



## Department of Environmental Protection Office of Inspector General

July 12, 2024

Report A-2324DEP-004

### ***Audit of Agreement L2102 with City of Gulf Breeze for the Shoreline Park Wetlands Trail Boardwalk***

#### ***INTRODUCTION***

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement L2102 with the City of Gulf Breeze (Grantee) for the Shoreline Park Wetlands Trail Boardwalk (Project). 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 this audit includes the requirements, deliverables, and reimbursement associated with the Agreement for the Project between the Department and the Grantee from October 2021 through March 2023. The objectives of this audit were to:

1. Determine whether the Grantee was in compliance with the Agreement and completed all deliverables.
2. Evaluate Department management oversight and controls over the Grantee's compliance with the Grant Agreement.

To achieve our audit objectives, our methodology included:

- Reviewed the Agreement to determine the responsibilities of the Grantee, and requested all documentation associated with the Project.
- Reviewed the Department's voucher packages for required supporting documentation.
- Created a spreadsheet to analyze the Grantee and subcontractor's invoices to determine if they met the Agreement and State reimbursement requirements.
- Interviewed the Department's Grant Manager regarding procedures and policies in place regarding Agreement management.
- Interviewed the Department's Grant Manager and the Auditee regarding any issues, exceptions or discrepancies discovered during the audit.

#### ***BACKGROUND***

The Project funded under the Agreement was for construction of an elevated boardwalk in the City of Gulf Breeze. The Grantee received funding in the amount of \$492,595 from the Florida Legislature through Specific Appropriation Line-Item 1693A, General Revenue Fund, Fiscal Year 2021-2022, General Appropriations Act, for the purpose of expanding the Shoreline Park trail system providing a unique environmental education journey through natural Florida wetlands habitat enhancing beach access, exceptional recreation opportunities, and expanded connectivity to neighborhoods. The Department's Division of State Lands (Division) provided administration and oversight over the Agreement.

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This was a cost-reimbursement Agreement requiring the Grantee to provide matching funds of \$492,595 in addition to the State funding of \$492,595 for a total Project cost of \$985,190. The Agreement was originally executed on October 5, 2021, with a date of expiration of December 31, 2022, and with a Project Completion date of October 31, 2022. On November 10, 2022, an amendment to the Agreement was executed which extended the grant period to March 31, 2023, with an updated Project Completion date of January 31, 2023.

The Agreement contained two Tasks with associated Deliverables. The first Task included development of Commencement Documentation and a Cost Analysis Form due within 180 calendar days of the execution of the Agreement. The second Task was the development of the Project elements, to be completed by October 31, 2022, which was extended until January 31, 2023. Upon completion of Task 2, the Grantee may request reimbursement for allowable budgeted expenses and costs that were directly related to the development of the Project site not to exceed the Grant award amount.

**RESULTS OF AUDIT**

A summary of our review is as follows:

**Tasks and Deliverables**

The Agreement contained two Tasks with associated Deliverables (see table below).

Scope of Work (Task)	Budget	Deliverables	Due Date
<b>Task 1</b>			
1.A. Development of Commencement Documentation Checklist (DRP-107)	No Cost Deliverable	1.A. All applicable Project specific Commencement documentation listed on DRP-107	180 calendar days after Execution of Agreement, October 5, 2021
1.B. A Cost Analysis Form, with detailed budget (DEP55-229)		1.B. Cost Analysis with detailed budget including Project planning expenses.	
Upon satisfactory approval by the Department, the Department will issue written "Notice to Commence to the Grantee to commence the Project. The Grantee shall not proceed until the Department issues the "Notice to Commence."			
<b>Task 2</b>			
2.A. Development of Project Elements, which included: Construction of elevated boardwalk.	\$492,595.00	2.A. Development of required Project Elements	Due January 31, 2023, which shall also be the Project Completion Date
		2.B. All applicable Project specific documentation listed on Completion Documentation Checklist (DRP-111)	
		2.C. Final Legislative Line-Item Status Report	
Upon review and written acceptance by the Department's Grant Manager of all Deliverables under each Project Task, the Grantee may proceed with the payment request submittal.			

**Task 1A**

Task 1A was for the development of the Commencement Documentation Checklist, and the deliverable for this Task was the completion of all applicable documents listed on the Checklist. All applicable documents were noted as approved by the Grant Manager. Our review of the checklist items showed the submitted documentation was in compliance with the Agreement, except for the following:

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- A professional site plan showing existing and proposed buildings was required to be signed and dated by the Project Liaison. The documentation provided by the Grantee was not signed or dated by the Project liaison. Based on the Grant Manager's correspondence, it does not appear a corrected document was requested.

