returned to the remediation contractor three or more times.

Since the majority of the RAPs are approved on either the first submission or after one request for additional information, it appears that the majority of the time the remediation contractors understand our requests and the information that is requested from them. One way to improve the number of times a RAP is returned would be for the various teams to note when they are required to question the same contractor multiple times for the same or similar information. It may be necessary to provide additional guidance to those contractors.

Recommendations:

None reported.

V-1112DEP-038 Review of Final Holmes County Year End Financial Statements for Contract Closeout

The objectives of the audit were to determine: (1) the actual costs reported by Florida Department of Health, Holmes County (County) were reasonable, accurate and incurred in conjunction with the contract; and (2) the Year End Financial Statements reported by the County were accurate.

The scope of the review included an examination of Contract GC722 (Contract) between DEP and the County to determine if the County complied with the terms of the Contract. The period reviewed was from July 1, 2009 through June 30, 2011.

Results of Audit:

In our opinion, the expenditures were generally incurred in conjunction with contract regulations and were deemed reasonable for program activities. However, the financial statements did not accurately portray financial position due to the addition and typing errors. The County's Year End Financial Statements for Tasks 1 and 2 were inaccurate. Due to addition and typing errors, the Total Expense listed in the Year End Financial Statement for Task 1 was understated by \$220.87.

This caused the Funds Balance for Task 1 to be understated by \$220.87, which subsequently caused the Beginning Balance for Task 2 to be understated by the same amount. The end result is the Funds Balance for Task 2 is understated by \$220.87. The Year End Fund Balance for the period covering July 1, 2010 through June 20, 2011 was listed in the County’s statements as \$12,403.40. With the error adjustment, the balance was \$12,624.27 (\$12,403.40+\$220.87).

Recommendations:

The OIG recommended that the Bureau of Petroleum Storage Systems (Bureau) request the County to submit amended financial statements for Tasks 1 and 2 to accurately report the expenditure amounts. In addition, since the Contract has been mutually terminated per Amendment 1 of the Contract, the County should return the ending fund balance of \$12,624.27 to the Bureau.

V-1112DEP-051 Review of Brownfield Delegation to Hillsborough County

The objective of the audit was to determine if the local government is operating the program in accordance to the delegation agreement.

We reviewed sections of the Brownfield Delegation Agreement between DEP and the Environmental Protection Commission of Hillsborough County (EPC). The scope consisted of an examination of the agreement and included comparisons of process steps and rules and an evaluation of consistency with the Brownfield Site Rehabilitation Agreement model and general agreement compliance.

Division of State Lands

A-1011DEP-067 Review of Environmental Site Assessments

The objectives for the review were to determine: (1) the contract deliverables met the contract scope of work; (2) environmental site assessment reports addressed all requirements in the contract scope of services; (3) contracts required compliance with environmental site assessment professional standards, associated with Federal regulated

Results of Audit:

Based on our review, the Brownfield Program managed by EPC has complied with the implementation requirements. The oversight appears to be adequate for consistent and effective administration of the Brownfield Program. EPC manages 2,206.31 acres designated as Brownfield Areas with 334.93 acres under rehabilitation. One site underwent cleanup of a former petroleum storage tank contamination, a historic unpermitted landfill, and a non-petroleum contamination. It now has three mid-rise hotels and 30,000 square feet of active retail stores. Restaurant spaces and over 400,000 square feet of office space will be completed when the economy improves. The ultimate ad valorem tax benefit of this redevelopment is estimated at \$1.7 million a year on the 18.89 acres. Currently the ad valorem tax benefits exceed \$500,000 a year and 100 jobs have been created by the hotels alone. During interviews with department legal staff, it was identified that the program does not provide standardized delegation language for the Brownfield Site Rehabilitation Agreement model. Currently, agreements contain different language which requires a thorough legal review in order to determine if the language is consistent with program guidelines.

Recommendations:

In order to enhance the agreement language and streamline the process, we suggested the program provide standardized delegation language for the Brownfield Site Rehabilitation Agreement model.

requirements or the State standards; and (4) Division of State Lands (Division) methods of ordering environmental site assessment reports were cost-effective.

