



Department of Environmental Protection Office of Inspector General

November 30, 2023

Report A-2324DEP-006

Audit of Agreement CZ418 with Town of Lauderdale by the Sea

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement CZ418 (Agreement) with the Town of Lauderdale by the Sea (Grantee). 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 reviewing the activities, records, and disbursements associated with the Agreement between the Department and the Grantee, from August 3, 2021, to the 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 Grantee's compliance with the Agreement.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Agreement, attachments, change orders, and amendments.
- Conducting analyses of Grantee and subcontractor activities and related purchase order documents.
- Reviewing associated records and documentation; including, deliverables, invoices, communications, and other supporting documentation.
- Interviewing appropriate Department employees and management regarding the processes and controls used in the duration of the Agreement.

BACKGROUND

On August 3, 2021, the Department entered into the Agreement with the Grantee and awarded \$30,000. The Agreement requires at least a 100% match on the part of the Grantee. Therefore, the Grantee is responsible for providing \$30,000 through cash or third party in-kind towards the project funded under this Agreement. The project funded under the Agreement was to create a Dune Restoration and Creation Plan (Plan) for the Town of Lauderdale by the Sea. The purpose of the Plan was to encompass a technical, regulatory, and environmentally-sound dune enhancement design that will provide enhanced erosion protection and increased local/regional

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habitat and biodiversity within the beach/dune community. Oversight of the Agreement was provided by the Office of Resilience and Coastal Protection (ORCP).

There was one Change Order, executed on December 21, 2021, which replaced the Project Timeline found in Attachment 3 and extended the due date for Task 3. The final version of the Grant Work Plan included four tasks with six deliverables to be performed by their respective due dates.

RESULTS OF AUDIT

During the audit, we reviewed Grantee compliance with requirements of the Agreement, deliverables, disbursements, ORCP oversight, and internal controls. Based on our review we found the following:

Task Deliverables

The Agreement included four tasks, each with respective deliverables and due dates as shown in the table below. Based on our review, it appears all tasks were performed with their deliverables submitted and provided timely, in accordance with the Agreement.

Task No.	Task and Deliverable	Deliverable Due Date
1	Site Assessment/Survey Florida Inventory <ul style="list-style-type: none"> • Existing dune conditions base map including flora inventory 	10/31/2021
2	Engineering Modeling <ul style="list-style-type: none"> • Engineering Report with comparative dune design and flood zone location figures. 	10/31/2021
3	Consultation Meetings (Regulatory Agencies) <ul style="list-style-type: none"> • Information Package for Agencies (Presented at Meeting) • Consultation Meetings (One per Agency) 	2/18/2022
4	Dune Restoration and Creation Plan <ul style="list-style-type: none"> • Preliminary Master Plan 	3/31/2022
	<ul style="list-style-type: none"> • Final Dune Restoration and Creation Plan 	5/30/2022

Additional Reporting Requirements

In addition to the tasks and corresponding deliverables, the Agreement required the following:

Quarterly Reports: The Agreement requires, *The Grantee shall submit status reports quarterly on Exhibit A, Progress Report Form, to Department's Grant Manager describing the work performed during the reporting period, problems encountered, problem resolutions, scheduled updates, and proposed work for the next reporting period. Quarterly status reports are due no later than five (5) days following the completion of the quarterly reporting period. For the purposes of this reporting requirement, the quarterly reporting periods end on March 31, June 30, September 30 and December 31. The Department will review the required reports submitted by Grantee within thirty (30) days.* Our review found there were no quarterly reports provided, and the requirement had been waived by the Grant Manager without an amendment, change order, or related authority.