Task 1B:

Task 1B required the Grantee to fill out a Cost Analysis Form with a detailed budget. The initial form submitted by the Grantee had a budget that did not match the listed budget on the Project Work Plan. The Grant Manager advised the Grantee to provide an updated form to include elements of the Project the Grantee had not received bids on yet in order to reflect full anticipated costs of the Project. The Grantee complied with this request. The deliverables for Task 1 were received in a timely manner and approved by the Grant Manager. The Notice to Commence was issued on October 22, 2021.

Task 2A:

Task 2A was for the development of Project elements, which included construction of an elevated boardwalk. This Task had three associated deliverables, all due on January 31, 2023. A summary of our review for each deliverable is noted below:

- Deliverable 2A was for the development of required Project elements. Progress on the development of the Project elements was tracked through Legislative Line-Item Status Reports. Confirmation of completion of this Task and deliverable was handled by the Grant Manager during their final inspection prior to reimbursement.
- Deliverable 2B included *All applicable Project specific documentation listed on Completion Documentation Checklist (DRP-111)*. The DRP-111 checklist form states that the Grantee is to *Notify DEP immediately after completion of project construction that the project is complete....All close-out documents must be submitted 30 days after project completion*. However, this 30-day due date conflicts with the due date in the Agreement which states the project completion date is the same date the deliverable is due, January 31, 2023. Our review found all Grantee documentation submitted for this deliverable was in compliance with the Agreement; however, the following two issues were noted during our review:
  - Work on the Project was required to be completed in accordance with approved Project plans. Our review found an additional Project element, a handicapped parking space, was completed; however, it was not included on the approved initial site plan. The Grant Manager was not able to provide additional documentation showing this added Project element was discussed by the Grantee or approved by the Department.
  - The Grantee submitted completed documentation timely on the due date of January 31, 2023. However, these documents were not approved by the previous Grant Manager. On April 21, 2023, the documents were forwarded to the current Grant Manager for review and were approved on April 25, 2023. Per the Agreement, this deliverable would have been deemed rejected as the Grant Manager did not accept the deliverables within 30 days of receipt.
- Deliverable 2C was for the final Legislative Line-Item Status Report. The report must describe the work performed during the reporting period, problems encountered, problem resolutions, and photos of work completed. This deliverable was due January 31, 2023, but was not provided by the due date. Following an email request from the Grant Manager on May 18, 2023, the Grantee provided the deliverable on the same day.

### **Grantee's Invoice Review**

The Agreement was set up as a reimbursement for costs with the Grantee providing matching funds of half the cost. The Grantee submitted a Payment Request Summary Form, DRP-115, to the Department for payment. All costs noted on the form were subcontracted costs. The Agreement states that reimbursement requests for payments to subcontractors must be substantiated by copies of invoices with backup documentation identical to that required of the Grantee. Costs must comply with laws, rules, and regulations applicable to expenditures of State funds including the Reference Guide for State Expenditures.

There were thirteen total invoice packages provided by the Grantee's subcontractor related to the Project supporting the single payment made to the Grantee. All invoice packages submitted as supporting documentation, with a few exceptions, included the invoice, itemized back-up documentation, proof of Grantee payment, confirmation of work completion, and service dates. One invoice package did not include the actual invoice, and another invoice package had a work item, "CO3", that did not include an itemized description as required by the Reference Guide for State Expenditures.

### **Legislative Line-Item Status Reports**

The Agreement required the Grantee to submit the Legislative Line-Item Status Reports on a quarterly basis no later than April 20<sup>th</sup>, July 20<sup>th</sup>, October 20<sup>th</sup>, and January 20<sup>th</sup>. The reports must describe the work performed during the reporting period, problems encountered, problem resolutions, schedule updates, proposed work for the next reporting period, and photos of work in progress. Our review found there were a total of four quarterly reports submitted over the course of the Grant period. Each report contained the work performed during the period, problems encountered (if any), and problem resolutions (if needed). Based on reviews of invoices, for the report for the period of July through September 2022, the Grantee did not fully disclose problems encountered or the resolution to the problem. Most of the reports do not include clear information regarding work proposed for the following period. The status reports were all signed by the Grantee and dated with the corresponding due date; however, we were only able to verify that one of the reports was submitted timely. With the exception of the first report, no documentation was available from the Grant Manager to show when reports were received nor what photos were provided with each report. The Grant Manager's supervisor stated there was a documentation retention issue due to employee turnover. However, during the audit, the Grantee provided documentation showing when the reports were sent and what photos were provided with each report.

