



Department of Environmental Protection Office of Inspector General

March 26, 2024

Report A-2324DEP-007

Audit of Agreement 22FRP89 with Town of Greenville for Southside Flooding Mitigation

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement 22FRP89 (Agreement) with Town of Greenville (Grantee) for Southside Flooding Mitigation. This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2023-2024.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit included the requirements, deliverables, disbursement, and oversight associated with the Agreement between the Department and the Grantee from June 7, 2022, to present. The objectives of the audit were to:

- Determine whether the Grantee complied with the requirements of the Agreement, including deliverables and disbursements.
- Evaluate Department oversight and internal controls over the Grantee's compliance with the Agreement.

To achieve our audit objectives, our methodology included a review of statutory and Agreement requirements, authoritative documentation, financial records, Agreement activity documentation, and interviews with Department staff and the Grantee.

BACKGROUND

Pursuant to § 380.093, Florida Statutes (F.S.), the Department administers the Resilient Florida Grant Program, where the Department provides grants to counties, municipalities, water management districts, flood control districts, and regional resilience entities. The program looks to effectively address the impacts of flooding and sea level rise by providing eligible applicants with funding to analyze and plan for vulnerabilities as well as implement projects for adaptation and mitigation. The program is administered by the Department's Office of Resilience and Coastal Protection (ORCP).

The Department entered into the Agreement with the Grantee on June 7, 2022. The Agreement is for the Town of Greenville Southside Flooding Mitigation (Project), which looks to improve the Grantee's stormwater drainage system to reduce flooding experienced by residents on the southside of town. The Agreement is cost reimbursement, where the Grantee will be compensated for costs that meet the contractual (subcontractors) budget category requirements. The Agreement expires on September 30, 2026, with the total amount of funding available set at \$660,000. The Agreement includes four tasks with associated deliverables. At the time of our review, the Grantee had only received interim payments for Task 1. The budget and timeline for each task is provided in the table below.

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Task No.	Task Title	Budget Category	Total Amount	Task Start Date	Task Due Date
1	Design and Permitting	Contractual Services	\$97,000	Upon Execution	6/30/26
2	Bidding and Contractor Selection	Contractual Services	\$8,000	Upon Execution	6/30/26
3	Project Management	Contractual Services	\$30,000	Upon Execution	6/30/26
4	Construction	Contractual Services	\$525,000	Upon Execution	6/30/26
Total:			\$660,000		

RESULTS OF AUDIT

During the audit, we reviewed documentation and records relating to the Agreement's requirements, the Grantee's completion of the tasks and deliverables, and the subsequent payment requests. Our review was limited to the work and activities completed thus far since the Project is ongoing and the Agreement does not expire until 2026. A summary of our review is below.

Review of Deliverables and Payments

Based on our review, the Grantee had not completed any of the four tasks but had received four interim payments for work completed-to-date relating to Task 1. The deliverables for Task 1 are as follows:

Task 1: Design and Permitting

Deliverables: The Grantee will submit all final design documents as signed by a Florida-registered Professional Engineer. The Grantee will also submit final permit documents from all appropriate state and federal regulatory agencies.

Although no tasks were completed during our review, the Agreement allows for interim payments. The Agreement states: *Interim payments may be made by Department, at its discretion, if the completion of deliverables to date have first been accepted in writing by Department's Grant Manager.* For interim payment requests, the Grantee was to submit Exhibit A, Progress Report Form, detailing all work progress made during that payment request period, and Exhibit C, Payment Request Summary Form. The Department's Grant Manager was to review the deliverable(s) to verify that they meet the specifications in the Grant Work Plan and the task description, to include any work being performed by the subcontractor. The Grantee was to forward copies of all documentary evidence of any work associated with the Agreement submitted by the subcontractor. Upon the Department's receipt of Exhibits A and C, along with all supporting fiscal documentation and deliverables, the Department's Grant Manager has ten (10) working days to review and approve or deny the payment request.

Additionally, the Agreement requires *reimbursement requests for payments to subcontractors must be substantiated by copies of invoices with backup documentation identical to that required from the Grantee*, which includes providing supporting documentation to substantiate cost reimbursement for the budget categories of Salary/Wages, Overhead/Indirect/General and Administrative Costs, and Contractual Costs. Subcontracts which involve payments for direct salaries shall clearly identify the personnel involved, salary rate per hour, and hours spent on the Project. All eligible multipliers used (i.e., fringe benefits, overhead, indirect, and/or general and administrative rates) shall be supported by audit.

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The Agreement also states: *For interim payment requests, Exhibit A may serve as the deliverable for a task... Interim payment requests cannot be made more frequently than monthly.* Based on our review, the Grantee submitted requests for interim payments 1, 2 and 3 on the same day of February 23, 2023. And the Grantee was paid for interim payment requests 1, 2, and 3 on the same day of March 9, 2023. Interim payment 4 was paid in September 2023. See summary of each payment request below.

