



Department of Environmental Protection Office of Inspector General

December 7, 2023

Report A-2324DEP-005

Audit of Agreement MV433 with City of Crystal River

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement MV433 (Agreement) with City of Crystal River (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 the requirements, deliverables, disbursements, and oversight associated with the Agreement between the Department and the Grantee from February 18, 2022, to July 31, 2023.

The objectives of the audit were to:

1. Determine whether the Grantee complied with the requirements of the Agreement, including deliverables and disbursements.
2. Evaluate Division 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

In 1992, the Clean Vessel Act was signed into law to reduce water pollution by prohibiting vessels from discharging raw sewage into freshwater or coastal saltwater. The act established the Clean Vessel Act Grant Program, which is administered by the United States Fish and Wildlife Service, to fund sewage disposal facilities and related activities across the States. In Florida, the Department administers the Clean Vessel Grant Program through the Office of Resilience and Coastal Protection (ORCP). Since 1994, the Department has provided grants to marinas across the State to install pumpout facilities and to purchase pumpout vessels. The ORCP partners with local governments, private marinas, and others to fund eligible projects. To further improve water quality in Florida's waterways, the ORCP's Clean Boater Program funds educational programs for boaters through the Clean Vessel Act grant. As of December 31, 2022, Florida has pumped out 45,524,945 gallons of sewage from vessels.

On February 18, 2022, the Department entered into the Agreement with the Grantee for the purchase of a pumpout vessel and signage. The Agreement expired on July 31, 2023, with the total amount of funding available set at \$153,971.22. The Agreement was a cost-reimbursement grant with matching requirements. The Department was to provide 75 percent and the Grantee was to provide 25 percent of the total funding amount. Costs eligible for reimbursement included

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

equipment and miscellaneous/other expenses. The cost reimbursement period was the same as the term of the Agreement.

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 request. A summary of our review is below.

Completion of Deliverables

Based on our review, the Grantee generally completed the requirements of the Agreement; however, some deliverables were not completed in accordance with the Agreement or within the cost-reimbursement period. A summary of each task and accompanying deliverables is below.

Task 1: Equipment Purchase

Task 1 required the Grantee to purchase authorized pump out equipment or waste receptacle equipment and ensure its delivery to the project site (123 NW Highway 19, Crystal River, Florida). Our review found the Grantee did not submit all required documentation for Task 1 (such as photographs), and some documentation submitted was not in accordance with the cost reimbursement period (equipment invoice). According to the Agreement, the deliverable required the Grantee to purchase the authorized equipment, as evidenced upon finished vessel delivery by a copy of the following:

- Paid invoice(s),
- Delivery receipt(s),
- Clear photograph(s) of the Hull Identification Number (HIN),
- Clear photograph(s) of the vessel with marina name,
- Clear photograph(s) of the clean vessel act pump out signs affixed to the vessel,
- Confirmation of proof of ownership by one or more of the following: a copy of the certificate of origin for the vessel, statement of builder, copy of the State of Florida certificate of title, copy of the State of Florida vessel registration, clear photograph of the State of Florida boater registration number decal affixed to vessel and/or executed dealer's bill of sale; and a completed Property Reporting Form (Exhibit B).

Paid Invoice: Based on our review, we noted the Grantee provided an invoice for the purchased equipment totaling \$153,971.22. Although the Grantee paid half of the invoice on March 23, 2022, and the remaining half on August 23, 2022, the invoice is dated February 14, 2022, which is four days prior to the execution of the Agreement.

Delivery Receipt: The Grantee submitted an Acknowledgement of Receipt form showing the Grantee took possession of the vessel from the manufacturer.

Clear photograph(s): The deliverable states the Grantee was to submit photographs of the HIN, the marina name, and Clean Vessel Act pump-out signs affixed to the vessel. The Grantee provided two photos of the vessel registration decal and two photos with some Clean Vessel Act Grant Program signage. However, the Grantee did not provide photographs of the HIN or the marina name affixed to the vessel, as required. During our review, ORCP conducted a site visit and provided photographs of the vessel with the city name affixed to it (and the HIN). However, the Agreement states the marina name was required.

