



Department of Environmental Protection Office of Inspector General

October 15, 2024

Report A-2324DEP-033

Audit of Agreement LPA0446 with the Village of El Portal

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General conducted an audit of Agreement LPA0446 (Agreement) with the Village of El Portal (Grantee). This audit was initiated by the Office of Inspector General.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit includes the requirements, deliverables, disbursement, and oversight associated with the Agreement between the Department and the Grantee from the reimbursement period of July 1, 2017, to October 31, 2023. The objectives of the audit were to:

1. Determine whether payments and deliverables were completed in compliance with the requirements of the Agreement.
2. Determine whether the Grantee complied with the overall requirements of the Agreement.
3. Evaluate Department oversight over the 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 activities and related grant 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

The Division of Water Restoration Assistance (Division) is responsible for providing financial assistance to fund projects that improve the quality and quantity of the water resources of the State. The Division provides loans and grants to local governments, utilities and sometimes other agencies for projects that improve the quality and quantity of the state's water resources and provide a significant benefit to the environment and local communities.

**Department of Environmental Protection
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The Grantee was awarded \$550,000 for the El Jardin Stormwater Improvements (Project) under the Statewide Surface Water Restoration and Wastewater Projects for Fiscal Year 2017-2018 under the General Appropriations Act Specific Appropriation for Grants and Aids to Local Governments and Non-State Entities - Fixed Capital Outlay. In February 2021, the Department executed a grant agreement with the Grantee for the Project. While the Grantee completed most of the work under the 2021 grant agreement, they did not submit any payment requests for the work prior to the agreement expiring on April 30, 2022. Therefore, on April 12, 2023, the Department executed a second grant agreement (Agreement) for the same Project in the amount of \$550,000. The Agreement began upon execution and expired on October 31, 2023. According to the Agreement, the Grantee will upgrade the existing infrastructure in the El Jardin neighborhood to the recommendations provided in the Grantee’s Stormwater Master Plan. While subject to final engineering design, the stormwater improvements consisted of installing a new stormwater collection system to provide positive stormwater outfall with water quality treatment components. These improvements were to provide flood protection for roads under the County’s stormwater criteria. The Division provided oversight over the Agreement, and at the time of our review, the Grantee had received full reimbursement through one payment on August 29, 2024.

RESULTS OF AUDIT

During the audit, we reviewed the Grantee’s compliance with the requirements of the Agreement, including deliverables, disbursements, Division oversight, and internal controls. Below are the results of our review.

Prior Agreement

As stated previously, a prior grant agreement for the Project was executed in February 2021. The 2021 grant agreement expired in April 2022, but the Grantee did not submit any payment requests prior to the agreement expiring, although the work on the Project appeared to have been mostly completed. Therefore, on April 12, 2023, the Department executed a subsequent grant agreement (Agreement) for the same Project for the same amount of \$550,000, for the purpose of the Grantee being able to submit requests for reimbursement. However, as noted in the table below, the task due dates in the Agreement were all prior to the execution of the Agreement.

Task No.	Task Title	Budget Category	Grant Amount	Task Start Date	Task End Date
1	Preconstruction Activities	Contractual Services	\$116,130	10/17/2019	07/08/2020
2	Bidding and Contractor Selection	Contractual Services	\$6,400	05/27/2021	07/27/2021
3	Project Management	Contractual Services	\$79,724	08/21/2021	05/04/2022
4	Construction	Contractual Services	\$347,746	08/21/2021	05/04/2022
Total:			\$550,000		

Task Deliverables and Documentation

As shown in the table above, the Agreement lists four tasks to be completed. According to the Agreement, *The tasks must be completed by, and all documentation received by,*

the corresponding task end date. However, the task end dates in the Agreement are all prior to the execution of the Agreement. Therefore, our review found that although the required deliverable documentation appeared to have been received for all tasks, they were submitted past the task end dates in the Agreement. Due to the project being completed by the Grantee prior to the execution of the Agreement, it appears the Grantee would not have been able to meet the required task due dates.

