



Florida Department of Environmental Protection

Marjory Stoneman Douglas Building
3900 Commonwealth Boulevard
Tallahassee, Florida 32399-3000

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Jonathan P. Steverson
Secretary

September 12, 2016

Jana Sterling
Government Analyst II
Bureau of Auditing, Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399

Dear Ms. Sterling:

Enclosed is the Florida Department of Environmental Protection's response and corrective action plan for the audit findings pertaining to the Department of Financial Services audit on selected Department contracts and grants active November 01, 2015 through May 30, 2016 and related contract/grant management activities. If you have any questions in this regard, please call Candie Fuller, Inspector General, at 850-245-3151. Thank you for the opportunity to respond.

Sincerely,

[Redacted Signature]
Jonathan P. Steverson
Secretary

Enclosure

cc: Candie M. Fuller, Inspector General, FDEP

**Department of Environmental Protection
Response to Audit Findings
Department of Financial Services Audit
September 12, 2016**

Contract/Grant Agreement

Deficiency 1: The grant agreement with the **Florida Oceanographic Society** to restore oyster reefs and sea grass habitats in the St. Lucie Estuary, Caloosahatchee Estuary and the Indian River Lagoon did not contain a provision requiring the provider to refund unobligated funds and funds paid in excess of the amount to which the recipient is entitled as required by subsections 215.971(1)(e) and (f), Florida Statutes.

Department Response: The Department agrees that the language is unclear within the agreement. Although multiple provisions speak to reimbursement guidelines and overpayment, it is not explicit. Upon issuance of the next amendment, the agreement language will be updated. The Department does include this language as part of standard grant template.

Contract/Grant Management

Deficiency 2 - Inadequate Verification: The Department was unable to provide evidence that invoices submitted by the **Town of Longboat Key** (Town) were verified prior to approving payment. The Department reimbursed travel that was calculated using rates greater than the rates established in Section 112.061, F.S. or that was submitted as a lump sum amount without the detailed supporting documentation to substantiate the charges. Additionally, the Department was unable to provide evidence that the supporting documentation for invoices submitted by the **United States Department of Agriculture, Animal, Plant, Health Inspection Services Wildlife Services (USDA)** was reviewed to ensure the expenses were allowable, reasonable and necessary prior to reimbursement.

Department Response: The Department agrees that the agreement does not specifically address allowable expenses, although it does not prohibit such expenses. The program is in the process of amending the agreement to clearly address allowable expenses.

Deficiency 3 - Documentation: The agreement with **Sunset Marina** provided funding through the Federal Clean Vessel Act for the construction, renovation, operation and maintenance of waste reception facilities necessary to keep coastal and river waters clean. For the three (3) invoices selected for audit, the contract management file did not contain documentation to evidence the contract manager's verification that the deliverables were met prior to payment of the invoices. Likewise, for two (2) of the three (3) invoices reviewed by the auditor for services provided under the agreement with the **Florida Oceanographic Society**, the contract management file did not contain documentation of the contract manager's verification of deliverables. The Department stated that checklists

were developed for contract managers to use during the payment review process but were not always utilized or retained in the contract management file.

Department Response: The Department agrees that the supporting documentation was missing. The program is working on procedures to ensure that all documentation is present within the contract manager's file.

Deficiency 4 – Monitoring: The City of Jacksonville (City) administers the petroleum restoration program on behalf of DEP by providing field management and oversight by city personnel. The agreement requires the Department to perform an annual review of twenty-five percent (25%) or a percentage at the Department's discretion, of the site files for documentation, administration and technical requirements. The Department stated that onsite monitoring was conducted; however, a monitoring plan or tool and documentation to support the conclusions made during the monitoring site visits was not provided. Additionally, the Department conducted on site monitoring visits of the **Florida Oceanographic Society** and provided photographs upon the auditor's inquiry; however, there was no evidence to support a review of files or expenses, and there was no documentation of the Department's monitoring activities found in the contract management file.

Department Response: The Department agrees that although monitoring was completed, it was not fully documented. The program is working to ensure procedures are in place to document monitoring activities.

Deficiency 5 – Cost Analysis: The Department provided a cost analysis for **Sunset Marina** stating that the costs were in alignment with previously awarded contracts; however, there was no documentation included to support the conclusions stated on the Department's internal cost analysis forms. Additionally, the Department had not completed a cost analysis prior to the execution of the agreement with **USDA**. Broad expense categories in the agreement's financial plan did not clearly identify allowable expenses within each category and did not satisfy the requirement of section 216.3475, F.S. There was no evidence that expenses were pre-evaluated for compliance with the Reference Guide for State Expenditures to determine if they were allowable, reasonable or necessary. The Department has since completed an analysis dated June 14, 2016; however, did not include documentation to support the conclusions drawn.

Department Response: The Department agrees that the supporting documentation for the cost analysis was missing. Procedures have been put into place within the program to ensure that all cost analysis results are fully documented within the contract manager's file.