

Audit of Orange County Cleanup Contract S0484

Division of Waste Management

Report: A-1415DEP-034

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

July 21, 2015

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Division of Waste Management



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The Office of Inspector General (OIG) conducted an audit of the Orange County Cleanup Contract S0484 (Contract) between the Orange County Board of County Commissioners (County) and the Department of Environmental Protection (Department) Division of Waste Management (Division) Petroleum Restoration Program (PRP). This audit was initiated as a result of the Fiscal Year (FY) 2014-2015 Annual Audit Plan.

Scope & Objectives

The scope of this audit included a financial examination and performance review of Task Assignments 5 and 6 beginning July 1, 2013 through December 31, 2014.

The objectives of this audit were to:

1. Determine whether the actual costs reported by the County were reasonable and allowable according to the Contract
2. Determine whether the Year End Financial Statements (YEFS) were accurate
3. Evaluate Contract management and oversight of County performance and reporting of tasked sites

Methodology

We conducted this audit under the authority of section 20.055, Florida Statutes (F.S.) and in accordance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

Our Procedures included the following:

- Review of sections 376.3071 and 376.3073, F.S.
- Review of Contract S0484, amendments, and change orders

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- Review of Division and County documentation
- Assessment of County expenditures and accounting records
- Assessment of County procedures and processes

Background

According to section 376.3073 (1), F.S., *the Department is to contract with local governments to provide for the administration of departmental responsibilities through locally administered petroleum cleanup programs.* The Contract provides that payment for a reasonable cost of administration, investigation, and other related activities come from the Inland Protection Trust Fund (IPTF) created under section 376.3071, F.S.

The Department entered into Contract S0484 with the County for a 5 ½ year period beginning January 1, 2010, through June 30, 2015. The Division authorized compensation for the County's services under Task Assignments as shown below.

Task Assignment	Period	Funding	Sites Tasked	Sites Managed
5	July 1, 2013 - June 30, 2014	\$ 597,599.05	330	297
6	July 1, 2014 - June 30, 2015	\$ 992,782.85	466	308 ¹

The OIG previously issued an audit of Contract S0484 on January 31, 2013 (Report A-1213DEP-015) with no findings. The County had complied with contractual standards regarding expenditures, YEFS, and document management.

¹ Includes sites invoiced through December 31, 2014.

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Results & Conclusions

Based on interviews, database reviews, and financial examinations for Task Assignments 5 and 6, documented costs supported amounts reported in the YEFS and were reasonable and allowable according to the Contract. The County generally complied with Contract Standards based on tests of salaries, YEFS, site activity, and STCM and OCULUS standards.

Review of Staff Salaries

The County uses a time tracking system called KRONOS where staff document work hours, time off, and leave. Hours reported in KRONOS support hours worked for each pay period for staff within the program. For Task Assignments 5 and 6, the County reported staff salaries in the YEFS in accordance with the percentage of time each employee documented work within the program. The percentage of time reported reflected those stated by County staff during interviews. All staff work full time (100%) in the program, with the exception of the Program Supervisor. The Program Supervisor works 50% in the PRP and 50% as the Orange County Brownfields Coordinator.

Review of Expenditures

We reviewed a judgmental sample of 69 expenditures that supported amounts reported in the YEFS for Task Assignments 5 and 6. The sample included office supplies, travel, phone, fleet maintenance and use, computer supplies, and tolls. Of the 69 expenditures sampled, 67 were supported by documentation and were allowable expenditures per the contract. However, the County included charges for the cost of a cell phone for an employee from a different environmental department. The costs reported were supported by the expenditure listing, which

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was reflected on the YEFS. These charges were \$37.99 each and totaled \$75.98 in June and August 2013.

We reviewed program fuel logs for the four vehicles the County uses for the program. Based on information contained in the fuel logs, program site managers used vehicles included under the Contract to conduct site inspections and site visits.