The scope of this review included contracts for environmental site assessments over the past two fiscal years (2010-2011 and 2009-2010) and other

time periods necessary given circumstances. The Division is faced with the challenge of assessing potential environmental liabilities based on the results of environmental assessment reports. Obtaining the appropriate level of assessment necessary for decision making is a key component for acquisition program effectiveness.

Results of Audit:

Based on this review, all reviewed contract deliverables met the contract scope of work. All reviewed Environmental Site Assessments were in compliance with the contract’s scope of services requirements and the American Society for Testing and Materials 1527-05 Phase I Environmental Site Assessment standards. The Division plans to follow the American Society for Testing and Materials standards for the 2013 Environmental Site Assessment contracts. Based on our research and interviews with DEP staff, as well as an agency biologist, the Division does not currently have a process in place to order Environmental Site Assessments or identify low-risk acquisitions that could be assessed internally prior to contracting for Environmental Site Assessment services. Currently, the Division is ordering Phase I Environmental Site Assessments solely and not using Environmental Site Observations or internal assessments which could be a cost savings to the Division.

Division of Water Resource Management

A-1112DEP-057 Audit of the State Revolving Fund Financial Statement and Selected Financial Controls as of June 30, 2011

The objectives of the audit were: (1) to report on the system of internal controls related to the financial presentations; (2) to determine if the Special Purpose Financial Presentations present fairly, in all material respects, the financial position and results of operations of the Clean Water and Drinking Water Revolving Fund Program for the period July 1, 2010 through June 30, 2011; and (3) to determine compliance with applicable laws, administrative rules, and the provisions of State Revolving Fund capitalization grants which may be

Recommendations:

We recommended the Division take preliminary steps internally, such as creating a threshold limit on land value, preliminary acquisition research, owner interview, and risk assessments on the acquired lands to determine whether an internal assessment, a Transaction Screen/Environmental Site Observations, or Phase I Environmental Site Assessments should be conducted. If acquisition is deemed to be low risk and alternative assessments are approved, the Division could utilize cost savings by using an agency biologist to conduct the assessments as well as ordering Environmental Site Observations. American Society for Testing and Materials standard 1528-06 details the process for Transaction Screens and would be useful in providing minimum reporting criteria for the Transaction Screens/Environmental Site Observations. We recommended the Division ensure decisions regarding environmental assessments be tasked based on project analysis and contamination risk in a cost-effective manner. The Division should refine its contracting and task assignment processes so that decisions made and actions taken during the acquisition process reflect a balance between cost-effectiveness and environmental impact liability.

material to the special purpose financial presentations.

The scope of this engagement included an audit of DEP Clean Water and Drinking Water Revolving Fund Program Special Purpose Financial Presentations for the period July 1, 2010 through June 30, 2011.

Results of Audit:

We noted no issues involving DEP’s internal controls over financial reporting and its operation that we considered to be material weaknesses. DEP’s audited Special Purpose Financial

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Presentations accompanying this report present fairly, the financial position of the Clean Water and Drinking Water Revolving Funds as of June 30, 2011, and the revenues, expenditures, and changes in fund balance for the periods July 1, 2010 through June 30, 2011. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

For U.S. Environmental Protection Agency (EPA) Grant Agreement FS-9845221-0 Safe Drinking Water State Revolving Fund, DEP over-matched the required State contribution. In the prior Audit of the State Revolving Fund Financial Statement and Selected Financial Controls Report number A-1011DEP-047, we noted several instances in the financial presentations and the supporting notes as originally submitted to the EPA, where amounts were omitted or reported inaccurately. It was our opinion that the omission/misstatement of these line items resulted from a lack of clear written procedures for preparers and reviewers to follow. We recommended that the Bureau of Finance and Accounting correct these discrepancies and develop written procedures outlining the appropriate preparation and documented review of the Special Purpose Financial Presentations. Since this time, the

Bureau of Finance and Accounting corrected the discrepancies and developed the recommended detailed procedures. In addition, a detailed checklist is used by DEP Financial Managers to ensure preparation of the Special Purpose Financial Presentation is properly prepared, reviewed, analyzed, supported, and referenced.

Recommendations:

We recommended DEP submit a request to EPA to amend the state contribution amount during the next award budget period so that the over matched portion of the FS-98452210-0 grant could be deducted or carried forward.

