



Department of Environmental Protection Office of Inspector General

May 4, 2023

Report A-2122DEP-015

Audit of Agreement SWI22 with Southern Waste Information eXchange, Inc.

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Grant Agreement SWI22 (Agreement) for the Southern Waste Information eXchange Clearinghouse Grant between the Department of Environmental Protection (Department) and Southern Waste Information eXchange Inc. (Grantee). This audit was initiated as a result of the Fiscal Year (FY) 2021-2022 Annual Audit Plan.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit included requirements, oversight, deliverables, and disbursements associated with the Agreement from July 1, 2021, to June 30, 2022.

The objectives were to:

- Determine whether required deliverables were completed in accordance with the Agreement
- Evaluate the Grantees use of grant funds and compliance with the Agreement
- Evaluate the Department's oversight of the Agreement

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, and internal operating procedures
- Reviewing the Agreement, Attachments, and Exhibits
- Reviewing documentation provided by the Department's Grant Manager and Grantee
- Interviewing appropriate Department staff regarding processes and controls in place
- Interviewing the Grantee regarding Grant activities, the Grant Work Plan, and use of funds
- Address any discrepancies with both the Grantee and Grant Manager

BACKGROUND

The Agreement was established between the Department and the Grantee on June 22, 2021. The Agreement had a begin date of July 1, 2021, and an end date of June 30, 2022. The Project was funded through the Florida Legislature 2021-22 FY General Appropriations Act for \$300,000 and authorized under Section 403.704, Florida Statutes (F.S.). The Grantee, the Department, Florida State University, and the Florida Chamber of Commerce formed a public-private partnership for the purpose of this Project. This Project established an information clearinghouse with the intent to: assist businesses, industries, and local governments in complying with solid and hazardous waste laws and regulations; to help businesses reduce and recycle their waste stream; and maintain a waste exchange.

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The Payment Provision for this Agreement included both cost reimbursement and advanced payment. The Grantee was required to fill out an Advance Payment Justification form, DEP 55-222, to request advanced payment. In order to request reimbursement, the Grantee must submit deliverables within outlined timeframes on the Grant Work Plan to the Grant Manager. Once the Department determined that the deliverables met the specifications in the Grant Work Plan and Agreement, the Grantee could submit a payment request. The Agreement established ten tasks and deliverables to be completed by the Grantee (see table below). The Grant Manager was required to review the costs for each task to confirm that they do not exceed the maximum allowed budget. Any amount over the allowed funding would be reimbursed to the Department. Quarterly progress status reports are due from the Grantee within twenty days of the end of each quarterly reporting period.

**Grant Agreement SWI22 Attachment 3
Grant Work Plan**

Project Authority: Southern Waste Information Exchange, Inc. (SWIX), here after referred to as "Grantee" received funding from the Florida Legislature in the amount of \$300,000 through Specific Appropriation Line Item No. 1651, Solid Waste Management Trust Fund, Fiscal Year (FY) 2021 - 2022, General Appropriations Act. The Grantee received this funding for the purpose of assisting commercial waste generators in Florida with the identification and implementation of recycling and waste use and reuse opportunities, Project No. SWI22. Authority for this Project is specified in Section 403.704, Florida Statutes (F.S.). Monitoring and auditing guidelines, as related to the Florida Single Audit Act, are specified in the Florida Catalog of State Financial Assistance (CSFA), No. 37.025.

Task Budget and Deliverable Due Dates			
Task	Description	Funding	Due Date
1.	Clearinghouse Operations	\$223,305.25	Quarterly, no later than ten days following the end of the quarter
2.	SWIX and Waste Exchange Website Maintenance	\$14,034.66	Quarterly, no later than ten days following the end of the quarter
3.	Trade Association Conference Attendance	\$3,912.87	No later than ten days following completion of an event
4.	Trade Association Conference Sponsor/Exhibitor Participation	\$12,405.60	No later than ten days following completion of an event
5.	WasteMap Florida Website Maintenance	\$8,786.42	Quarterly, no later than ten days following the end of the quarter
6.	Online Directory Maintenance	\$13,481.92	Quarterly, no later than ten days following the end of the quarter
7.	Review of Agricultural Citrus Plastic Waste Generation and Recycling	\$8,122.60	No later than ten days following the end of each collection event
8.	Pharmaceutical Collection Events	\$7,421.96	No later than ten days following completion of an event
9.	Recyclable Material Technical Advisory Group (TAG)	\$5,827.88	No later than ten days following completion of the workshop
10.	Book Recycling Collection Event	\$2,700.84	No later than ten days following completion of each event

One advance and three reimbursement requests were submitted by the Grantee and approved by the Grant Manager during the course of the Agreement period. At the end of the Agreement period, the Grantee submitted the final progress report. The Grantee also submitted a refund, for unspent funds, back to the Department.

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Date	Voucher #	Payment Amount	Balance Remaining
			300,000.00
August 3, 2021	VF00565	75,000.00	225,000.00
October 12, 2021	VF01595	70,648.14	154,351.86
January 12, 2022	VF03044	62,708.99	91,642.87
April 12, 2022	VF04580	70,171.52	21,471.35
July 15, 2022	Refund	-8,952.90	30,424.25
Total Budget Used:		269,575.75	

RESULTS OF AUDIT

Completion of Tasks and Deliverables

To determine if the Grantee completed the deliverables in accordance with the standards of the Agreement, documentation and vouchers provided by the Grant Manager and Grantee were reviewed and tested against authoritative criteria identified within the Agreement. Any discrepancies found were then addressed with both the Grant Manager and Grantee. A summary of our analysis for each task and its deliverables is provided below.