Year End Financial Statement Review

According to the YEFS, expenditures reported were accurate for Task Assignment 5. The revenue from DEP, expenses, and ending balance for Task Assignment 5 are included in the table below.

Task Assignment (TA)	5
Beginning Balance (Carry Forward)	\$ 296,515.08
TA Revenue from DEP	\$ 597,599.05
Total Income	\$ 894,114.13
Expenses	\$ 620,295.20
Ending Balance	\$ 273,818.93
Interest Earned	\$ 1,724.32
10% of Task Funding for Next TA	\$ 99,278.29 ²
Fund Balance in excess of 10%	\$ 176,264.97
Carry Forward Allowed to next TA	\$ 275,543.25

The Department requested from the County a return of excess funds from Task Assignment 5 on October 16, 2014, totaling \$176,264.97. The Division determined this amount

² Task Assignment 6 task funding is \$992,782.85.

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by subtracting 10% of Task Assignment 6 funding from the ending balance of Task Assignment 5. At the time of this audit, the Division had not received the refund.

STCM and OCULUS Performances

We reviewed program performance for activities during Task Assignments 5 and 6. According to the Contract's Scope of Services Section 4D, the performance goal for documentation management is 90% or greater for OCULUS and STCM. Based on review of documents in STCM, the County achieved a compliance rate of 88.15%. The County achieved a compliance rate of 97.24% for documents tested in OCULUS.

We reviewed a judgmental sample of invoices and work orders from 29 sites for consistency between STCM and OCULUS. All of the sites' invoices and work orders accurately reflected information present in both STCM and OCULUS.

Site Activity Review

We reviewed documents supporting activity on sites reported from the County with a designated site manager. According to the Contract's Scopes of Services in Section 9A, all sites, active or inactive, should have a site manager. Additionally, according to the Task Assignment Notification Form for Task Assignment 5 and 6 in Attachment A, the County must inspect 100% of sites every year.

During Task Assignment 5, County staff visited 270 (82%) of the 330 tasked sites. Based on review of site activity, 115 sites included 4 or fewer documents in OCULUS over the course of the Task Assignment. Sites with a low document count were usually in the beginning phases of cleanup and had document subjects that included notices of funding, site scoring checklists,

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site inspections, and tank registrations. These documents indicated that sites are in the planning phase.

Based on the Task Assignment 6 site activity review, County staff visited 308 (66%) out of 466 tasked sites. This number reflects the results of the Task Assignment 6, Invoice 6 cumulative active site count. Based on review of site activity, 171 sites of the 466 tasked sites included 4 or fewer documents in OCULUS.

Additionally, during our review of sites under Task Assignment 6, we found two instances of duplicate Facility ID's. In the first instance, one Site Manager had listed one site twice. With the second instance, two different site managers included the site under their management. According to the Contract Manager, the duplicates were errors that Management has since corrected.

Site Manager Site Load

Based on reviews of site workload, seven site managers exceeded the number of allowed sites per site manager, according to the Contract's Scope of Services in Section 9D. According to site managers interviewed, this was due to the additional County sites acquired from Osceola and Seminole Counties. Based on Contract provisions regarding the maximum allowed number of sites per position category, the County only has the staffing to manage 425 sites but they were managing 468. Site managers exceeded their site limits between 3 to 32 sites. A breakdown of County staff site management is below:

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Employee	Actual Site Load³	Allowed Contract Sites	Difference
Program Supervisor	18	50	-32
Team Leader/P.G.	57	25	32
Professional Engineer	28	25	3
Professional Geologist	46	25	21
Professional Engineer	52	25	27
Environmental Specialist II	63	50	13
Environmental Specialist II	68	50	18
Environmental Specialist II	40	50	-10
Environmental Specialist II	69	50	19
O&M Inspector	24	50	-26
On-Call Site Manager	3	25	-22
TOTALS	468	425	43

The workload for 7 of the 11 site managers exceeded the allowable contractual amount due to the addition of surrounding counties to the Contract on July 1, 2012, and July 1, 2014. At the time of our audit, the County Contract Manager indicated that there were no plans to hire more staff unless more sites were added to the County's site load at the start of the next Task Assignment.

