



## Department of Environmental Protection Office of Inspector General

March 26, 2025

Report A-2425DEP-003

### ***Audit of Agreement MV475 with the Port of the Islands Marina Condominium Association, Inc.***

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement MV475 (Agreement) with the Port of the Islands Marina Condominium Association, Inc. (Grantee). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of the audit included the requirements, deliverables, and reimbursements defined in the Agreement between the Department and the Grantee from October 24, 2023, to October 31, 2024. The objectives of the audit were to:

1. Determine whether the Grantee complied with the requirements of the Agreement, including deliverables and reimbursements.
2. Evaluate Department oversight 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.

#### **BACKGROUND**

The Clean Vessel Act (CVA) is administered through the Office of Resilience and Coastal Protection (ORCP). According to their website, CVA was signed into law in 1992 *to reduce water pollution by prohibiting vessels from discharging raw sewage into fresh water or coastal saltwater. The primary goal of the CVA is to reduce overboard sewage discharge from recreational boats by providing pumpout and dump stations for recreational boaters to dispose of human waste in an environmentally safe manner.* Since 1994, the Department has been providing *grants to marinas across the state to install pumpout facilities and to purchase pumpout vessels.*

On October 24, 2023, the Department entered into the Agreement with the Grantee. According to the project description, the Agreement included salaries for operations and maintenance/repairs of pumpout equipment, pumpout signage, and contractual services and supplies for maintenance/repairs of pumpout equipment. The Agreement was a cost-reimbursement agreement with matching requirements. The Department provided 75

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percent of the projected cost, and the Grantee had a match requirement for the remaining 25 percent. The deliverable due date and the expiration date of the Agreement was on October 31, 2024. The cost reimbursement period was the same as the term of the Agreement.

The Agreement contained five tasks and deliverables. The table shown below shows all tasks, allowable budget categories, and the budgeted amounts for each task included in the Agreement:

Tasks	Allowable Budget Categories	Grant Award Amount (75%)	Grantee Match Amount (25%)	Total Project Costs (100%)
1. Pumpout Signage	Miscellaneous/Other Expenses	\$375.00	\$125.00	\$500.00
2. Maintenance and Repair	Miscellaneous/Other Expenses	\$1,875.00	\$625.00	\$2,500.00
3. Maintenance and Repair	Contractual Services (Subcontractors)	\$161.47	\$53.83	\$215.30
4. Maintenance and Repair	Salaries/Wages	\$2,772.90	\$924.30	\$3,697.20
5. Operations of Equipment	Salaries/Wages	\$33,989.62	\$11,329.88	\$45,319.50
<b>TOTALS</b>		<b>\$39,173.99</b>	<b>\$13,058.01</b>	<b>\$52,232.00</b>

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### **RESULTS OF AUDIT**

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During the audit, we reviewed documentation related to the Agreement's requirements, the Grantee's completion of tasks and deliverables, subsequent payment requests, and the Department's oversight of the Grantee's compliance with the Agreement. Based on our review we found the following:

#### **Tasks and Deliverables:**

The Agreement contained five tasks and associated deliverables. During our review, we found that the Grantee did not specify the task each expenditure was associated with in the payment documentation provided. Our review is based on the Department's Grant Manager selection of which expenditures are associated with the tasks specified in the Agreement. At the time of our review, we found that there were no reimbursement requests or deliverables attributed to Tasks 1 and 4. Below is our review of Tasks 2, 3, and 5:

#### **Task 2: Maintenance and Repair- Miscellaneous/Other Expenses**

According to the Agreement, the Grantee was responsible for *maintaining the pumpout according to manufacturer's specifications and providing any necessary repairs*. This included *purchasing supplies for maintenance and repairs* of the pumpout equipment. The Agreement specified the deliverables as the *submittal of a list of maintenance or repairs made to the pumpout equipment and copies of paid maintenance/repair receipts*. Based on review, we found that the Grantee did not submit all deliverables set forth in the Agreement for Task 2. In the first payment request, we determined the Grantee did not

submit a paid receipt which is required in the Agreement as a deliverable. Based on review, we found that a paid receipt was provided in the second payment request; however, the Grantee did not submit a list of maintenance or repairs made to the pumpout equipment.