Task 1: Clearinghouse Operations:

Task 1 requires the Grantee to operate as a clearinghouse of technical information and to respond to requests for information. The deliverable for Task 1 requires the Grantee to submit a clearinghouse activities summary report quarterly, no later than 10 days following the end of each quarter of the Agreement period. The report can be in the form of a spreadsheet and must be categorized by area of technical information. The Agreement requires the Grantee to provide eight areas of technical information, as listed below:

1. Solid and hazardous waste management
2. Availability of and demand for waste materials
3. Waste recycling, recovery, use, and reuse opportunities
4. Products made from recycled materials and their availability
5. Proper waste disposal practices
6. Waste management services and products
7. Federal, State, and local regulations that affect waste management
8. Recycling Education and Training

Additionally, all reports must include the following information: 1) the date a request for information was submitted to the Clearinghouse; 2) the area of technical information included in the request; 3) the response, including the date and method (phone call, e-mail, letter, etc.), sent by the Grantee and, 4) the total number of requests categorized by area of technical information. Based on our review, the Grantee provided the quarterly reports for the first, second, third, and fourth quarters in a timely manner. However, the reports only listed seven areas of technical information instead of the eight required by the Agreement. Additionally, the reports did not include all the information required by the Agreement.

Task 2: SWIX and Waste Exchange Website Maintenance:

Task 2 required the Grantee to maintain two existing websites: <http://swixusa.org> and <http://www.wastexchange.org>, including server hosting fees, domain registration, and website

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labor. The Grantee was also required to conduct a direct mailing campaign to a determined target market of waste generators and users of waste materials. Task 2 included six required deliverables be submitted within ten days of the end of each quarter, as follows:

1. Log of labor spent on routine maintenance, including the date of the maintenance and task accomplished
2. Screenshots (before and after) of any changes made to the website
3. Google Visitor's Overview Analytics Graphic Report that identifies the number of visitors the website receives on an hourly, daily, weekly, and monthly basis
4. Copies of any publications that are posted on the website
5. Copies of the email notifications received from the Service Provider whenever the website is down and when it came back up, along with a log that shows when the site was offline and unavailable and when it came back online
6. Copies of the direct mailing postcard and the mailing list used to mail the postcards

Our review determined the Grant Manager reviewed the websites during the Agreement period to confirm that websites were operational and accomplishing the requirements of the task, and that the Grantee maintained hosting fees for both websites. The Grant Manager confirmed the Waste Exchange hosting was managed through a vendor. This vendor also completed routine maintenance for the website during March and May to keep websites up to code and functioning. The SwixUSA hosting was managed by DCH Hosting as an in-kind donation prior to being switched to a different vendor at the end of the Agreement period.

Google Visitor's Overview Analytics Graphic Reports were provided timely every quarter with the progress reports given to the Grant Manager. According to the Grantee and Grant Manager, only the blog posts associated with Task 8 and Task 10 were posted on the website. These were provided with quarterly progress reports in a timely manner. The Grantee confirmed that the website was never down. Copies of direct mailing postcards were provided during the audit process to the Grant Manager; however, a copy of the mailing list was not provided by the Grantee. The Grantee kept a database with mailing addresses and provided a link under Task 6 for the Grant Manager but did not provide a copy of the mailing list or confirm who was contacted or when they were contacted. Based on our review, we determined that some deliverables for Task 2 were not completed as required.

Task 3: Trade Association Conference Attendance:

The Grantee was required to attend two trade association conferences in order to gain knowledge of waste reduction, exchange, and recycling of solid and hazardous waste. The two events were planned and listed within the Agreement as Recycled Florida Today 2022 Winter Summit (scheduled for March 2022 in Florida) and the Plastics Recycling Conference (scheduled for February 2022 in Nashville, Tennessee). All travel requests must be submitted to the Department's Grant Manager for pre-approval prior to travel. The following three deliverables were required, per event, within ten days of the end of the event.

1. Copies of the conference agenda and presentations delivered at these events
2. A summary of event activities and knowledge obtained
3. A list of conference participants, if provided, for each conference

The process used by the Grant Manager when reviewing Task 3 included confirming the events listed in the task description were taking place and reviewing deliverables to confirm attendance of the conference in-person or virtually. All events took place during the third quarter of the Agreement Period. During our review, the Grantee provided copies of both conference agendas

with the associated quarterly progress report. The Grantee provided the presentation given at the Recycle Florida Today conference and confirmed that no presentation was given at the Plastics Recycling Conference. However, no summary of event activities or knowledge obtained was provided with the initial quarterly progress report. The Grant Manager stated that the conference agendas were the only form of summary of activities provided and that no summary of knowledge was provided by the Grantee. During the audit process, the Grantee provided a summary of knowledge obtained. The summary of knowledge obtained was non-specific language the Grantee typically used for travel reimbursement associated with Task 3 for "Statement of Benefit to the State." A list of speakers was included with the Recycle Florida Today agenda. A more complete list of participants for Recycle Florida Today was provided by the Grantee during the audit process. Based on documentation provided to the Grant Manager with the quarterly progress reports, the list of conference participants deliverable appeared complete. A list of speakers/participants was provided for the Plastics Recycling Conference during the audit process. The Grant Manager confirmed they received it with the progress report but did not expand the drop-down menu to show the full information. All deliverable documentation was provided after the Agreement requirement of ten days after an event. Most documentation was provided with the quarterly progress report on April 3, 2022. The remaining deliverables were provided during the audit process.