### **Other Compliance Requirements**

#### **Insurance Requirements:**

The Grantee, at its sole expense, shall maintain the insurance described in Attachment 2 at all times during the Agreement. The Grantee provided a Certificate of Insurance form as part of the commencement documentation for deliverable 1A. The Grant Manager confirmed that processes are in place to request updated Certificates of Insurance in October of each year to ensure the current forms are on file.

#### **Grantee Subcontracts:**

The Grantee shall submit a copy of any executed subcontracts to the Department. The Grantee shall require any subcontractors *to make compliance with the insurance requirements of this Agreement a condition of all contracts that are related to this Agreement*. The Grantee provided a portion of their subcontract with the subcontractor to the Department. The Grant Manager stated

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they were not aware of this requirement and did not request a full copy of the subcontract. During the audit, the Grantee provided a full copy of their subcontract and the subcontractor's insurance. Our review found the Grantee did not include compliance with the Agreement's insurance requirements as a condition of their subcontract; however, the subcontractor's insurance met the minimum requirements of the Agreement.

**Return on Investment:**

In accordance with the Agreement, *The Grantee will identify the expected return on investment for this project and provide this information to the Governor's Office of Policy and Budget (OPB) within three months of execution of this Agreement. For each full calendar quarter thereafter, the Grantee will provide quarterly update reports directly to OPB, no later than 20 days after the end of each quarter, documenting the positive return on investment to the state that results from the Grantee's project and its use of funds provided under this Agreement. Quarterly reports will continue until the Grantee is instructed by OPB that no further reports are needed, or until the end of this Agreement, whichever occurs first. All reports shall be submitted electronically to OPB at env.roi@laspbs.state.fl.us, and a copy shall also be submitted to the Department at legislativeaffairs@floridaDEP.gov.* The Grant Manager was unable to provide documentation showing that the Grantee completed the requirement to provide return on investment reports.

**Grant Manager Changes:**

The Department and Grantee were required to inform the other party, in writing, if there was a change of the Grant Manager for the Agreement. The Department's Grant Manager changed multiple times throughout the Agreement; however, the Grant Manager was unable to provide documentation showing any written communication to the Grantee. The Grantee did confirm that the Department communicated these changes to them.

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## **CONCLUSION**

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Based on our review, internal controls and oversight regarding the review and approval of deliverables and Agreement requirements could be improved. Our findings and recommendations are listed below.

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## **FINDINGS AND RECOMMENDATIONS**

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**Finding 1: Lack of Documentation Retention – The Division did not always maintain documentation necessary to substantiate compliance with the Agreement.**

Documentation was required to be retained to show completion of deliverables/tasks and maintain back-up documentation for audit purposes. There were some instances where the Division was unable to provide supporting documentation to confirm compliance with elements of the Agreement. Based on our review, it appears the lack of documentation retention has been an issue due to employee turnover.

**Legislative Line-Item Status Reports**

The Agreement required the Grantee to submit the Legislative Line-Item Status Reports on a quarterly basis no later than April 20<sup>th</sup>, July 20<sup>th</sup>, October 20<sup>th</sup>, and January 20<sup>th</sup>. The reports must describe the work performed during the reporting period, problems encountered, problem resolutions, schedule updates, proposed work for the next reporting period, and photos of work in progress. Our review found there were a total of four quarterly reports submitted over the course of the Grant period. Each report contained the work performed during the period, problems encountered (if any), and problem resolutions (if needed). Based on reviews of invoices, for the

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report for the period of July through September 2022, the Grantee did not fully disclose problems encountered or the resolution to the problem. Most of the reports do not include clear information regarding work proposed for the following period. The status reports were all signed by the Grantee and dated with the corresponding due date; however, we were only able to verify that one of the reports was submitted timely. With the exception of the first report, no documentation was available from the Grant Manager to show when reports were received nor what photos were provided with each report. The Grant Manager's supervisor stated there was a documentation retention issue due to employee turnover. However, during the audit, the Grantee provided documentation showing when the reports were sent and what photos were provided with each report.

**Grant Manager Changes:**

The Department and Grantee were required to inform the other party, in writing, if there was a change of the Grant Manager for the Agreement. The Department's Grant Manager changed multiple times throughout the Agreement; however, the Grant Manager was unable to provide documentation showing any written communication to the Grantee. The Grantee did confirm that the Department communicated these changes to them.