#### Task 3: Maintenance and Repair- Contractual Services (Subcontractors)

The Agreement required the Grantee to maintain the pumpout equipment according to the manufacturer's specifications and provide necessary repairs. The deliverables were a list of maintenance and repairs made to the pumpout equipment and copies of paid maintenance/repair receipts. Based on the Department's Grant Manager selection, Task 3 included the purchase of a GPS tracker and four recurring monthly subscriptions associated with the tracker. During our review, we found correspondence in which ORCP advised the Grantee that GPS trackers are required for all vessels funded in their program; however, the Agreement did not specify that a GPS tracker is required. Although paid receipts were provided, the GPS tracker is neither a maintenance nor repair item as required by Task 3.

#### Task 5: Operations of Equipment (Salaries/Wages)

The Agreement required a copy of the Pumpout Station Operational Plan, Pumpout Log Sample, and Quarterly Pumpout Report(s) as deliverables for Task 5. Based on our review, we determined that the Grantee completed the following:

- Pumpout Station Operational Plan (Plan): The Agreement requires the Grantee to provide a Pumpout Station Operational Plan that specifies hours of operation, maintenance principles, methods to determine volume of material pumped, including the use of flow meters as may be necessary, and assurances that the pumpout facility, pumpout vessel, or dump station will be used solely for the collection of recreational boat sewage. Our review found the Grantee submitted a Plan that included the hours of operation and maintenance principles; however, the Plan did not include assurances that the pumpout equipment will be used solely for the collection of recreational boat sewage.
- Daily Pumpout Log Sample: According to the Agreement, the Grantee must submit a pumpout log sample, which shall provide for how the Grantee will track, on a daily basis, vessels pumped, total gallons pumped per vessel, out of state vessels, fees collected, and maintenance costs. Our review found the Grantee submitted Daily Pumpout Logs that satisfied all specifications outlined in the Agreement.
- Quarterly Pumpout Report: According to the Agreement, the Grantee was required to complete quarterly pumpout reports in accordance with Project-Specific Requirements...beginning upon the first quarter of operations. Our review found that Quarterly Pumpout Reports were provided that covered the first quarter of operations through the expiration date of the Agreement.

Written Acceptance of Deliverables:

According to the Agreement, all deliverables must be accepted in writing by the Department's Grant Manager prior to payment. During our review, we requested verification from ORCP to confirm the written acceptance of deliverables. Based on communication with ORCP, we found that written acceptance of deliverables was not provided to the Grantee. According to ORCP, written confirmation of when a deliverable has been received is provided; however, they do not provide written acceptance of deliverables.

**Cost-Reimbursement:**

At the time of our review, we found that the Grantee received two reimbursements for the Agreement as shown in the table below:

Payment Request	Payment Date	Payment Amount
1	July 8, 2024	\$12,592.53
2	July 30, 2024	\$13,218.86
<b>Total</b>		<b>\$25,811.39</b>

According to the Agreement, reimbursement must be requested on the Exhibit C, Payment Request Form *upon the completion, submittal, and approval of each deliverable identified in the Grant Work Plan*. Based on review, we found the Grantee provided the Exhibit C Form in both cost-reimbursement requests. However, as previously stated, the Grantee did not receive written approval prior to submitting payment requests.

Salaries and Wages:

According to the Agreement, reimbursement requests for salaries/wages *must include: (1) list of employee position title/classifications; (2) hourly rate; (3) the specific dates for time worked, (4) number of hours worked per position title classification by date and total*. Our review found that Tasks 4 and 5 were the only tasks in which salaries/wages were an allowable budget category. Since no reimbursement requests were submitted for Task 4, our review of the salaries associated with Task 5 is shown below.

Documentation provided by the Grantee included all requirements for salaries outlined in the Agreement. After reviewing the payment documentation, we found that the Grantee received two overpayments. In the first payment request, the Grantee incorrectly calculated two of their employees' wages. Our review found that the Grantee requested reimbursement for an hourly rate of \$22.38 for all employees; however, two out of the three employees' paystubs indicated a pay rate of \$20 per hour. Based on our calculations, this resulted in an overpayment of \$671.16 to the Grantee.

After comparing the maximum allowable salary amount specified in the Agreement with the actual salary amount invoiced by the Grantee, we found the Grantee received an additional overpayment. During our review, we found that an Operations Tech 2 exceeded the maximum allowable pay and total hours specified in the Agreement for their position resulting in a second overpayment of \$1,499.46. Based on payment documentation submitted by the Grantee, an Operations Tech 2 worked a total of 764 hours for both

payment requests; however, the Agreement states that 506 hours are the maximum number of hours allowed for their position. Additionally, the Agreement specifies that the salary of an Operations Tech 2 is not allowed to exceed \$11,324.28; however, we found that the same employee received a total reimbursement of \$12,823.74.