Task 4: Trade Association Conference Sponsor/Exhibitor Participation

Task 4 required the Grantee to present, exhibit at and/or sponsor three trade association conferences or special events. The Grantee was to provide attendees with technical and educational materials on waste reduction, waste exchange and recycling of solid and hazardous waste. Three events were planned for this task: Florida Chamber of Commerce Environmental Summer School in July 2021, Southeast Recycling Conference & Trade Show in March 2022, and Recycle Florida Today Annual Conference and Exhibition in June 2022. All travel requests must be submitted to the Department's Grant Manager for pre-approval prior to travel. The following three deliverables were required to be submitted by the Grantee within ten days of the conclusion of each event:

1. Confirmation of exhibit space or sponsorship from each conference
2. Copies of agenda, presentation, brochures, collateral material, or event handouts indicating the Grantee's participation in these events
3. Summary of event activities for each event attended including list of participants, if available

Based on our review, the Grantee reported attendance for five total events over the course of the Agreement period that they attributed to Task 4. The first event was the Florida Chamber of Commerce Environmental Summer School in July 2021. The Grantee provided an invoice showing their sponsorship of the Chamber of Commerce Environmental Summer School and the agenda with their quarterly progress report. The agenda also served as the summary of event activities. A list of participants was provided to the Grant Manager. However, the deliverables for the event were not provided to the Grant Manager until October 4, 2021, which was not within ten days after the event, as required.

The Grantee also attended and provided deliverables for two other events during the first quarter that were not included in the Agreement. The Grantee attended the Southeast Recycling Conference in August 2021 and Recycle Florida Today Conference in September 2021. These events were part of Task 4 in the previous Grant Agreement, SWI21, but were delayed due to COVID. These events were not addressed by the Grant Manager, and no amendment was submitted to add these events to the Agreement. The deliverables provided by the Grantee were

over ten days after the event. Costs associated with these two events are not eligible for reimbursement.

During the third quarter of the Agreement period, the Grantee attended the second event listed on the Agreement task description, the Southeast Recycling Conference & Trade Show held March 13-15, 2022. The Grantee provided the agenda for this event which included a confirmation of sponsorship, participation, and a list of participants. The deliverable was submitted with the quarterly progress report on April 5, 2022, which was more than ten days after the event.

During the fourth quarter of the Agreement period, the Grantee attended the Recycle Florida Today Conference held on June 27-29, 2022. The Grantee provided the agenda for the event with the fourth quarter progress report. This agenda did not provide confirmation of exhibit space or a list of participants. During the audit process, the Grant Manager provided an updated copy of the agenda that showed confirmation of exhibit space and a list of participants. The agenda deliverable was submitted within ten days of the event, but the confirmation of exhibit space and list of participants deliverable was not submitted until September 9, 2022, which was more than ten days after the event.

Task 5: WasteMap Florida Waste Maintenance

The Grantee was required to maintain an existing website, www.WasteMap.org, including server hosting fees, domain registration, and website labor. The website is a statewide system for mapping and tracking solid waste facilities in Florida. This allows the public to find local disposal facilities and view pertinent facility information. Five deliverables were required to be submitted within ten days of the end of each quarter.

1. Log of labor spent on routine maintenance, including the date of maintenance and task accomplished
2. Screenshots (before and after) of any changes made to the website
3. Google Visitor's Overview Analytics Graphic Report that identifies the number of visitors the website receives on an hourly, daily, weekly, and monthly basis
4. Copies of publications that are posted on the website
5. Copies of the email notification received from the Service Provider whenever the website is down and when it came back up

The Grant Manager reviewed the website during the Agreement period to confirm the website was operational and accomplishing the requirements of the task. The Grantee maintained hosting fees for this website. The Grant Manager and the Grantee confirmed the WasteMap website hosting is managed through Platinum Web Development. However, the invoice is labeled incorrectly as associated with Task 6. Platinum Web Development performed routine maintenance on the website in June 2022 for updates related to Google Analytics and provided the required log of labor. The Grantee confirmed that the changes created were for internal coding to keep the website functioning, and no screen shots of changes were needed. Grantee employees did work on the website to keep listings up to date. The logs of labor for Grantee employees were incomplete but were provided timely. Screenshots were not provided for changes made to the website. The Google Visitor's Overview Analytics Graphic Report was provided timely with each quarterly progress report. The Grantee confirmed that they do not post any publications to the WasteMap website. It was also confirmed by the Grantee that the website was never down during the Agreement period. Based on our review, deliverables were submitted timely each quarter.

Task 6: Online Directory Maintenance

For Task 6, the Grantee was responsible for maintaining an online database at <http://swix.ws>. This database was required to contain updated listings of public and private entities that collect, transport, broker, process or remanufacture materials for reuse in Florida. Maintenance of the website and database should include conducting a targeted mailing campaign to entities currently in the directory to ensure information is up to date. The Grantee would then need to follow up with those entities as necessary. Four deliverables were required for this task, due within ten days of the end of each quarter.

1. Log of the labor spent on routine maintenance, including the date of the maintenance and the task accomplished
2. An electronic copy of the updated database
3. The iFrame web development templates that can be used for the Department's Recycling Business Assistance Center website
4. A copy of the mailing list, document(s) mailed and a list of the responsive companies

The Grant Manager's review process included an independent review of the website to confirm it was operational, and a review of documentation provided by the Grantee with the quarterly progress reports. Routine maintenance of the website was only done by Grantee employees. The logs of labor were provided timely but were incomplete.