Action taken:

DEP agreed with the finding which occurred due to an administrative error in the grant agreement prepared by the EPA. DEP has revised the Schedule to reflect the required match of \$8,863,200, resulting in a cumulative overmatch as of June 30, 2012 of \$2,412,100. The schedule and over-match amount will be provided to DEP management, the Governor’s Office of Policy & Budget, and legislative appropriations committees for consideration in preparing the match appropriation for FY 2013-2014.

INTERNAL INVESTIGATIONS SECTION

The Inspector General is responsible for the management and operation of the agency’s Internal Investigations Section. The OIG’s Director of Investigations supervises this section. This includes planning, developing and implementing an internal review system to examine and investigate allegations of misconduct on the part of the agency’s law enforcement and civilian employees. Investigations are designed to deter, prevent and eradicate fraud, waste, mismanagement, misconduct and other abuses.

The Director of Auditing may be requested to provide assistance for internal investigations. The investigative duties and responsibilities of the Inspector General, as defined in Section 20.055 F.S., include:

- Receiving complaints and coordinating all activities of the agency as required by the Whistle-blower’s 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 criminal investigations related to alleged employee misconduct or reporting expeditiously to the Florida Department of Law Enforcement (FDLE) or other law enforcement agencies, as deemed appropriate by the Inspector General.
- Conducting investigations and other inquiries, free of actual or perceived impairment, to the independence of the Inspector General or the OIG. This shall include freedom from any interference with investigations, and timely access to records and other sources of information.
- Submitting in a timely fashion, final reports on investigations conducted by the OIG to the agency Secretary, except for Whistle-blower investigations, which are conducted and reported pursuant to Section 112.3189, F.S.



Procedures for Receiving Complaints

The Internal Investigations Section (IIS) receives complaints that address many aspects of departmental activity from a wide variety of sources, ranging from the Governor’s Office, through the Chief Inspector General or the Whistle-blower Hotline, to a member of the general public. Other sources of complaints include the Comptroller’s Get Lean Hotline, the OIG website, DEP management, or employees throughout the Divisions or Districts. Some complaints are broad and may address entire programs, while others are very specific and focus on a single action of a departmental employee. Complaints are received by letter, telephone call, e-mail and can be internally generated by a manager/supervisor who requests an investigation. A few complaints are anonymous, while some are referred by other agencies or information which is developed internally by an OIG staff member while addressing other issues. Each complaint or concern is documented and reviewed in order to determine how it should be addressed. Does it allege a violation of a department Directive, procedure, rule or law? Is it a performance issue, or does it involve potential misconduct? Is it criminal or administrative in nature? Who should be responsible for the investigation: DEP managers or the IIS?

Complaints that are more serious in nature which may result in disciplinary action such as a suspension, demotion or dismissal (i.e. Discrimination/Sexual Harassment), are handled by IIS. All cases are monitored and tracked, whether handled internally, or referred to District or Division managers. Those cases investigated by IIS are assigned to law enforcement captains whose responsibility is to examine the allegations and determine if there is a factual basis to support the allegations. If the case is criminal, it is also reviewed by a prosecutor, in the appropriate jurisdiction, to determine its prosecutorial merit.