The Agreement further states, *All deliverables must be received and accepted in writing by Department's Grant Manager before payment.* Though it appears the Division provided acknowledgment of deliverables, they were unable to provide written acceptance of the deliverables. During the audit, the Division advised they *have addressed this with our grant manager's to let them know they need to more clearly accept the deliverable documentation as required by the grant work plan.*

Disbursement

The reimbursement period of the Agreement began on July 1, 2017, and ended at the expiration of the Agreement, which was October 31, 2023. According to the Agreement, *The Grantee shall be paid on a cost reimbursement basis for all eligible Project costs upon the completion, submittal, and approval of each deliverable identified in the Grant Work Plan. Reimbursement shall be requested on Exhibit C, Payment Request Summary Form.* According to Exhibit C, submittal instructions, additional documentation was to be submitted with the payment request. Our review found the Grantee submitted a payment request for full reimbursement of \$550,000 and most documentation was obtained by the Division prior to processing the payment request. Additionally, all documentation appeared to be dated within the reimbursement period.

Quarterly Reports

In addition to the task deliverables and disbursement requirements, the Agreement also required, *The Grantee shall submit status reports quarterly...Quarterly status reports are due no later than twenty (20) days following the completion of the quarterly reporting period.* While there did not appear to be any quarterly reports submitted during the duration of the Agreement, our review found quarterly reports had been provided during the previous grant agreement which covered the same project work.

CONCLUSION

During the audit, we reviewed the Grantee's compliance with the requirements of the Agreement, including deliverables, disbursements, Division oversight, and internal controls. Based on our review, the Grantee generally completed the work detailed in the Agreement; however, our review noted some areas where Division oversight and internal controls could be strengthened. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Deliverable Acceptance – The Department did not provide clear acceptance of deliverables to the Grantee prior to reimbursement.

The Agreement states, *All deliverables must be received and accepted in writing by Department's Grant Manager before payment.* While our review showed deliverables were acknowledged as being received, the Division did not provide the Grantee with written acceptance of deliverables. During the audit, the Division advised that they *have addressed this with our grant manager's to let them know they need to more clearly accept the deliverable documentation as required by the grant work plan.*

Recommendation:

We recommend the Division provide training to grant managers to ensure written acceptance of deliverables is provided to the Grantee prior to payment, and such documentation is maintained in the contract files, as required by the grant agreement.

Management Response:

We acknowledge the recommendation and have provided additional training for the Division's grant managers to ensure that the deliverable documentation is accepted in writing as required by the grant agreement and that the deliverable documentation acceptance is maintained in the grant files.

Finding 2: Agreement Timeline – The Grantee's compliance with the Agreement was not always met due to the timeline set within the Agreement.

A prior grant agreement for the Project was executed in February 2021. The 2021 grant agreement expired in April 2022, but the Grantee did not submit any payment requests prior to the agreement expiring, although the work on the Project appeared to have been mostly completed. Therefore, on April 12, 2023, the Department executed a subsequent grant agreement (Agreement) for the same Project for the same amount of \$550,000, for the purpose of the Grantee being able to submit requests for reimbursement. However, the task due dates in the Agreement were all prior to the execution of the Agreement.

The Agreement requires, *...tasks must be completed by, and all documentation received by, the corresponding task end date.* However, since the task end dates are all prior to the execution of the Agreement, it appears the Grantee would not have been able to meet the required task due dates. Although the required deliverable documentation appeared to have been received for all tasks, they were submitted past the task end dates in the Agreement.

Recommendation:

We recommend the Division ensure executed Agreements do not contain provisions or due dates that cannot be met during the Agreement period.

Management Response:

We acknowledge the recommendation to ensure the Agreement does not contain provisions or due dates that cannot be met during the Agreement period and will make a better effort to ensure that grant agreements are written with due dates that are achievable. This was an unusual agreement in that the work was already completed prior to the execution of the Agreement.

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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