The Grantee provided a link to the active databases each quarter with the progress reports submitted to the Grant Manager. The Grant Manager and Grantee confirmed that the link was all that was provided. Our review found that an electronic copy of the updated database was not created. The Grant Manager confirmed documentation provided for the iFrame web development template was provided timely with each quarterly progress report. Documents mailed as part of the direct targeted mailing campaign were provided by the Grantee during the audit process in September 2022. No copy of the mailing list was created; however, a link to the database was provided. The Grantee ran a mail merge with the database to send out documentation for the mailing campaign. Our review found there was no documentation available to show when mail or follow-ups were sent. The Grant Manager confirmed that no list of responsive companies was provided, and the Grantee confirmed a list was not created.

Task 7: Review of Agricultural Citrus Plastic Waste Generation and Recycling

The Grantee was tasked with researching the types and volumes of agricultural plastics waste generated by the citrus industry in Florida to get an idea of how this waste could be recovered and recycled. In accordance with the Agreement, the Grantee was to contact citrus grower stakeholders as well as plastic recyclers and brokers to obtain relevant information. This task had one deliverable which was a summary report of the findings that was due within ten days of each collection event.

The Grant Manager confirmed the process for reviewing this task was to compare the deliverable against the Agreement. The Grantee requested reimbursement for Task 7 in both quarters two and three of the Agreement period. The deliverable associated with this task was submitted with the fourth quarter progress report. The Grantee stated the lack of deliverables during the second and third quarters were due to an oversight. The report described estimates of the quantity of the plastics waste generated but appeared to be missing information about the types and how waste could be recovered and recycled. The Grant Manager clarified the language in the Agreement was intended to imply the Grantee was only responsible for research on the types and quantities of plastics waste and not for information on how it could be recovered and recycled. The Grantee clarified during the audit that the report only covered one type of agricultural plastics waste, HDPE

drip tubing. The Grantee confirmed that research resources for the report were not documented. According to the Grantee, research for this task was done via phone calls made with various citrus industry experts and agricultural supply distributors as well as internet searches.

Task 8: Pharmaceutical Collection Events

The Grantee was required to coordinate with the Department and the US Drug Enforcement Agency (DEA) to hold two one-day collection events for old/unwanted pharmaceuticals. This task also required the Grantee to develop a newspaper insert, marketing the collection events and to submit a report documenting the findings of the collection event. Three deliverables were required to be submitted within ten days of the end of each event.

1. Copies of any collection event advertisements
2. Summary report for the events that must include:
 - a. Date, time and location of the collection event
 - b. Amounts of pharmaceuticals collected
 - c. Number of participants served
 - d. Final destination for disposal
 - e. Documentation of transport receipt and proper disposal by a permitted facility
 - f. Any other information that may be requested by the Department
3. Copies of pharmaceutical clearinghouse website pages

The first event held by the Grantee took place on October 23, 2021 in Tallahassee, Florida at Costco. The Grantee provided copies of a newspaper insert advertisement and a copy of the radio spot advertisement via email to the Grant Manager within ten days of the event. The summary report for the October event was provided at the same time. The summary report provided the required information regarding the amount of pharmaceuticals collected, number of participants, and date. The location listed on the report did not provide an address and only stated Tallahassee; however, the photos were labeled as "Costco Event Photos." Additionally, the summary report did not include the time of the event. This information was provided on the advertisement deliverables. The Grant Manager considered the advertisements as part of report documentation and considered this documentation sufficient. The Grantee provided the information regarding the destination for disposal and documentation of transport receipt and proper disposal by a permitted facility to the Grant Manager during the audit process on September 8, 2022. No additional information was requested by the Department.

The Grantee held two more events on April 23rd and 30th, 2022. The Grantee informed the Grant Manager about adding a third event due to low turnout at the April 23rd event. Copies of newspaper advertisement inserts and radio advertisements were provided within ten days of the events to the Grant Manager. Summary reports for both events were provided at the same time. The summary reports provided the required information regarding the amount of pharmaceuticals collected, number of participants, date, final destination for disposal, transport receipt and proper disposal by a permitted facility. The location listed on the report did not provide an address and only stated Tallahassee, but the photos were labeled as "Costco Event Photos." The summary reports did not include the time of the event; however, the information was included on copies of the advertisement. The Grant Manager considered the advertisements as part of the report documentation and considered this documentation sufficient.

The Grantee did not provide copies of pharmaceutical clearinghouse website pages for any of the events. The Grant Manager stated this language should not have been included in the deliverables. However, copies of pharmaceutical clearinghouse website pages were subsequently provided by the Grant Manager.

Task 9: Recyclable Material Technical Advisory Group

The Grantee was required to work with the Department to hold a Recyclable Material Technical Advisory Group (TAG) to gain input from other entities. The purpose was to assist the Department in evaluating the efficacy and necessity of statewide and local regulations of materials. It was noted on each quarterly progress report that Task 9 was put on hold. The Grant Manager confirmed that the task had been put on hold for the extent of the Agreement period during a conference call as the legislative bill did not pass authorizing the TAG.

Task 10: Book Recycling Collection Event

The Grantee was required to conduct a month-long book collection and recycling event in coordination with the Department, Florida Bar, Florida State University Waste Management Department, City of Tallahassee, and a local recycler. Three deliverables were required within ten days of the end of the collection event.