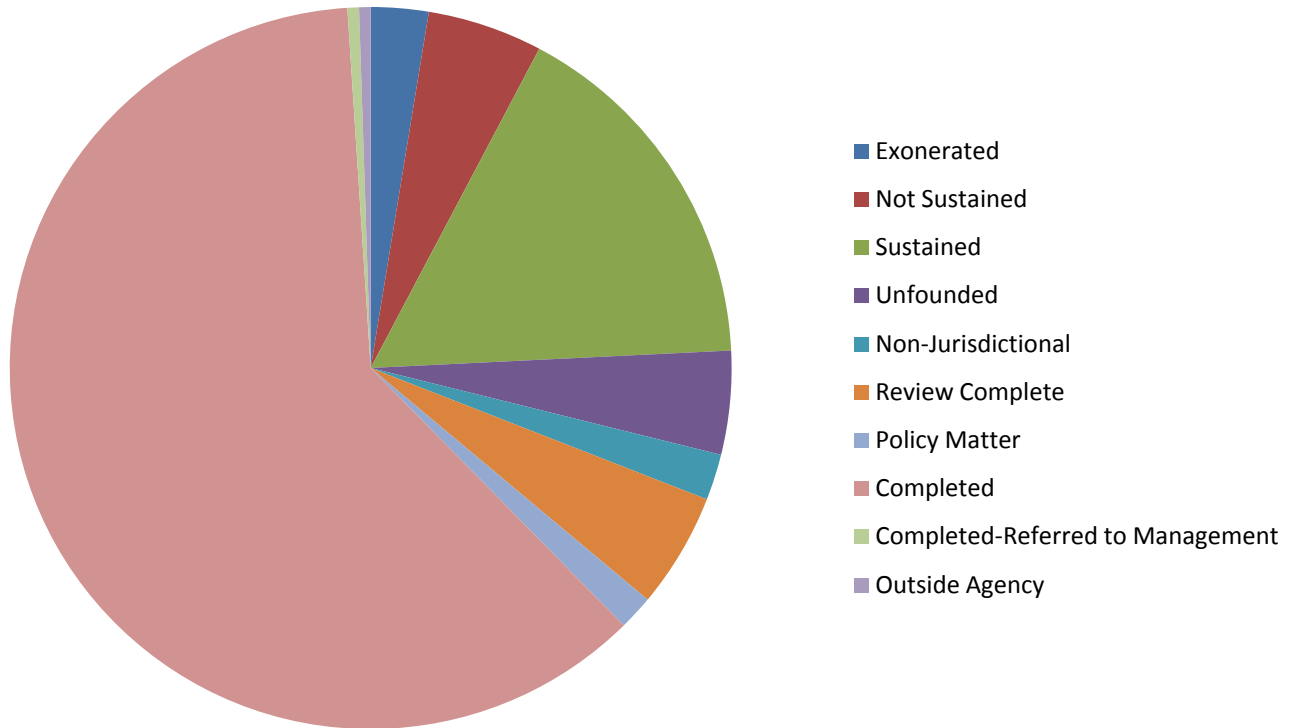
Completed investigations are reported in a case summary, and the recommended finding(s) are presented to the appropriate district or division director. If a case is closed with a *sustained* finding that a violation of a policy occurred, it is then management’s responsibility to determine the necessary corrective action. The OIG does not participate in recommending disciplinary action. Management consults with the Bureau of Personnel and the Office of General Counsel when determining the appropriate disciplinary action. This is important in ensuring that there is impartiality in the investigation, and consistency in how discipline is applied across the agency.



INVESTIGATIVE FINDINGS July 1, 2011 – June 30, 2012

Total Closed – 157

Total Findings – 194



CLASSIFICATIONS OF INVESTIGATIVE FINDINGS

- 1) **Sustained** – Allegation supported by sufficient evidence to justify a reasonable conclusion that the actions occurred and were violations.
- 2) **Completed** – Closure for background checks, public records requests, and miscellaneous complaints that does not warrant an investigation, issues referred to management, or cases closed by arrest.
- 3) **Review Complete** – Closure for management review, an investigative review or the review of a management issue.
- 4) **Not Sustained** – Insufficient evidence available to prove or disprove allegation. In some instances, not sustained may reflect that the alleged actions occurred but were not addressed by department policy.
- 5) **Unfounded** – Allegations which are demonstrably false or not supported by facts.
- 6) **Exonerated** – Alleged actions occurred but were lawful and proper.
- 7) **Withdrawn** – Complainant requests to withdraw the complaint or is unresponsive and no further action is required.
- 8) **Non-Jurisdictional** – Not within the jurisdiction of the Department of Environmental Protection.

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The table below depicts the number of issues completed by IIS for the fiscal year 2011-2012 **within each program area** of DEP.

DIVISION/DISTRICT	
Law Enforcement	33
Recreation and Parks	30
Water Resource Management	13
State Lands	5
Other	9
Office of the Secretary	16
Waste Management	9
Administrative Services	4
Coastal & Aquatic Managed Areas	3
Office of Greenways & Trails	0
South District	2
Northeast District	2
Northwest District	8
Southwest District	6
Environmental Assessment & Restoration	5
Southeast District	3
Air Resource Management	0
Central District	3
Office of Beaches & Coastal Systems	1
Office of Technology & Information Systems	3
Water Management District	2
Florida Geological Survey	0
Total Number of Cases Closed	157

The table below depicts the **type of issues completed** by IIS for the fiscal year 2011-2012 of DEP.