Proof of Ownership: The Grantee submitted two certificates of origin, a bill of sale, a statement of origin, and an Acknowledgement of Receipt as proof of ownership. Our review found these documents were provided in compliance with the Agreement. The Grantee also submitted the

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

Property Reporting Form, which lists a *25T-500 Pump Out Boat* for \$153,971.22 purchased on August 23, 2022. Although, as stated previously, the invoice was dated February 14, 2022, and the final payment was made on August 23, 2022.

Final Inventory Report: Additionally, the Agreement requires *A final inventory report shall be due at the end of the Agreement.* Based on communication with ORCP, there was no final inventory report provided just the Property Reporting Form to show the purchase of equipment.

Task 2: Pumpout Signage

Task 2 required the Grantee to install certain signage, clearly affixed to the hull of a pump out vessel. Our review found the Grantee did not submit all required documentation for Task 2. Deliverables for Task 2 included *Completion of task as evidenced by: photographs of the installed signage showing the pump out logo sign and the pump out informational sign with accrediting information; and, certification from the Grantee's Project Manager that the signage had been installed in accordance with requirements set forth in the Agreement.*

Additionally, the Agreement states: *the Grantee will install the required signage:*

- *one three-foot (3') by four-foot (4') sign of the International Pump out Symbol on a dock or on land facing the waterway and clearly visible to the boaters; and,*
- *one informational sign, posted in a clearly visible location adjacent to the pump out equipment, stating pump out fees, restrictions, hours of operation, operating instructions, the operator name and phone number, emergency phone numbers for reporting service problems, and include the required language set forth in Attachment 6, Project Specific Requirements, paragraph 7.... In the case of a pump out vessel, the above referenced signs and/or logos must clearly be affixed to the hull.*

Based on our review, the Grantee submitted two photographs showing some signage and a Pumpout Project Certification of Completion. The two photographs show the vessel with the International Pump out Symbol as well as a sign with the required statement: *"Funded in part by the U.S. Fish and Wildlife Service and the Clean Vessel Act through the Florida Department of Environmental Protection."* Additionally, the Pumpout Project Certification of Completion states the Grantee certifies *the work under the above Project Agreement and all amendments thereto has been satisfactorily completed.* However, the Grantee did not provide photographs showing the informational sign affixed to the hull of the vessel as required by the Agreement.

Program-Specific Requirements

In addition to the deliverables, the Agreement required the Grantee to follow program-specific requirements. A summary of the requirements is below.

Reporting Requirements

According to the Agreement, the Grantee shall provide a Quarterly Pumpout Report for five years upon the Department's Grant Manager's acceptance of the final deliverables, the receipt of the Certificate of Completion and submittal of the final invoice. The Grantee provided three Quarterly Pumpout Reports. None of the reports are dated, but the reports do include the number of vessels pumped, gallons pumped, and fees collected for the reporting period. Based on our review, the Grantee is providing Quarterly Pumpout Reports in accordance with the Agreement.

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

Fees for Pumpout Services

According to the Agreement, an accounting of all fees collected will be provided on the Quarterly Pumpout Report. Based on the Quarterly Pumpout Reports provided, the Grantee is collecting pumpout fees. The first two quarterly reports show the Grantee is charging \$5 per vessel pumped. However, the third report includes a discrepancy. Either the Grantee charged more than \$5 for the 187 vessels pumped, or the Grantee miscalculated the number of vessels pumped as 187 instead of 189. Based on our review, the Grantee provided an accounting of all fees collected in compliance with the Agreement.

Project Completion Certification

According to the Agreement, the Grantee shall submit a completed and signed Pumpout Project Certification of Completion with the final invoice. The Grantee submitted a Pumpout Project Certification of Completion, which was signed and dated January 24, 2023. Based on our review, the Grantee submitted a completed and signed Pumpout Project Certification of Completion in compliance with the Agreement.

Project Required Submittals and Requirements

The Agreement required the Grantee to submit the following documentation:

- A. The Grantee shall submit a copy of executed subcontracts within ten (10) days after execution.
- B. The Grantee shall submit the following with the final reimbursement request: (1) a completed and signed Pumpout Project Certification of Completion Form to be submitted with the final invoice, (2) photographic documentation that the Grantee has completed the appropriate program crediting and signage, (3) Quarterly Progress Reports (Exhibit A), (4) a pumpout log sample, which shall provide for daily logging of vessels pumped, total gallons pumped per vessel, out of state vessels, fees collected, and maintenance costs, and (5) a Pumpout Station Operational Plan that specifies hours of operation, maintenance principles, methods in determining volume of material pumped including the use of flow meters as may be necessary, informational/educational materials on pumpout operation and assurances that the pumpout facility, pumpout vessel, or dump station will be used solely for the collection of recreational boat sewage.
- C. The Grantee is required to submit Quarterly Pumpout Reports.