**Return on Investment**

In accordance with the Agreement, *The Grantee will identify the expected return on investment for this project and provide this information to the Governor's Office of Policy and Budget (OPB) within three months of execution of this Agreement. For each full calendar quarter thereafter, the Grantee will provide quarterly update reports directly to OPB, no later than 20 days after the end of each quarter, documenting the positive return on investment to the state that results from the Grantee's project and its use of funds provided under this Agreement. Quarterly reports will continue until the Grantee is instructed by OPB that no further reports are needed, or until the end of this Agreement, whichever occurs first. All reports shall be submitted electronically to OPB at [env.roi@laspbs.state.fl.us](mailto:env.roi@laspbs.state.fl.us), and a copy shall also be submitted to the Department at [legislativeaffairs@floridaDEP.gov](mailto:legislativeaffairs@floridaDEP.gov).* The Grant Manager was unable to provide documentation showing that the Grantee completed the requirement to provide return on investment reports.

**Recommendation:**

We recommend the Division implement internal controls and processes to ensure maintenance and retention of documentation sufficient to ensure Grantee compliance with the terms of the Agreement.

**Management Response:**

The Division has reviewed the findings and recommendations as outlined in the Audit Report regarding City of Gulf Breeze for the Shoreline Park Wetlands Boardwalk and agrees with the findings.

Program leadership has identified resources to hire additional staff to assist in review of reimbursement requests, developed additional Standard Operating Procedures for completion document review and implemented training for staff regarding file management and document retention in accordance with Program rules, Project agreements and related retention laws.

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**Finding 2: Deliverable and Payment Documentation – Some deliverables were not completed in accordance with the Agreement, were not submitted timely, were not approved timely, or were not supported with adequate backup documentation.**

The Agreement requires all deliverables be received and accepted in writing by the Department's Grant Manager before payment. If the Grant Manager does not accept the deliverables within 30 days of receipt, the deliverables will be deemed rejected. Based on our review, we found the following:

Task 1A

Task 1A was for the development of the Commencement Documentation Checklist, and the deliverable for this Task was the completion of all applicable documents listed on the Checklist. All applicable documents were noted as approved by the Grant Manager. Our review of the checklist items showed the submitted documentation was in compliance with the Agreement, except for the following:

- A professional site plan showing existing and proposed buildings was required to be signed and dated by the project liaison. The documentation provided by the Grantee was not signed or dated by the Project liaison. Based on the Grant Manager's correspondence, it does not appear a corrected document was requested.

Task 2A:

Task 2A was for the development of Project elements, which included construction of an elevated boardwalk. This Task had three associated deliverables, all due on January 31, 2023. Based on our review, Deliverable 2A was completed in accordance with the Agreement. A summary of our review of Deliverables 2B and 2C is noted below:

- Deliverable 2B included *All applicable Project specific documentation listed on Completion Documentation Checklist (DRP-111)*. Our review found all Grantee documentation submitted for this deliverable was in compliance with the Agreement with the following exceptions:
  - Work on the Project was required to be completed in accordance with approved Project plans. Our review found an additional Project element, a handicapped parking space, was completed during the Project; however, it was not included in the approved initial site plan. The Grant Manager was not able to provide additional documentation showing this added Project element was discussed with the Grantee or approved by the Department.
  - The Grantee submitted completed documentation timely on the due date of January 31, 2023. However, these documents were not approved by the previous Grant Manager. On April 21, 2023, the documents were forwarded to the current Grant Manager for review and were approved on April 25, 2023. Per the Agreement, this deliverable would have been deemed rejected as the Grant Manager did not accept the deliverables within 30 days of receipt.
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**Grantee's Subcontractor Invoices**

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**Recommendation:**

We recommend the Division implement internal controls and processes to ensure deliverables are reviewed for compliance, timely approved, and invoices contain sufficient supporting documentation.

**Management Response:**

The Division has reviewed the findings and recommendations as outlined in the Audit Report regarding City of Gulf Breeze for the Shoreline Park Wetlands Boardwalk and agrees with the findings.

Program leadership has identified resources to hire additional staff to assist in review of reimbursement requests, developed additional Standard Operating Procedures for completion document review and implemented training for staff regarding file management and document retention in accordance with Program rules, Project agreements and related retention laws.



**STATEMENT OF ACCORDANCE**

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**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 Robert Oakley and supervised by Susan Cureton.

This report and other reports prepared by the OIG can be obtained through the Department's website at <https://floridadep.gov/oig> or by contacting:

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