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Final Report: The Agreement requires, *The Grantee shall also submit a Final Project Report utilizing **Exhibit F, Final Project Report Form**, attached hereto and made a part hereof, along with the final quarterly progress report. If the Grant Work Plan requires a Final Report, the Grantee will report those expenditures to the Department in the Final Report, as required. A draft of the Final Project Report shall be submitted electronically to the Department’s Grant Manager for approval. After approval by the Department’s Grant Manager, one (1) electronic copy of the Final Project Report shall be submitted to the Department’s Grant Manager. Final payment will be held until receipt and approval of the Final Project Report.* Based on our review, it appears no draft report was submitted or approved by the Department’s Grant Manager. The Grantee did submit the Final Report on August 12, 2022, which was completed on the correct Exhibit F, Final Project Report Form. According to the documents provided, the Final Report was submitted with the final and only payment request. However, our review found there was no approval of the Final Report provided.

Disbursements

According to our review, all reimbursements appear to have been made for eligible expenditures of contractual services. However, based on our review, ORCP incorrectly calculated the amount reimbursed for Tasks 2 and 3, and the Grantee received \$162.55 more than what was allowed. The Agreement states: *The Agreement requires at least a 100% match on the part of the Grantee. Therefore, the Grantee is responsible for providing \$30,000 through cash or third party in-kind towards the project funded under this Agreement. The Grantee may claim allowable project expenditures made upon execution or after for purposes of meeting its match requirement....* The Agreement further states, *Grantee may submit a payment request for cost reimbursement upon completion of each task and Department approval of all associated task deliverables.*

The table below is based on the itemized Budget Detail By Task in the Agreement. As shown in the table, the Grantee invoiced \$14,550.90 for Task 2 and should have been reimbursed 50% (or \$7,275.45). However, the Grantee received \$7,500 in reimbursement. Similarly, for Task 3, the Grantee invoiced \$4,997.10 and should have been reimbursed 50% (or \$2,498.55); however, the Grantee was reimbursed \$2,436.55. Overall, the Grantee should have been reimbursed \$29,274.00 instead of \$29,436.55.

Description	Task 1	Task 2	Task 3	Task 4	Total
Allowable Amount	\$9,000.00	\$7,500.00	\$3,000.00	\$10,500.00	\$30,000.00
100% Match Requirement	\$9,000.00	\$7,500.00	\$3,000.00	\$10,500.00	\$30,000.00
Total Amount Allowed	\$18,000.00	\$15,000.00	\$6,000.00	\$21,000.00	\$60,000.00
Total Amount Invoiced	\$19,998.75	\$14,550.90	\$4,997.10	\$30,000.00	\$69,546.75
Total Allowable Reimbursement (based on 100% match)	\$9,000.00	\$7,275.45	\$2,498.55	\$10,500.00	\$29,274.00
Total Amount Reimbursed to Grantee	\$9,000.00	\$7,500.00	\$2,436.55	\$10,500.00	\$29,436.55
Amount Reimbursed Over or Under Allowed Amount	\$0.00	\$224.55	\$62.00	\$0.00	\$162.55

Proof of Payment

According to the Agreement, required back-up documentation for each deliverable includes *copies of invoices and canceled checks*. However, the checks provided by the Grantee were copies of checks and not canceled versions. During our review, we requested copies of canceled checks from the Grant Manager; however, they were unable to provide the requested documentation.

CONCLUSION

Although the Grantee generally completed the tasks and associated deliverables, as required by the Agreement, our review found internal controls and oversight regarding the review and approval of required documentation could be improved. Our finding and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Department Oversight – The Grantee did not submit all required documentation and received reimbursement for more than what was allowed under the terms of the Agreement.

Required Documentation

While our review found the Grantee completed all tasks and associated deliverables, the Agreement contained other requirements which were not always completed. Based on our review, the following documentation was not received prior to approval of payment:

- **Proof of Payment Documentation:** According to the Agreement, required back-up documentation for each deliverable includes *copies of invoices and canceled checks*. However, the checks provided by the Grantee were copies of checks and not canceled versions. During our review, we requested copies of canceled checks from the Grant Manager; however, they were unable to provide the requested documentation.
- **Quarterly Reports:** The Agreement states *the Grantee shall submit status reports quarterly on Exhibit A, Progress Report Form, to Department's Grant Manager describing the work performed during the reporting period, problems encountered, problem resolutions, scheduled updates, and proposed work for the next reporting period. Quarterly status reports are due no later than five (5) days following the completion of the quarterly reporting period.* However, the Grantee did not submit any quarterly reports. According to the Grant Manager this requirement was waived without a formal amendment or change order, as required by the Agreement.
- **Draft Report and Final Report Approval:** The Agreement requires, *A draft of the Final Project Report shall be submitted electronically to the Department's Grant Manager for approval. After approval by the Department's Grant Manager, one (1) electronic copy of the Final Project Report shall be submitted to the Department's Grant Manager. Final payment will be held until receipt and approval of the Final Project Report.* Based on our review, it appears no draft report was submitted or approved by the Department's Grant Manager. The Grantee did submit the Final Report on August 12, 2022, which was completed on the correct Exhibit F, Final Project Report Form. According to the documents provided, the Final Report was submitted with the final and only payment request. However, our review found there was no approval of the Final Report provided.

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Reimbursement Overage

Our review found ORCP incorrectly calculated the amount reimbursed for Tasks 2 and 3, and the Grantee received \$162.55 more than what was allowed. The Agreement states: *The Agreement requires at least a 100% match on the part of the Grantee. Therefore, the Grantee is responsible for providing \$30,000 through cash or third party in-kind towards the project funded under this Agreement. The Grantee may claim allowable project expenditures made upon execution or after for purposes of meeting its match requirement....* The Agreement further states, *Grantee may submit a payment request for cost reimbursement upon completion of each task and Department approval of all associated task deliverables.* The table below is based on the itemized Budget Detail By Task in the Agreement. As shown in the table, the Grantee invoiced \$14,550.90 for Task 2 and should have been reimbursed 50% (or \$7,275.45). However, the Grantee received \$7,500 in reimbursement. Similarly, for Task 3, the Grantee invoiced \$4,997.10 and should have been reimbursed 50% (or \$2,498.55); however, the Grantee was reimbursed \$2,436.55. Overall, the Grantee should have been reimbursed \$29,274.00 instead of \$29,436.55.

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Amount Reimbursed Over or Under Allowed Amount	\$0.00	\$224.55	\$62.00	\$0.00	\$162.55

Recommendations:

- 1.1 We recommend ORCP implement stronger internal controls to ensure Grant Managers review agreement requirements and ensure adequate documentation has been provided prior to approving payment.
- 1.2 We recommend ORCP ensure modifications of work to an agreement are not completed without a properly executed amendment or change order, as required.
- 1.3 We recommend ORCP seek reimbursement for payments made to the Grantee which were over the allowable amount based on match requirements.

Management Response:

- 1.1 RCP concurs with the recommendation in the report.

Planned corrective action: Grant Managers will take action to strengthen internal controls for reviewing payment request packets and ensuring adequate documentation has been provided for

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all payments in accordance with the agreement. FCMP hired an additional grant manager for the program earlier this year, expanding program capacity for adequate review of deliverables and payment requests.

Date of anticipated implementation: December 1, 2023

1.2 RCP concurs with the recommendation in the report.

Planned corrective action: Grant Managers will work to ensure that all changes to the original agreements are properly changed and executed as required. Grant Manager has already implemented the use of standard grant language for communications with grantees. This standard language includes all reporting requirements that are included in the program specific terms and conditions. Having this process in place will ensure that all grantees are fully aware of all reporting requirements prior to execution and throughout the project period.

Date of anticipated implementation: December 1, 2023

1.3 The Grantee invoiced \$69,546.75, providing \$30,000 as match. The grantee was reimbursed \$29,436.55, which meets/exceeds the 1:1 match requirement for the program. FCMP concurs that the agreement language should be clarified.

Planned corrective action: Grant Manager will work with OGC to modify the standard grant template to clearly allow the Grantee's match to be matched to the entire project amount rather than matching specific tasks/deliverables.

Date of anticipated implementation: January 15, 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 Tessa Jordan 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