Based on our review, the Grantee submitted most of the required documentation. However, as previously discussed, the Grantee did not provide all the required photographic documentation. Particularly, a photograph of the marina name or the informational sign affixed to the vessel. Additionally, three of the four Quarterly Progress Reports provided by the Grantee were submitted 30 days or more past the reporting period. The Agreement states the Quarterly Progress Reports *are due no later than 20 days following the completion of the reporting period*. Finally, the Pumpout Operational Plan did not include all the information as specified in the Agreement.

Cost Reimbursement

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. The Grantee submitted Exhibit C listing \$153,221.22 for equipment purchase and \$750 for pumpout signage. The total project cost came to \$153,971.22, with \$115,478.42 reimbursable to the Grantee and \$38,292.80 matched by the Grantee. The form was signed and

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

dated by the Grantee's Project Manager on February 10, 2023. However, as previously discussed, the invoice for the equipment purchase listed on Exhibit C is dated four days prior to the execution of the Agreement.

Department Oversight

Based on our review, the Grantee's payment request included an expense that was purchased outside the cost reimbursement period. Additionally, the deliverables were not accepted in writing by the Department's Grant Manager. According to the Agreement, each task includes a performance standard to be followed by the Department's Grant Manager. The performance standard for each task is as follows:

Task 1: Equipment Purchase

Performance Standard: *The Department's Grant Manager will review documentation to verify authorized equipment has been purchased and delivered in accordance with this task, and will review the Property Reporting Form for accuracy and completion. Upon review and written acceptance by the Department's Grant Manager of all deliverables under this task, the Grantee may proceed with payment request submittal.*

Task 2: Pumpout Signage

Performance Standard: *The Department's Grant Manager will review the deliverables associated with this task to verify that the pumpout signage was completed in accordance with this task and the Agreement. Upon review and written acceptance by the Department's Grant Manager of all deliverables under this task, the Grantee may proceed with payment request submittal.*

The Agreement states all deliverables must be received and accepted in writing by the Department's Grant Manager before payment. Based on communication with ORCP, the process for receiving and accepting deliverables includes the ORCP receiving an invoice, then letting the Grantee know if additional documents are needed. The OIG requested written documentation showing the Department had accepted the deliverables. We were provided email documentation, which demonstrated the Department's Grant Manager requested additional documentation from the Grantee before submitting the payment request. However, there was no written acceptance of the deliverables as required by the Agreement.

As previously stated, the Grantee did not fully complete the deliverables for Task 1 and Task 2. Particularly, the Grantee did not provide photographs of the HIN, the marina name, or the informational sign affixed to the vessel. Additionally, the Grantee was reimbursed for equipment purchased outside the cost reimbursement period. The Grantee also submitted three of the four Quarterly Progress Reports past the 20-day window following the completion of the reporting period. Finally, the Pumpout Station Operational Plan submitted by the Grantee did not include all information as specified in the Agreement.

CONCLUSION

Although the Grantee generally completed the requirements of the Agreement, our review found internal controls and oversight regarding the review and approval of deliverables could be improved. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Missing or Insufficient Deliverables – The Grantee did not submit some deliverable documentation as specified in the Agreement.

According to the Agreement, the Tasks and deliverables included equipment purchase and pumpout signage, along with some additional requirements. Our review found the Grantee did not fully complete the deliverables for Tasks 1 and 2, in addition to other requirements as discussed below.

Task 1: Task 1 required the Grantee to purchase authorized pump out equipment or waste receptacle equipment and ensure its delivery to the project site (123 NW Highway 19, Crystal River, Florida). Our review of the Task 1 deliverables noted the following:

- Clear photograph(s): The deliverable states the Grantee was to submit photographs of the HIN, the marina name, and Clean Vessel Act pump-out signs affixed to the vessel. The Grantee provided two photos of the vessel registration decal and two photos with some Clean Vessel Act Grant Program signage. However, the Grantee did not provide photographs of the HIN or the marina name affixed to the vessel, as required. During our review, ORCP conducted a site visit and provided photographs of the vessel with the city name affixed to it (and the HIN). However, the Agreement states the marina name was required.
- Final Inventory Report: Additionally, the Agreement requires *A final inventory report shall be due at the end of the Agreement.* Based on communication with ORCP, there was no final inventory report provided, just the Property Reporting Form to show the purchase of equipment.