ACTIVITY	
Investigations	23
Miscellaneous Complaints	5
Investigative Reviews/Management Reviews	9
Preliminary Inquiry	84
Public Record Requests	26
Background Investigation/Inquiry	10
Total Number of Issues Completed	157

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**Investigation Cases Closed for
Fiscal Year 2011-2012**

Case Number	Allegations	Findings
II-03-06-2011-006	Management Review	Review Complete
II-03-15-2011-008	Investigative Review	Review Complete
II-01-07-2011-009	Negligence	Unfounded
II-01-18-2011-010	Conduct Unbecoming a Public Employee	Unfounded
II-01-06-2011-017	1.DEP 436 Discrimination & Harassment 2.Conduct Unbecoming a Public Employee 3.DEP 421 Violence-Free Workplace Policy 4.DEP 407 Nepotism 5.Conduct Unbecoming a Public Employee 6.Insubordination 7.DEP 390 Information Resources Security Policies & Standards 8.DEP 407 Nepotism 9.Conduct Unbecoming a Public Employee 10.Misconduct	Not Sustained Sustained Sustained Policy Matter Sustained Sustained Sustained Policy Matter Sustained Sustained
II-03-08-2011-018	Management Review	Exonerated
II-01-07-2011-023	1.DEP 436 Discrimination & Harassment 2.Conduct Unbecoming a Public Employee 3.DEP 436 Discrimination & Harassment 4.Conduct Unbecoming a Public Employee	Exonerated Not Sustained Not Sustained Not Sustained
II-03-08-2011-026	Management Review	Review Complete
II-01-08-2011-028	Conduct Unbecoming a Public Employee Violation of Law or Department Rules. To Wit: G.O.2.1-4(N)	Sustained Sustained
II-03-07-2011-029	Investigative Review	Review Complete
II-01-08-2011-032	General Orders 2-5 Secondary Employment	Unfounded
II-01-07-2011-033	DEP 436 Discrimination & Harassment DEP 390 Information Resources Security Policies & Standards	Sustained Sustained
II-01-15-2011-034	Conduct Unbecoming a Public Employee	Unfounded
II-13-08-2011-035	Miscellaneous Activity	Completed
II-03-07-2011-036	Investigative Review	Review Complete
II-01-08-2011-037	Poor Performance	Sustained
II-03-07-2011-038	Investigative Review	Review Complete
II-01-07-2011-039	DEP 436 Discrimination & Harassment DEP 436 Discrimination & Harassment	Unfounded Unfounded
II-01-08-2011-040	Violation of Law or Department Rules. To Wit: Division of Law Enforcement General Order 4-14.3(F)(1)(b) Traffic Crash Investigation	Sustained

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Case Number	Allegations	Findings
II-13-29-2011-041	Miscellaneous Activity	Completed
II-07-01-2011-042	Background Investigation/Inquiry	Completed
II-07-01-2011-043	Background Investigation/Inquiry	Completed
II-01-03-2011-044	1.Violation of Law or Department Rules. To Wit: F.S.837.06-False Official Statement 2.Insubordination	Sustained Sustained
II-01-07-2011-045	1.Violation of Law or Department Rules 2.Violation of Law or Department Rules 3.Conduct Unbecoming a Public Employee	Exonerated Policy Failure Sustained
II-04-03-2011-046	Preliminary Inquiry	Completed
II-08-08-2011-047	Public Records Request	Completed
II-04-14-2011-048	Preliminary Inquiry	Completed
II-08-14-2011-049	Public Records Request	Completed
II-08-08-2011-050	Public Records Request	Completed
II-08-14-2011-051	Public Records Request	Completed
II-08-08-2011-052	Public Records Request	Completed
II-08-08-2011-053	Public Records Request	Completed
II-04-07-2011-054	Preliminary Inquiry	Completed
II-04-15-2011-055	Preliminary Inquiry	Completed
II-04-02-2011-056	Preliminary Inquiry	Completed
II-04-19-2011-057	Preliminary Inquiry	Completed
II-04-01-2011-058	Preliminary Inquiry	Completed
II-08-08-2011-059	Public Records Request	Completed
II-04-08-2011-060	Preliminary Inquiry	Completed
II-04-16-2011-061	Preliminary Inquiry	Completed
II-04-08-2011-062	Preliminary Inquiry	Completed
II-08-12-2011-063	Public Records Request	Completed
II-04-01-2011-064	Preliminary Inquiry	Completed
II-04-17-2011-065	Preliminary Inquiry	Completed
II-04-20-2011-066	Preliminary Inquiry	Completed
II-04-02-2011-067	Preliminary Inquiry	Completed
II-04-20-2011-068	Preliminary Inquiry	Completed
II-04-15-2011-069	Preliminary Inquiry	Completed
II-04-07-2011-070	Preliminary Inquiry	Completed
II-04-07-2011-071	Preliminary Inquiry	Completed
II-08-29-2011-072	Public Records Request	Completed
II-04-21-2011-073	Preliminary Inquiry	Completed
II-04-08-2011-074	Preliminary Inquiry	Completed
II-08-08-2011-075	Public Records Request	Completed
II-08-15-2011-076	Public Records Request	Completed
II-08-08-2011-077	Public Records Request	Completed
II-04-01-2011-078	Preliminary Inquiry	Completed