1. A summary of the collection event
2. Copy of marketing materials
3. Estimated volume of books collected and recycled

The Grantee held the event from April 4th through April 29th, 2022. The marketing materials were provided during the third quarter with the progress report prior to the event. The Grantee confirmed the marketing materials were distributed by the Department and the Florida Bar. A summary of the collection event was provided to the Grant Manager along with an estimation of the volume of books collected and recycled. Based on our review, all deliverables were provided timely.

Grantee Compliance with Agreement and Use of Funds

Pursuant 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. To be eligible for reimbursement, costs must be in compliance with laws, rules, and regulations applicable to expenditures of State funds, including, but not limited to, the Reference Guide for State Expenditures.

To determine whether the Grantee complied with the Agreement and used funds appropriately, documentation and payment vouchers provided by the Grant Manager and Grantee were reviewed and compared to authoritative criteria identified within the Agreement. Any discrepancies found were addressed with both the Grant Manager and Grantee.

Our review found that some invoices provided with the reimbursement requests did not meet the requirements in Attachment 1 of the Agreement and the State's *Reference Guide for State Expenditures*. Some invoices lacked itemization, a few invoices for services did not have service dates included, and one invoice did not show the full price breakdown. There were also some concerns identified with the invoices for website hosting and maintenance. Our review found that every website listed on the invoices referenced the incorrect task number and was misallocated based on the budget stated in the Agreement. The Grantee confirmed the invoices, and the allocation of the invoices would be corrected going forward. The vendor being used for website hosting and maintenance also had an expired registration with the State of Florida. The Grantee was unaware of the vendor not being a current registered business in Florida. The vendor took corrective action during the audit. Additionally, the Grantee was able to provide corrected invoices for the invoices lacking itemization.

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The Grantee paid a monthly rental fee for half of the Agreement period to a company owned by the Grantee. In a previous audit conducted in 2002, a recommendation was made to the Department to conduct a rental analysis of comparable rental properties to ensure the Grantee was paying a market rate for the office space. This concern was based on the related party transaction. Since the rental analysis conducted at the conclusion of the 2002 audit, there have been no additional rental analysis conducted. However, the Grantee did not have a change in monthly rental fee until January 2022. The change in monthly rental was due to the Grantee relocating to a location not owned by the Grantee.

According to Attachment 9 of the Agreement, costs that are pooled as indirect costs will include costs for: accounting, insurance, rent/utilities, storage unit, supplies, telephone/fax line charges, miscellaneous telephone service charges, Comcast internet charges, office equipment rental, and printing. Upon comparison of allocated indirect costs and the approved indirect cost pool listed on Attachment 9, the following concerns were identified:

- The monthly invoice for “IT & Network Services” provided with reimbursement requests did not appear to be a service covered under the indirect cost pool. The Grantee clarified that the service was for equipment rental for a file server. The Grantee stated they will reach out to the vendor to include this detail on the receipt in the future.
- A post office box service fee was paid by the Grantee but not covered under the indirect cost pool. The Grant Manager stated it would be included in the pool going forward.
- A monthly invoice was paid for telephone, internet, and television services. The internet and telephone services are included in the approved indirect cost allocation pool, but the television service was not listed. During the audit process, the Grantee provided documentation from the vendor showing the service package including television provided a cost savings.
- The Grantee paid a membership fee to access information on market pricing for recyclable materials. This service was not included in the indirect cost allocation pool. The Grant Manager explained that this service was required for the Grantee’s work related to Task 1.
- One invoice for indirect expenses did not have the full amount allocated for reimbursement despite a note on the invoice stating the expense was grant related. The Grant Manager confirmed with the Grantee that they did not want the amount reimbursed.
- The Grantee moved offices during the Agreement period and incurred multiple expenses totaling \$783.45 associated with moving. Moving expenses are not included as an eligible expense in the indirect cost allocation pool nor in the Agreement.
- Workers’ compensation insurance was reimbursed under indirect costs and was listed in the indirect cost allocation pool. However, Attachment 2 of the Agreement states that the Grantee, at its sole expense, shall maintain insurance coverage including workers’ compensation. Attachment 1 of the Agreement provided an order of precedence for conflicting provisions among the documents making up the Agreement. Attachment 2, Special Terms and Conditions had precedence over Attachment 9, Indirect Cost Allocation Plan.

Based on our review, all indirect costs were allocated to Task 1 instead of across multiple tasks. According to the Grant Manager, the decision to charge all indirect cost to Task 1 was based on the outcome of a prior audit. The Indirect Cost Allocation Plan, Attachment 9 of the Agreement, states that the allocation factor for pooled indirect costs are to be applied in the same way that personnel and fringe benefits are to be applied. Personnel and fringe costs were allocated based on the hours employees spent on a specific task.

The Grantee submitted reimbursement requests for Task 4 of the Agreement that appear to be ineligible. The Grantee attended two events, the Southeast Recycling Conference & Trade Show

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from August 8-10, 2021, and the Recycle Florida Today Conferences from September 7-9, 2021, during the first quarter of the Agreement period; however, these events are related to the previous year Grant Agreement, SWI21. The events were initially scheduled for March 2021 and June 2021, respectively, but were delayed due to COVID. There was no amendment submitted to include the events in the Agreement and the events were not addressed with the Grant Manager.