Payment 1

The Grantee submitted Exhibit A detailing the work performed from June 7 to June 30, 2022. Exhibit A included the progress for the reporting period, stating Task 1 was 10 percent complete and a survey was completed for the Project area, and design and construction documents had been started. Along with Exhibit A, the Grantee provided a Topographic Survey. The Grantee also submitted Exhibit C requesting \$10,455 for Contractual Services during the performance period of June 8 to June 30, 2022. Along with Exhibit C, the Grantee provided a copy of an invoice from the subcontractor. The invoice totaled \$10,455 for services rendered June 8 to June 30, 2022. However, the invoice is not itemized and only lists charges of \$4,555 for Task 1 and \$5,900 for a survey for Task 1. The Agreement requires: *If any work associated with this Agreement is completed by a subcontractor(s), the Grantee shall require that such subcontractor(s) submit documentary evidence (e.g., workshop agendas; meeting recordings) to Grantee demonstrating that the subcontractor(s) has fully performed its Project obligation(s). The Grantee shall forward copies of all such documentary evidence to the Department with the Grantee's relevant deliverable(s).* Additionally, the Agreement requires reimbursement requests for payments to subcontractors must be substantiated by copies of invoices with backup documentation identical to that required from the Grantee. Although the Grantee provided proof of payment to the subcontractor, no backup documentation was provided to support the charges on the subcontractor's invoice. Payment was made to the Grantee on March 9, 2023, for the invoiced amount of \$10,455.

Payment 2

The Grantee submitted Exhibit A detailing the work performed from July 1, 2022, to September 30, 2022. Exhibit A included the progress for the reporting period, stating Task 1 was 30 percent complete and a preliminary construction document was drafted, a hydrologic model of the Project area is being assembled, a pre-application meeting with SRWMD (Suwannee River Water Management District) was completed, and a wetland delineation of the Project area was completed. Along with Exhibit A, the Grantee provided construction documents dated July 2022 and September 2022, and a wetland delineation dated October 2022. However, the Grantee did not submit documentary evidence of a hydrologic model or a pre-application meeting with SRWMD. The Grantee also submitted Exhibit C requesting \$27,330 for Contractual Services for the performance period of July 1, 2022, to September 30, 2022. Along with Exhibit C, the Grantee provided copies of two invoices from the subcontractor; however, neither invoice is itemized. The first invoice totaled \$9,110 for Task 1 services rendered from July 1 to September 30, 2022. The second invoice totaled \$18,220 for Task 1 services over the same service period. Although the Grantee provided proof of payment to the subcontractor, no backup documentation was provided to support the charges listed in the subcontractor's invoices. Both invoices were for the same time period and both list charges for Task 1, but with no back documentation we could not determine how the charges were calculated and whether there may have been duplicate charges included. Payment was made to the Grantee on March 9, 2023, for the invoiced amount of \$27,330.

Payment 3

The Grantee submitted Exhibit A detailing the work performed from October 1, 2022, to December 31, 2022. Exhibit A included the progress for the reporting period, stating Task 1 was 35 percent completed and a preliminary construction document had been drafted and is being reviewed, a

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hydrologic model of the Project area is being assembled, a pre-application meeting with SRWMD was completed, a wetland delineation of the Project area was completed and is being reviewed. Much of the progress documented on Exhibit A was duplicated from the prior form for Payment 2. The only difference was the construction document, and the wetland delineation documents are *being reviewed*. These documents were provided to the Department with interim payment request 2. Additionally, documentary evidence of a hydrologic model or a pre-application meeting with SRWMD was not provided. The Grantee also submitted Exhibit C for Contractual Services totaling \$2,733 for a performance period of October 1, 2022, to December 31, 2022. Along with Exhibit C, the Grantee provided a copy of an invoice from the subcontractor. The invoice totals \$2,733 for services rendered through November 30, 2022. However, the invoice is not itemized and lists the current amount due for Task 1 of \$2,733. Although the Grantee submitted proof of payment to the subcontractor, no backup documentation was provided to support the charges listed in the subcontractor's invoice. Payment was made to the Grantee on March 9, 2023, for the invoiced amount of \$2,733.