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Case Number	Allegations	Findings
II-01-08-2011-079	Violation of Law or Department Rules	Sustained
II-04-12-2011-080	Preliminary Inquiry	Completed
II-04-11-2011-081	Preliminary Inquiry	Completed
II-04-12-2011-082	Preliminary Inquiry	Completed
II-08-08-2011-083	Public Records Request	Completed
II-04-08-2011-084	Preliminary Inquiry	Completed
II-08-08-2011-085	Public Records Request	Completed
II-08-08-2011-086	Public Records Request	Completed
II-04-12-2011-087	Preliminary Inquiry	Completed
II-04-19-2011-088	Preliminary Inquiry	Completed
II-13-21-2011-089	Miscellaneous Activity	Completed
II-04-08-2011-090	Preliminary Inquiry	Completed
II-08-08-2011-091	Public Records Request	Completed
II-04-01-2011-092	Preliminary Inquiry	Completed
II-13-21-2011-093	Miscellaneous Activity	Completed
II-04-26-2011-094	Preliminary Inquiry	Completed
II-04-07-2011-095	Preliminary Inquiry	Completed
II-04-19-2011-096	Preliminary Inquiry	Completed
II-04-07-2011-097	Preliminary Inquiry	Completed
II-01-07-2011-098	1.DEP 436 Discrimination & Harassment 2.Conduct Unbecoming a Public Employee 3.DEP 290 Internal Investigations 4.DEP 436 Retaliation 5.DEP 435 Violation of Law or Department Rules. To Wit: F.A.C.60L-35.003 Minimum Requirements 6.DEP 436 Discrimination & Harassment 7.DEP 435 Violation of Law or Department Rules. To Wit: F.A.C.60L-35.003 Minimum Requirements	Unfounded Sustained Sustained Not Sustained Sustained Unfounded Sustained
II-01-08-2011-099	1.DEP 436 Discrimination & Harassment 2.Insubordination 3.Conduct Unbecoming a Public Employee 4.Conduct Unbecoming a Public Employee 5.Conduct Unbecoming a Public Employee	Unfounded Sustained Sustained Not Sustained Sustained
II-04-21-2011-101	Preliminary Inquiry	Completed
II-04-26-2011-102	Preliminary Inquiry	Completed
II-04-08-2011-103	Preliminary Inquiry	Completed
II-07-01-2011-104	Background Investigation/Inquiry	Completed
II-08-08-2011-105	Public Records Request	Completed
II-04-21-2011-106	Preliminary Inquiry	Completed
II-03-07-2012-001	Investigative Review	Review Complete