Site Management Efficiency

To assess County activity performance under the Contract, we reviewed a combination of management activities including documented activity per site and phases of tasked sites. Based on a review of documents for the 330 sites assigned under Task Assignment 5, 115 (35%) had four documents or less associated with them, as uploaded in OCULUS and 134 (40%) were non-program sites.

³ Site allocation was based on County site manager listing

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Based on our review of the cleanup phases for the 330 sites under Task Assignment 5, 134 (40.61%) sites were in the planning phases of cleanup and 159 sites (48.18%) were in monitoring phases. Of the total 330, 37 (11.21%) sites were in either remedial action construction phase or operation and maintenance phase. The table below provides a breakdown of County managed site status.

	Phase		Totals	Percentage
Planning				
	Startup	2		
	Pilot Test	2		
	Site Assessment (report)	39		
	Supplemental Site Assessment	43		
	Low Score Assessment	9		
	Remedial Action Plan	32		
	Limited Scope Remedial Action Plan	1		
	Enforcement (of site management activities)	1		
	Other	5	134	40.61%
Construction/ Removal / Operations and Maintenance				
	Remedial Action Construction	1		
	Free Product Removal	3		
	Source Removal	7		
	Operations and Maintenance	26	37	11.21%
Monitoring				
	Post Active Remedial Action	37		
	Natural Attenuation Monitoring	75		
	Site Rehabilitation Completion Order	41		
	Well Abandonment	6	159	48.18%
		330		

Although the workload per site manager exceeded the contract required limits, the level of activity required for most of the sites may be within manageable limits. Our finding and recommendation is included in the remainder of this report.

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Finding & Recommendation

Finding: Cell Phone Charges

The Contract states that charges reported on the expenditure listing under the Contract must benefit the Program. The County reported an employee's cell phone bill, from a different department, to the Contract expenditure listing in June and August 2013. According to the County's Contract Manager, the reason for this was that the accounting codes for the departments were similar, and the error was an oversight. The result was higher phone charges documented in expenses in the YEFS for the County. The amount is not significant and does not necessitate an adjustment to the ending fund balance.

Recommendation

We recommend the Division direct the County to include expenditures only related to Contract activities in amounts supporting the YEFS.

To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Nick Dodge and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <http://www.dep.state.fl.us/ig/reports.htm>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.


*Valerie J. Peacock,
Director of Auditing*

*Candie M. Fuller,
Inspector General*

Memorandum

Florida Department of Environmental Protection

To: Valerie Peacock, Director of Auditing
Office of Inspector General

From: Jorge R. Caspary, P.G., Director  for J. Caspary
Division of Waste Management

Date: July 20, 2015

Subject: Response to Preliminary Audit Report A-1415DEP-034, Orange County Cleanup
Contract S0484

The Division of Waste Management has reviewed the preliminary Audit of the Orange County Cleanup Contract S0484, Report A-1415DEP-023. The Division concurs with the Findings and Recommendations presented in the report.

Office of Inspector General Findings and Recommendations:

Finding: Cell Phone Charges

The contract states that charges reported on the expenditure listing under the contract must benefit the Program. The County reported an employee's cell phone bill, from a different department, to the contract expenditure listing in June and August 2013. According to the County's Contract Manager, the reason for this was that the accounting codes for the departments were similar, and the error was an oversight. The result was higher phone charges documented in expenses in the Year End Financial Statements (YEFS) for the County. The amount is not significant and does not necessitate an adjustment to the ending fund balance.

Recommendation

We recommend the Division direct the County to include expenditures only related to contract activities in amounts supporting the YEFS.

Response: The Division will direct the County to include expenditures only related to contract activities in amounts supported in the YEFS.

Thank you for your continuing efforts to help the Division improve its programs and processes through quality audits.

JRC/wk