Payment 4

The Grantee submitted Exhibit A detailing the work performed from January 1, 2023, to March 31, 2023. Exhibit A stated Task 1 was 40 percent complete and describes the progress for the reporting period as: *Coordination with SRWMD on wetland impacts and mitigation to find a path forward on permitting. Coordination with grant manager on if current funding can be applied towards wetland mitigation per the current grant agreement Working on finding additional sources of funding for wetland mitigation fees*. However, no documentary evidence of coordination with SRWMD or the Department Grant Manager was provided. The Grantee submitted Exhibit C requesting \$10,932 for Contractual Services during the performance period of January 1, 2023, to March 31, 2023. Along with Exhibit C, the Grantee provided copies of two invoices from the subcontractor; however, neither invoice is itemized. The first invoice, for services rendered through February 28, 2023, lists charges of \$6,377 for Task 1. The second invoice, for services rendered through March 31, 2023, lists charges of \$4,555 for Task 1. Although the Grantee provided proof of payment to the subcontractor, no backup documentation was provided to support the charges listed in the subcontractor's invoices. Payment was made to the Grantee on September 5, 2023, for the invoiced amount of \$10,932.

Department Oversight

Based on our review, interim deliverables were approved and payments were made to the Grantee even though the Grantee had not complied with all the terms of the Agreement. Our review found the Grantee submitted Exhibits A and C for all four interim payment requests. The four interim payment requests total \$51,450, which is within the budgeted amount for Task 1. All tasks and deliverables are due on June 30, 2026; thus, the partial deliverables completed for Task 1 were submitted timely. The Grantee submitted proof of payment for each request showing the requested amount was paid to the subcontractor, and all four interim payment requests were accepted in writing by the Department. However, the Grantee submitted requests for interim payments 1, 2 and 3 on the same day of February 23, 2023. The Grantee was paid for interim payment requests 1, 2, and 3 on the same day of March 9, 2023, although the Agreement states: *Interim payment requests cannot be made more frequently than monthly*. Additionally, as noted above, the Grantee did not provide all documentary evidence of the work described in Exhibit A for Payment 2, Payment 3, and Payment 4, as required, and invoices from the subcontractor were not itemized and did not contain required backup documentation to support the charges.

During our review, we requested missing documentary evidence and itemized invoices from ORCP staff. We were provided a SharePoint link with invoices and related documentation. The SharePoint link included invoices from the subcontractor, itemized summary information, and other supporting documentation. The supporting documentation included a hydrologic model, pre-

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application meeting minutes, an updated wetland delineation, and email correspondence. The itemization summaries were not detailed by cost but listed some services rendered based on the related invoice. The documentation was provided by the Grantee to ORCP in response to our request and not prior to receiving payment.

Additionally, our review noted the Agreement had some Department Grant Manager changes and several Grant Manager delegations. Grant Manager responsibilities appear to have been delegated to contracted staff who are not Department or State employees. Pursuant to § 215.971(2), F.S., *For each agreement funded with federal or state financial assistance, the state agency shall designate an employee to function as a grant manager who shall be responsible for enforcing performance of the agreement's terms and conditions and who shall serve as a liaison with the recipient or subrecipient.* While our review found that a Department employee was designated as the Grant Manager, the duties of the Grant Manager had been delegated to contracted staff. The contracted staff communicated with the Grantee, representing themselves as the Grant Manager and as a Department employee. The contracted staff also reviewed and approved deliverables, and on one occasion notified the Grantee that *The Department's Delegated grant manager for...will be changing to* [another contracted staff].

Additionally, § 215.971(2)(a), F.S. states *each grant manager responsible for agreements in excess of \$100,000 annually must complete the training and become a certified contract manager as provided under s. 287.057(15), F.S.* The Florida Department of Management Services is responsible for establishing and disseminating the training and certification requirements for certified contract managers. Certification for the Florida Certified Contract Manager (FCCM) requires successful completion of six online training modules, an online instructor-led training, and a final assessment, with a minimum score of 80%. Contracted staff are not eligible to attend the training or become an FCCM pursuant to Rule 60A-1.041, Florida Administrative Code, which states certification *shall be offered only to employees of Florida Government Entities.*

CONCLUSION

Based on our review, the Grantee had not completed any of the tasks outlined in the Agreement but had received four interim payments for work completed to date. Our review found that internal controls could be strengthened to ensure the Grantee does not receive cost reimbursement prior to providing all supporting documentation, as required by the Agreement. Our finding and recommendation are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Payment Requests – The Grantee received reimbursement too frequently and for costs that lacked proper supporting documentation, as required by the Agreement.

Our review found the Grantee received reimbursement for costs that lacked supporting documentation as required by the Agreement. The Agreement requires the Grantee to submit documentary evidence of any work associated with the Agreement as well as invoices with backup documentation. During our review, no tasks had been completed although there had been four interim payments made to the Grantee. The Agreement allows for interim payments, stating: *Interim payments may be made by Department, at its discretion, if the completion of deliverables to date have first been accepted in writing by Department's Grant Manager.* For interim payment requests, the Grantee was to submit Exhibit A, Progress Report Form, detailing all work progress made during that payment request period, and Exhibit C, Payment Request Summary Form.