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Case Number	Allegations	Findings
II-04-07-2012-002	Preliminary Inquiry	Completed/ Referred to Management
II-04-21-2012-003	Preliminary Inquiry	Completed
II-01-29-2012-004	DEP 436 Discrimination & Harassment	Sustained
II-04-14-2012-005	Preliminary Inquiry	Completed
II-04-07-2012-006	Preliminary Inquiry	Completed
II-04-21-2012-007	Preliminary Inquiry	Completed
II-04-14-2012-008	Preliminary Inquiry	Completed
II-04-12-2012-009	Preliminary Inquiry	Completed
II-04-07-2012-010	Preliminary Inquiry	Completed
II-04-15-2012-011	Preliminary Inquiry	Completed
II-04-18-2012-012	Preliminary Inquiry	Completed
II-04-08-2012-013	Preliminary Inquiry	Completed
II-04-29-2012-014	Preliminary Inquiry	Completed
II-04-07-2012-015	1.DEP 436 Discrimination & Harassment 2.DEP 435 Violation of Law or Department Rules. To Wit: DEP 315 Contractual Services Management	Review Complete Review Complete
II-04-11-2012-016	Preliminary Inquiry	Completed
II-08-12-2012-017	Public Records Request	Completed
II-04-07-2012-018	Preliminary Inquiry	Completed
II-04-08-2012-019	Preliminary Inquiry	Completed
II-04-15-2012-020	Preliminary Inquiry	Completed
II-04-12-2012-021	Preliminary Inquiry	Completed
II-04-16-2012-022	Preliminary Inquiry	Completed
II-01-15-2012-023	Violation of Law or Department Rules	Sustained
II-04-18-2012-024	Preliminary Inquiry	Completed
II-03-12-2012-025	Investigative Review	Review Complete
II-01-06-2012-026	DEP 436 Discrimination & Harassment	Not Sustained
II-01-17-2012-027	Conduct Unbecoming a Public Employee	Not Sustained
II-04-29-2012-028	Preliminary Inquiry	Completed
II-04-08-2012-029	Preliminary Inquiry	Completed
II-08-21-2012-030	Public Records Request	Completed
II-04-03-2012-031	Preliminary Inquiry	Non Jurisdictional
II-04-02-2012-032	Preliminary Inquiry	Completed
II-08-07-2012-033	Public Records Request	Completed
II-04-14-2012-034	Preliminary Inquiry	Completed
II-04-26-2012-035	Preliminary Inquiry	Completed
II-04-07-2012-036	Preliminary Inquiry	Completed
II-04-07-2012-037	Preliminary Inquiry	Completed

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Case Number	Allegations	Findings
II-01-07-2012-039	1.DEP 435.7 Recording Attendance & Leave (2 Counts) 2.DEP 435 Violation of Law or Department Rules. To Wit: State-Owned Residence Agreement of Occupancy, Section #12(2 Counts) 3. Conduct Unbecoming a Public Employee (2 Counts)	Sustained Sustained Not Sustained Not Sustained Sustained Sustained
II-04-02-2012-040	Preliminary Inquiry	Completed
II-08-03-2012-041	Public Records Request	Completed
II-04-08-2012-042	Preliminary Inquiry	Completed
II-08-14-2012-043	Public Records Request	Completed
II-01-12-2012-044	1.Misconduct 2.Conduct Unbecoming a Public Employee 3.Conduct Unbecoming a Public Employee 4.Violation of Law or Department Rules	Sustained Exonerated Exonerated Sustained
II-07-01-2012-045	Background Investigation/Inquiry	Completed
II-04-19-2012-046	Preliminary Inquiry	Non Jurisdictional
II-04-19-2012-047	Preliminary Inquiry	Non Jurisdictional
II-04-19-2012-048	Preliminary Inquiry	Non Jurisdictional
II-07-01-2012-049	Background Investigation/Inquiry	Completed
II-04-07-2012-050	Preliminary Inquiry	Completed
II-08-08-2012-051	Public Records Request	Completed
II-04-03-2012-052	Preliminary Inquiry	Completed
II-07-01-2012-054	Background Investigation/Inquiry	Completed
II-07-01-2012-055	Background Investigation/Inquiry	Completed
II-04-01-2012-056	Preliminary Inquiry	Completed
II-04-14-2012-057	Preliminary Inquiry	Completed
II-04-14-2012-058	Preliminary Inquiry	Completed
II-04-17-2012-059	Preliminary Inquiry	Completed
II-04-07-2012-060	Preliminary Inquiry	Completed
II-07-01-2012-061	Background Investigation/Inquiry	Completed
II-08-07-2012-062	Public Records Request	Completed
II-13-01-2012-063	Miscellaneous Activity	Completed
II-04-25-2012-065	Preliminary Inquiry	Completed
II-08-08-2012-066	Public Records Request	Completed
II-07-01-2012-067	Background Investigation/Inquiry	Completed
II-08-14-2012-068	Public Records Request	Completed
II-04-14-2012-070	Preliminary Inquiry	Completed
II-07-01-2012-072	Background Investigation/Inquiry	Completed
II-04-07-2012-073	Preliminary Inquiry	Completed
II-04-21-2012-078	Preliminary Inquiry	Completed