Task 2: Task 2 required the Grantee to install specific signage, clearly affixed to the hull of a pump out vessel, including the following:

- *one three-foot (3') by four-foot (4') sign of the International Pump out Symbol on a dock or on land facing the waterway and clearly visible to the boaters; and,*
- *one informational sign, posted in a clearly visible location adjacent to the pump out equipment, stating pump out fees, restrictions, hours of operation, operating instructions, the operator name and phone number, emergency phone numbers for reporting service problems, and include the required language set forth in Attachment 6, Project Specific Requirements, paragraph 7....*

Based on our review, the Grantee submitted two photographs showing some signage and a Pumpout Project Certification of Completion. The two photographs show the vessel with the International Pump out Symbol as well as a sign with the required statement: *"Funded in part by the U.S. Fish and Wildlife Service and the Clean Vessel Act through the Florida Department of Environmental Protection."* Additionally, the Pumpout Project Certification of Completion states the Grantee certifies *the work under the above Project Agreement and all amendments thereto has been satisfactorily completed.* However, the Grantee did not provide photographs showing the informational sign affixed to the hull of the vessel as required by the Agreement.

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

Other Agreement Requirements:

- Quarterly Progress 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 twenty (20) 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 the four Quarterly Progress Reports provided by the Grantee were submitted 30 days or more past the reporting period.
- Pumpout Station Operational Plan (Plan): The Agreement requires the Grantee to submit a *Pumpout Station Operational Plan that specifies hours of operation, maintenance principles, methods in determining volume of material pumped including the use of flow meters as may be necessary, informational/educational materials on pumpout operation and assurances that the pumpout facility, pumpout vessel, or dump station will be used solely for the collection of recreational boat sewage.* Following a document request, the ORCP provided the Plan which did include hours of operation and maintenance principles. However, the Plan did not appear to include methods in determining volume of material pumped or the informational/educational materials. Additionally, it is unclear if the Grantee provided the Plan before receiving payment.

Written Acceptance of Deliverables: The Agreement states all deliverables must be received and accepted in writing by the Department's Grant Manager before payment. During our review, we requested written documentation showing the Department had accepted the deliverables. We were provided email documentation, which demonstrated the Department's Grant Manager requested additional documentation from the Grantee before submitting the payment request. However, there was no written acceptance of the deliverables as required by the Agreement.

Recommendation:

- 1.1 We recommend ORCP implement stronger internal controls to ensure Grant Managers review deliverables for compliance and accept the deliverables in writing, as required by the Agreement.

Management Response:

- 1.1 RCP concurs with the recommendation in the report.

Planned corrective action: CVA staff will ensure all deliverables received are consistent with the Work Plan, and if consistent, that they are approved in writing prior to providing reimbursement. CVA grant managers will use reminder emails to prompt timely submittal of deliverables. Where appropriate, financial consequences will be applied for late submittals.

Date of anticipated implementation: December 5, 2023

**Department of Environmental Protection
Office of Inspector General
Audit of Agreement MV433 with City of Crystal River**

Finding 2: Ineligible Expenses – The Grantee received payment for equipment purchased outside the cost reimbursement period.

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. The Grantee submitted Exhibit C listing \$153,221.22 for equipment purchase and \$750 for pumpout signage. The total project cost came to \$153,971.22, with \$115,478.42 reimbursable to the Grantee and \$38,292.80 matched by the Grantee. The form was signed and dated by the Grantee's Project Manager on February 10, 2023. However, the invoice for the equipment purchase listed on Exhibit C is dated four days prior to the execution of the Agreement.

Recommendation:

- 2.1** We recommend ORCP review payments made to the Grantee to determine whether any ineligible expenses were reimbursed and collect any amount that is determined to be owed to the Department.

Management Response:

- 2.1** RCP concurs with the recommendation in the report.

Planned corrective action: Invoices will be reviewed from this grant to ensure that reimbursement was made for eligible invoices. CVA will ensure all grantees are aware that grants must be fully executed before purchasing equipment.

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.

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:

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

Candie M. Fuller,
Inspector General