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The Agreement also requires: *If any work associated with this Agreement is completed by a subcontractor(s), the Grantee shall require that such subcontractor(s) submit documentary evidence (e.g., workshop agendas; meeting recordings) to Grantee demonstrating that the subcontractor(s) has fully performed its Project obligation(s). The Grantee shall forward copies of all such documentary evidence to the Department with the Grantee's relevant deliverable(s).* Additionally, the Agreement requires reimbursement requests for payments to subcontractors must be substantiated by copies of invoices with backup documentation identical to that required from the Grantee, which includes providing supporting documentation to substantiate cost reimbursement for the budget categories of Salary/Wages, Overhead/Indirect/General and Administrative Costs, and Contractual Costs. Subcontracts which involve payments for direct salaries shall clearly identify the personnel involved, salary rate per hour, and hours spent on the Project. All eligible multipliers used (i.e., fringe benefits, overhead, indirect, and/or general and administrative rates) shall be supported by audit.

All four payment requests contained Exhibits A and C. However, payment requests 2, 3, and 4, did not include all the documentary evidence to support the progress noted on Exhibit A. The Grantee also submitted subcontractor invoices along with Exhibit C; however, the invoices were not itemized and backup documentation to support the charges listed in the invoices were not provided prior to the Grantee receiving payment. Additionally, our review noted for payment 2, the Grantee provided copies of two invoices from the subcontractor. The first invoice totaled \$9,110 for Task 1 services rendered from July 1 to September 30, 2022. The second invoice totaled \$18,220 for Task 1 services over the same service period. Both invoices were for the same time period and both list charges for Task 1, but with no backup documentation provided we could not determine how the charges were calculated and whether there may have been duplicate charges included.

Additionally, the Agreement states: *Interim payment requests cannot be made more frequently than monthly.* Our review found the Grantee submitted requests for interim payments 1, 2 and 3 on the same day of February 23, 2023, and the Grantee was paid for interim payment requests 1, 2, and 3 on the same day of March 9, 2023. The four interim payment requests totaled \$51,450.

Recommendations:

- 1.1 We recommend ORCP review the cost reimbursement payments made under this Agreement and obtain the backup documentation for all invoices reimbursed to determine whether costs were for eligible expenditures and did not contain any duplicate charges.
- 1.2 We recommend ORCP work with Grant Managers to ensure payment requests are adequately reviewed and appropriate supporting documentation is received prior to approval of reimbursement, as required by the Agreement.

Management Response & Planned corrective action:

- The interim payment request language was removed from the Program's OGC-approved Attachment 3 in June 2023. The Deliverables, Performance Measures, and Payment Request Schedule language have been updated in all Program grant agreements to require more clear, strong, and strict deliverables, and to only reimburse grantees following the completion of a partial or full formal deliverable.
- Deliverables are now required to be reviewed by a second-level grant reviewer prior to the Department grant manager providing the grantee with a deliverable acceptance or non-acceptance letter. Payment requests are required to be reviewed by two Budget Section staff and two Grants Section staff (a primary and second-level review from each section)

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prior to processing the payment request. This will ensure that sufficient documentation has been received prior to deliverable acceptance and reimbursement.

- The Documentary Evidence Requirement for Subcontractor(s) was removed from the Program's OGC-approved Attachment 2 in January 2024. The language is no longer included in Program grant agreements, and it is also being proactively removed from current grant agreements through formal amendments. Further discussion with the Program administrators and OGC concluded that the language was not necessary as an additional term in the grant agreements as it is otherwise provided and sufficiently documented with the relevant grant deliverables and Exhibit C. The Program has also strengthened the grant deliverables, so this additional documentation is not necessary to ensure subcontractor performance.
- The Program is conducting a review of all deliverables that have been previously approved under Program grant agreements to ensure that required documentation was provided by the grantee and that the Department grant manager provided the appropriate response.
- The Program will update the title and messaging (to the grantees) for the contracted staff to ensure transparency on the different roles that contracted staff have in comparison to the Department grant managers. This includes providing grantees with a notice of title change, updating the contracted grant managers email signature blocks, updating the Staff Information page on the Resilient Florida Program website, and updating all messaging with grantees and stakeholders regarding the contracted grant managers role within the Program and the grant agreements.

Date of anticipated implementation: July 1, 2024

STATEMENT OF ACCORDANCE

Statement of Accordance

The Mission of the OIG is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

This work product was prepared pursuant to § 20.055, Florida Statutes, in accordance with the *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and the *International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors, Inc. The audit was conducted by Melanie Prescott and supervised by Susan Cureton.

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Office of Ombudsman and Public Services
public.services@floridadep.gov
(850) 245-2118

Candie M. Fuller,
Inspector General