Based on our calculations, the total of all overpayments was \$2,170.62, which includes the miscalculation of the two employees' salaries in the first payment as well as the salary amount that exceeded the maximum amount of pay specified in the Agreement. When we notified the Department's Grant Manager of the overpayments found in our review, the Department's Grant Manager advised that the final payment amount would be reduced to correct all salary overpayments.

### **Additional Agreement Requirements:**

#### **Quarterly Status Reports:**

The Agreement requires the Grantee to submit quarterly reports to the Department's Grant Manager no more than twenty days following the completion of each quarter. Our review found that one out of the four required Quarterly Status Reports were submitted after the twenty-day due date established in the Agreement.

#### **Insurance Requirement:**

Per the Agreement, the Grantee was required to maintain and provide the Department with documentation demonstrating the existence of adequate general liability insurance, commercial automobile insurance, and worker's compensation insurance coverage prior to the completion of any work in the Agreement. Based on review, we found that the Grantee provided sufficient proof of insurance for each type of insurance coverage required in the Agreement prior to the completion of any work under the Agreement.

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## **CONCLUSION**

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Based on our review, the Grantee did not always comply with the requirements specified in the Agreement, all required deliverables were not provided, and the Grantee submitted payment requests for unallowable expenditures. Our review noted some areas where internal controls could be strengthened. Our findings and recommendations are listed below.

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## **FINDINGS AND RECOMMENDATIONS**

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<b>Finding 1: Incomplete or Missing Deliverables - The Grantee received reimbursement for deliverables that were not completed in accordance with the Agreement.</b>
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The Agreement contained five tasks and associated deliverables. Our review found the deliverables for Tasks 2 and 5 were not submitted in accordance with the Agreement.

Task 2: Maintenance and Repair- Miscellaneous/Other Expenses: According to the Agreement, the Grantee was responsible for *maintaining the pumpout according to*

*manufacturer's specifications and providing any necessary repairs.* This included *purchasing supplies for maintenance and repairs* of the pumpout equipment. The Agreement specified the deliverables as the *submittal of a list of maintenance or repairs made to the pumpout equipment and copies of paid maintenance/repair receipts.* Based on review, we found that the Grantee did not submit all deliverables set forth in the Agreement for Task 2. In the first payment request, we determined the Grantee did not submit a paid receipt which is required in the Agreement as a deliverable. Based on review, we found that a paid receipt was provided in the second payment request; however, the Grantee did not submit a list of maintenance or repairs made to the pumpout equipment.

Task 5: The Agreement required a copy of the Pumpout Station Operational Plan, Pumpout Log Sample, and Quarterly Pumpout Report(s) as deliverables. Specifically, the Agreement required the *Grantee to provide a Pumpout Station Operational Plan that specifies hours of operation, maintenance principles, methods to determine volume of material pumped, including the use of flow meters as may be necessary, and assurances that the pumpout facility, pumpout vessel, or dump station will be used solely for the collection of recreational boat sewage.* Our review found the Grantee submitted a Plan that included the hours of operation and maintenance principles; however, the Plan did not include assurances that the pumpout equipment will be used solely for the collection of recreational boat sewage.

### **Recommendations:**

We recommend ORCP implement internal controls and provide training to ensure Grant Managers understand the requirements of the Agreement and ensure sufficient documentation has been received prior to the approval of payment.

### **Management's Response:**

CVA Grant Manager staff will ensure all deliverables are received and a written response that includes the acceptance of deliverables will be sent to the Grantee once approved. The maintenance or repair (misc.) was the category for "parts". The sample operational plans will be reviewed and edited to contain additional information such as how calculations will be done. The Grant Manager will request a paid receipt moving forward. The Grant Manager thought a bank statement with the paid transaction would suffice.

All invoices will be reviewed to ensure that all deliverables are received and acceptable before the payment is processed. Once the deliverables are accepted, the Grant Manager will respond by email to the grantee the deliverables are accepted and the payment is approved for processing. The 75ft hose is a replacement part for the pumpout equipment and is considered part of their pumpout maintenance.

The Pump out Operational Plan example will be edited to include the statement, "pumpout equipment is to be used solely for the collection of recreational boat sewage." Additional guidance will also be provided such as how to calculate the gallons collected.