A reimbursement was requested for a \$2500 membership renewal for Recycle Florida Today through December 2021. The membership was invoiced on November 9, 2020 and covered two events from the previous Grant Agreement SWI21. One of these events was the Recycle Florida Today Conference which was delayed to September 7-9, 2021. The Grant Manager was informed by the Grantee that the dates on the invoice were incorrect and the date of the invoice was during the Agreement period; however, a correct invoice was not provided. The Grantee advised that the membership fee covered the calendar year rather than the Grantee's fiscal year, so the payment of the annual invoice was delayed to the next fiscal year period.

Two travel reimbursement requests were made during the Agreement period, one during September 2021 and one during June 2022. The task description stated travel was required to be pre-approved prior to travel. Documentation requesting reimbursement for travel costs was submitted after the travel was completed, and no pre-approval was received. The Grant Manager stated they thought Appendix II of the Agreement for *Estimated SWIX Travel Budget Attachment* was considered a prior approval for travel. The September 2021 travel was not included in this Appendix and the June 2022 travel did not have a destination listed. The mode of transportation for both travel reimbursements was a privately owned vehicle with map mileage being requested for reimbursement. Pursuant to Section 112.061, F.S., when a traveler uses a privately owned vehicle instead of a common carrier, the traveler shall be entitled to the common carrier fare for such travel if determined to be more economical. The Grant Manager did not address mode of transportation.

The Grant Manager's process was to review salary allocations on reimbursement requests and compare them to the salary and benefits spreadsheets provided by the Grantee. Other expenditures would be compared to the summaries of expenses and payment request summary forms provided by the Grantee. During our review, salary and invoices were found to be misallocated over the course of the Agreement period. During the third quarter, the Grantee's employees attended two events for Task 3. The Grantee confirmed these hours were misallocated under Task 1. In another instance, an employee attended an event associated with Task 4, but salary was allocated to Task 3. During the fourth quarter, two invoices related to Task 8 were misallocated to indirect expenses on Task 1. The Grant Manager made a deduction in error when calculating Grantee fringe costs.

CONCLUSION

Based on our review and discussions with the Grant Manager and the Grantee, the Grantee has completed all tasks required in the Agreement with the exception of Task 9. However, we noted some internal control deficiencies regarding costs and deliverables, including the following: salary and invoices were misallocated by the Grantee, several deliverables did not meet the requirements of the Grant Work Plan, some costs and invoices were determined to be ineligible expenditures, and the Grantee did not retain documentation related to work completed. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Deliverables – Some deliverables required by the Agreement were incorrect, incomplete, or missing entirely.

Incorrect or Incomplete Deliverables

Task 1: The quarterly summary report required by the Agreement needed to cover eight areas of technical information. Additionally, the reports needed to include four parts of information. Based on our review, the quarterly reports only listed seven areas of technical information, did not have the date of response, had incomplete responses provided by the Grantee, and did not have a total number of requests categorized by area of technical information.

- **Technical Information:** During the audit process, the Grant Manager and Grantee both confirmed that two categories were combined on the reports under Recycling, but no change had been made to the Agreement. The two combined categories were: “Waste recycling, recovery, use and reuse opportunities” and “Recycling Education and Training.” The Grantee stated they could provide estimates of inquires received per area of technical information for these two categories but not an exact amount. The summary reports had the date of receipt listed for requests but did not have a date of response. The Grantee stated they typically responded the day they receive the request but do not retain information regarding their response including when they provided the response.
- **Date of Response:** The quarterly reports contained the date of receipt for requests but did not include the date of response.
- **Response Provided by the Grantee:** The reports provided during our review contained a generic response of “Provided Information as requested” listed for each information request. The Grantee stated they did not retain documentation showing their responses or the initial information request.
- **Request Categorization:** The reports initially provided did not show requests categorized by area of technical information. The reports were broken down by the method of response and provided totals by response method.

Tasks 2, 5, and 6: Logs of labor with date of maintenance and task accomplished were required for routine maintenance on websites. Logs of labor were provided, including task accomplished, but the service in May 2022 had a generic description of “various web site updates.” The Grant Manager did not address this generic description or request a more detailed log. During the audit process, a more detailed log was requested and was provided by the Grantee. The detailed log stated the changes were only to internal coding with no visible changes made to the website. Additionally, some of the Grantee’s employees completed work on the websites. Logs of labor provided for Grantee employees working on the website were their weekly timesheets. The timesheets showed when labor was done but not the task accomplished as required by the Agreement.

Task 6: The Grantee was required to provide an electronic copy of the updated database. The electronic copy of the updated database for Task 6 was provided to the Grant Manager as a link

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to the database. The database had a downloadable copy functionality. No electronic copy was created by the Grantee or Grant Manager.

Task 7: Task 7 required research into the types and volumes of agricultural plastics waste generated by the citrus industry in Florida. The Grantee provided a report that initially lacked the type of agricultural waste but provided the information during the audit process.

Missing Deliverables

Tasks 2 and 6 had deliverables for copies of direct mailing postcards or documents mailed and a copy of the mailing list. The copies of direct mailing postcard and documents mailed were provided during the audit process. The copy of the mailing list for both tasks was not created; only a link to the active database was provided. Task 6 deliverables also required a list of responsive companies. A list was not created. The Task 8 deliverable required the final destination for disposal, copies of pharmaceutical clearinghouse website pages, and documentation of transport receipt and proper disposal by a permitted facility. The final destination for disposal and documentation of transport receipt for an event during the second quarter was provided during the audit process. Copies of pharmaceutical clearinghouse website pages were provided by the Grantee during the audit process. Task 3 deliverables required a copy of the presentation and summary of knowledge obtained for each event attended. A summary of knowledge obtained at the event and the presentation given at the Recycled Florida Today event were both provided by the Grantee during the audit process. Task 4 required confirmation of exhibit space or sponsorship and a list of participants, if available. The confirmation of exhibit space and list of participants for the Recycle Florida Today Conference in June 2022 was provided during the audit process.