Case Number	Allegations	Findings
II-01-07-2012-079	Conduct Unbecoming a Public Employee	Closed/Completed
II-04-14-2012-080	Preliminary Inquiry	Completed
II-04-07-2012-084	Preliminary Inquiry	Completed
II-04-14-2012-087	Preliminary Inquiry	Completed

Performance Measures



Chapter 20.055, F.S. provides that the OIG advise the agency in the development of performance measures and standards. The OIG provides assessments of validity and reliability related to new or revised performance measures, included in DEP’s Long Range Program Plan, and the Legislative Budget Request. The OIG will continue to assess performance measures as necessary, and coordinate with agency program managers, the Office of Program Policy Analysis and Government Accountability (OPPAGA) in this effort. The OIG will also continue to support the Department in preparing legislatively-approved measures that are valid and reliable.

Professional Training

Staff members attended a variety of auditing, accounting, investigation, technical, and program evaluation workshops and training.

During 2011-2012, staff received the benefit from trainings and workshops that included current audit issues, ethics, fraud detection, technical security, contract management and monitoring, and investigative techniques. In addition, all sworn Investigators received the mandatory training hours to satisfy the Florida Law Enforcement training requirements. The opportunities were afforded through attending training and workshops sponsored by IIA, AIG, ACFE, FDLE and various state agencies.

Professional Affiliations

Staff within the OIG brings a diversity of background experience and expertise to the department. Staff has experience in auditing, accounting, banking, program evaluation and monitoring, budgeting, personnel management, investigations, grant administration, and local and state agencies’ activities.

OIG affiliates with the following professional organizations:

- Association of Certified Fraud Examiners (ACFE)
- Institute of Internal Auditors (IIA)
- National Association of Inspectors General (AIG)
- Florida Chapter of the Association of Inspectors General
- Association of Government Accountants (AGA)
- Florida Public Safety Institute
- Florida Order of Police (FOP)
- Police Benevolent Association (PBA)
- State Law Enforcement Chief’s Association (SLECA)

Technical Assistance

DEP 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. As a result of DEP’s relationship with these entities, we provide technical assistance to support and improve the operations of those entities.

Federal And State Single Audit Act Responsibilities

Section 215.97, Florida Statutes, states “Each nonstate entity that expends a total amount of state financial assistance equal to or in excess of \$500,000 in any fiscal year of such nonstate 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 Circular A-133 requirements, provided the entity has expended \$500,000 in federal financial assistance in its fiscal year.

Each year, our office reviews all audit reports submitted by entities that meet the requirements listed in Florida Statutes as well as the audit requirements listed in the Office of Management and Budget Circular A-133. During 2011-2012, our office reviewed 408 audit reports, issued 244 technical assistance memoranda, and logged 187 certifications of applicability.

Miscellaneous

Audit Work Plans and Risk Assessments

The OIG performs a full risk assessment every year for the department. This assessment is developed based on program responsibilities, key areas of risk, budgets, management of grants and contracts, 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 topics of importance and concern to managers.

The risk assessment evaluates a number of factors to equitably identify programs and functions in DEP, and the associated risks of operating those programs and functions.

Factors considered in the evaluation 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; and
- previous audits performed.

Programs and functions are scored based upon these factors, then reviewed further to determine the most efficient schedule of auditing the selected program and functions within the resources available.

Prior Year Audit Follow-up

Every six (6) months, the OIG conducts follow-up reviews on the status of outstanding audit findings. This review provides DEP management with information related actions taken in regards to outstanding audit findings of audits conducted by the OIG, Auditor General, Office of Program Policy Analysis and Government Accountability, and other agencies.