**Finding 2: Reimbursement for Ineligible or Unsupported Costs – The Grantee received reimbursement for ineligible costs and for unsupported salary expenditures.**

Ineligible Expenses

For Task 3, the Agreement required the Grantee to maintain the pumpout equipment according to the manufacturer's specifications and provide necessary repairs. The deliverables were a list of maintenance and repairs made to the pumpout equipment and copies of paid maintenance/repair receipts. Based on the Department's Grant Manager selection, Task 3 included the purchase of a GPS tracker and four recurring monthly subscriptions associated with the tracker. During our review, we found correspondence in which ORCP advised the Grantee that GPS trackers are required for all vessels funded in their program; however, the Agreement did not specify that a GPS tracker is required. Although paid receipts were provided, the GPS tracker is neither a maintenance nor repair item as required by Task 3.

Unsupported Costs/Overpayments

According to the Agreement, reimbursement requests for salaries/wages *must include: (1) list of employee position title/classifications; (2) hourly rate; (3) the specific dates for time worked, (4) number of hours worked per position title classification by date and total.* For Task 5, documentation provided by the Grantee included all requirements for salaries outlined in the Agreement; however, our review found that the Grantee received two overpayments. In the first payment request, the Grantee incorrectly calculated two of their employees' wages. Our review found that the Grantee requested reimbursement for an hourly rate of \$22.38 for all employees; however, two out of the three employees' paystubs indicated a pay rate of \$20 per hour. Based on our calculations, this resulted in an overpayment of \$671.16 to the Grantee.

After comparing the maximum allowable salary amount specified in the Agreement with the actual salary amount invoiced by the Grantee, we found the Grantee received an additional overpayment. During our review, we found that an Operations Tech 2 exceeded the maximum allowable pay and total hours specified in the Agreement for their position resulting in a second overpayment of \$1,499.46. Based on payment documentation submitted by the Grantee, an Operations Tech 2 worked a total of 764 hours for both payment requests; however, the Agreement states that 506 hours are the maximum number of hours allowed for their position. Additionally, the Agreement specifies that the salary of an Operations Tech 2 is not allowed to exceed \$11,324.28; however, we found that the same employee received a total reimbursement of \$12,823.74.

Based on our calculations, the total of all overpayments was \$2,170.62, which includes the miscalculation of the two employees' salaries in the first payment as well as the salary amount that exceeded the maximum amount of pay specified in the Agreement. When we notified the Department's Grant Manager of the overpayments found in our review, the Department's Grant Manager advised that the final payment amount would be reduced to correct all salary overpayments.

**Recommendations:**

We recommend ORCP work with Grant Managers to provide training and ensure that only allowable expenditures are approved for payment. We also recommend ORCP review payments made to the Grantee for GPS trackers and seek reimbursement for any expenditures deemed ineligible.

**Management's Response:**

Ineligible Expense: The GPS tracker was recommended by the Program Administrator. The GPS tracker is on a subscription basis with the tracker to be returned when the subscription ends. The cost for the initial set up was \$47.90 with monthly subscription cost of \$13.95. The only category was maintenance and repair for that subscription. Going forward, if a GPS tracker is recommended for any operations grant, it will have appropriate wording in the maint/repair category (Contractual Services).

Overpayments: Grant Managers will review salary payments more thoroughly. The payment summary tracking sheet will be modified to check salary amounts in the grant agreement. The invoice checklist will be modified to prompt staff to quality control/check on calculations on salary payments confirming the hourly wage worked and paid. The Grant Manager tried to rectify overpayment in third payment, but since both techs were maxed out of their assigned hours, He could only take the remaining operational salary funds which left an overpayment of \$1,128.92 (100%)/ \$846.69 (75%) remaining.

<p><b>Finding 3: Written Acceptance of Deliverables – ORCP did not provide written acceptance of deliverables prior to payment, as required by the Agreement.</b></p>
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According to the Agreement, all deliverables must be accepted in writing by the Department's Grant Manager prior to payment. During our review, we requested verification from ORCP to confirm the written acceptance of deliverables. Based on communication with ORCP, we found that written acceptance of deliverables was not provided to the Grantee. According to ORCP, written confirmation of when a deliverable has been received is provided; however, they do not provide written acceptance of deliverables.

**Recommendations:**

We recommend ORCP implement stronger internal controls to ensure Grant Managers provide written acceptance of deliverables as well as review agreement requirements to ensure sufficient documentation has been received prior to the approval of payment.

**Management's Response:**

The CVA Environmental Administrator has shared the draft audit report and has met with staff on the findings and recommendations. CVA Grant Manager staff will ensure all deliverables are received before any reimbursement is made. A written response that includes the acceptance of deliverables will be sent to the Grantee once approved, then the invoice will be processed for payment.



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## 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 Section 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 Phylea Daugherty and supervised by Susan Cureton.

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