Lack of Back-up Documentation

Attachment 4, Public Records Requirements, stated that the Grantee is required to maintain Public Records of all documents, papers, letters, or other material, regardless of physical form, characteristics, or means of transmission made or received by the Grantee in conjunction with the Agreement. The Grantee was required to operate as a clearinghouse for Task 1. This task included receiving inquiries for information, responding to requests, and keeping track of these with a summary report. Task 7 required the Grantee to research the types and volumes of agricultural plastics waste generated by the citrus industry in Florida and provide a summary report. Each summary report was lacking information. The Task 1 summary report did not provide responses to inquiries, was missing an area of technical information and lacked the date of response. The Grantee stated that no documentation was retained regarding Task 1 duties so no back up documentation was available to fill in gaps of information. The Task 7 summary report was missing the types of agricultural plastics, as required. The Grantee did clarify that only one type of plastic was researched but did not retain any of the documentation from research and could not cite sources for research.

The incorrect, incomplete, and missing deliverables identified during the audit were addressed with the Grantee and the Grant Manager. These oversights by both the Grantee and Grant Manager could lead to ineligible reimbursement for tasks costs. In addition, the Grantee would not be able to meet Public Records requests, as required.

Recommendations:

- 1.1 We recommend the Department ensure deliverables are completed prior to approval of reimbursement request.

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- 1.2 We recommend the Department review the deliverable language in the Agreement, prior to executing the Agreement, each year to confirm that it fits the associated tasks.
- 1.3 We recommend the Department work with the Grantee to ensure procedures are implemented to maintain documentation associated with work required by the Agreement.

Management Response:

Grant manager will ensure deliverables are completed prior to approval of reimbursement request and send email to Grantee approving deliverables before reimbursement request is submitted for payment. SWI23 has been amended to provide clarity in deliverable descriptions to ensure they fit the tasks. The Division will work with the Grantee to ensure documentation associated with work under SWI23 is appropriately maintained in accordance with public records requirements.

Finding 2: Untimely Submissions – Some deliverables were not submitted by the due date noted in the Grant Work Plan.

Tasks 3 and 4 had deliverables that were due within ten days after the related event. The Task 7 deliverable was due within ten days following the end of each collection event. The Task 3 events took place on January 26, 2022, for the Recycle Florida Today conference and March 7-9, 2022, for the Plastics Recycling Conference. The deliverables that were provided during the Agreement period for these tasks were provided over ten days after the events on April 3, 2022. The Task 4 events during quarter one took place on July 21-24, 2021, for the Environmental Permitting Summer School, August 8-10, 2021, for the Southeast Recycling Conference & Trade Show, and September 7-9, 2021, for the Recycle Florida Today Conference. The deliverables for these events were provided on October 4, 2021. The Task 4 event, Southeast Recycling Conference & Trade Show, in quarter three took place from March 13-16, 2022. The deliverable was provided April 5, 2022. The deliverables for Tasks 3 and 4 were submitted with the quarterly progress reports instead of within ten days of each event. The Task 7 deliverable was submitted with the fourth quarter progress report, but work was done in the second and third quarters.

The untimely submission of the deliverables was addressed with the Grantee and Grant Manager during the audit process. The Grantee stated task due dates were not properly updated from the previous Grant Agreement. These oversights by the Grantee lead to deliverables not being processed timely and in accordance with the requirements of the Agreement.

Recommendations:

- 2.1 We recommend the Department work with the Grantee to ensure deliverables are submitted timely as required by the Agreement.

Management Response:

SWI23 amended to require all deliverables be submitted quarterly with reimbursement request.

Finding 3: Travel Approval and Costs. The Grantee did not receive proper pre-approval and costs did not follow Florida Statute requirements.

Tasks 3 and 4 required the Grantee to get pre-approval for travel associated with these tasks. The Grantee did not request pre-approval for travel that was completed during the Agreement period. However, the Grantee submitted reimbursement for travel expenses in the first and fourth quarters after the respective events, Recycle Florida Today in September 2021 and Recycle Florida Today in June 2022. Appendix II of the Agreement contained an Estimated SWIX Travel

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Budget Attachment that provided cost estimates for all anticipated travel. The travel in September was not included as an event and was not included on the Task 4 description. The travel in June was included and had a rental vehicle listed as the anticipated mode of transportation. Both travel reimbursements reflected that a personal vehicle was used and map mileage was requested on the reimbursement. While map mileage could be an eligible reimbursement, per Section 112.061, F.S., if common carrier fare is determined to be the most economical mode of transportation, then the Grantee would need to be reimbursed for the lower amount. There was no documentation showing an analysis was completed by the Grantee or Grant Manager.

According to the Grant Manager, Appendix II of the Agreement was thought to be the pre-approval for all travel. The lack of pre-approval, by the Grant Manager, for travel to be conducted as part of the Agreement could result in ineligible expenses being incurred by the Grantee.

Recommendations:

- 3.1** We recommend the Department ensure the Grant Manager is approving all travel prior to the travel date, as required by the Agreement.

Management Response:

The next grant agreement will require the Grantee to send an email to the DEP Grant Manager requesting approval at least two weeks prior to the travel occurring to ensure that Grant Manager review and approval of all covered travel is obtained prior to the travel occurring.

Finding 4: Reimbursement Documentation and Ineligible Costs - Some reimbursement documentation did not meet State expenditure requirements. Some costs reimbursed to the Grantee are costs not authorized by the Agreement.

Reimbursement Documentation

The Agreement states the Grantee shall be paid on a cost reimbursement basis for all eligible project costs and, to be eligible for reimbursement, costs must be in compliance with laws, rules, and regulations applicable to expenditures of State funds, including, but not limited to, the *Reference Guide for State Expenditures*. Some invoices provided as supporting documentation for payment requests did not meet these requirements.

- Invoices for two vendors did not meet itemization requirements. The Grantee and Grant Manager provided more detailed invoices during the audit process.
- Service dates were missing on invoices for hard disk drive sanitization and IT & Network Services.
- Documentation for salary reimbursement did not meet the requirement of having position classification.

Ineligible Costs

Attachments 1, 2, 3 and 9 of the Agreement covered allowable or required costs and laid out documentation requirements for cost reimbursement for invoices and salary. Based on our review, we found the following:

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- Task 4 required the Grantee to exhibit at or sponsor three trade association conferences during the Grant period. The Grantee attended five total events, only three of which were listed in the Grant Work Plan. The two events not listed in the Grant Work Plan, Southeast Recycling Conference & Trade Show in August 2021 and Recycle Florida Today in September 2021, were delayed events that were on the previous Grant Agreement, SWI21. No amendment was done to add these events to the Agreement. The Grantee attended and was reimbursed for salary and travel expenses for these two additional events even though they were not authorized by the Agreement.
- The Agreement covered the period July 1, 2021, to June 30, 2022 and included an Indirect Cost Allocation Plan (Attachment 9). Supporting documentation submitted by the Grantee included an invoice for membership renewal to Recycle Florida Today. The Grantee was reimbursed for this expense although the invoice for the membership was dated November 9, 2020, and service covered events that took place during the previous Grant Agreement (SWI21).
- Some costs were allocated under indirect cost that were not included in the Indirect Cost Allocation Plan (Attachment 9). These costs included a post office box service fee and moving expenses. Workers' compensation insurance reimbursement was included in the Indirect Cost Allocation Plan, but the Special Terms and Conditions (Attachment 2) required the Grantee, at its sole expense, to maintain workers' compensation. The order of precedence in the event of conflicting provisions is provided in Attachment 1, which states *Attachments...in numerical order as designated in the Standard Grant Agreement*.

Lack of oversight by the Grant Manager when reviewing reimbursement requests, resulted in payment for costs that were not sufficiently documented at the time of the reimbursement. In addition, the Grantee was reimbursed for costs that were not eligible under the Agreement.

Recommendations:

- 4.1** We recommend the Department work with the Grantee and Grant Manager to ensure costs requested for reimbursement and costs reimbursed are in accordance with the Agreement.

Management Response:

Grant Manager will ensure costs requested for reimbursement and costs reimbursed are in accordance with the Agreement by clearly identifying eligible costs in the Work Plan and monitoring the quarterly reimbursement submittals. The Indirect Cost Agreement will be reviewed by the Office of General Counsel to ensure appropriate costs are considered eligible as indirect.

Finding 5: Misallocation of Costs – Invoice and salary costs have been allocated to the incorrect task.

The Agreement included a budget for the total allowable costs for each task. During our review, some invoices and salary expenses were found to be allocated to incorrect tasks

- Two events associated with Task 3 (Recycle Florida Today in January 2022 and Plastics Recycling Conference in March 2022) had salary expenses misallocated to Task 1.
- One event associated with Task 4 (Southeast Recycling Conference and Trade Show attended in March 2022) had salary expenses for the event misallocated to Task 3.

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- Two invoices associated with Task 8 for chairs and radio advertisements were misallocated to indirect expenses in Task 1.
- Tax withholding (fringe) was mistakenly paid by the Grantee for an employee who did not work in April and May 2022. The Grantee removed the amount from the reimbursement request total and noted an error but did not note removal from the total. The Grant Manager deducted this fringe cost again when calculating the reimbursement total and amount the Grantee needed to refund the Department.

Lack of oversight by the Grant Manager when reviewing reimbursement requests resulted in costs being allocated to the incorrect task's budget, amounts being incorrectly deducted, and final task cost totals to be inaccurate.

Recommendations:

- 5.1 We recommend the Department work with the Grant Manager to implement internal controls to ensure costs are allocated to the correct task/category prior to approving reimbursement requests.
- 5.2 We recommend the Department review cost allocation and recalculate the total amount eligible to be reimbursed to the Grantee to determine if the correct amount was reimbursed by the Department. In addition, we recommend the Department collect any amount that is determined to be owed to the Department.

Management Response:

Grant Manager will work with Grantee during review of reimbursement requests to ensure costs are allocated to the correct task/category prior to approving. The Division will review the cost allocation and determine if the correct amount was reimbursed by the Department. The Division plans to ask the Grantee to return any funds determined to be ineligible to the Department. Additionally, the Division will more closely monitor future invoices for expenditures by task number to ensure costs are allocated to task number listed in the Work Plan.

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 Robert Oakley and supervised by Candie M. Fuller.

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