

# **Audit of Sarasota County Cleanup Contract S0488**

## **Division of Waste Management**

### **Report: A-1415DEP-052**

#### **Office of Inspector General**

#### **Internal Audit Section**

#### **Florida Department of Environmental Protection**

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The Office of Inspector General (OIG) conducted an audit of the Sarasota County Cleanup Contract S0488 (Contract) between the Sarasota 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 March 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**

This audit was conducted 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 S0488, and change orders

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- Review of Division and County documentation
- Assessment of County procedures and processes

## Background

In accordance with 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 a reasonable cost of administration, investigation, and other related activities be paid to the local government from the Inland Protection Trust Fund (IPTF) created under section 376.3071, F.S.

The Department entered into Contract S0488 with the County for a 5 ½ year period beginning January 1, 2010 through June 30, 2015. Compensation for services performed by the County were authorized under Task Assignment as shown below:

<b>Task Assignment</b>	<b>Period</b>	<b>Funding</b>	<b>Sites Tasked</b>	<b>Sites Managed</b>
<b>5</b>	July 1, 2013 - June 30, 2014	\$ 272,127.27	80	78
<b>6</b>	July 1, 2014 - June 30, 2015	\$ 256,363.39	86	63. <sup>1</sup>

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<sup>1</sup>Sites invoiced through March 31, 2015

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## **Results and Conclusions**

Based on interviews, database reviews, and financial examinations for Task Assignments 5 and 6, the County documented program costs that supported amounts reported in the YEFS, and were reasonable and allowable according to the Contract. The County generally complied with Contract Standards based on reviews of expenditures, management of site activity, and Storage Tank Contamination Monitoring (STCM) and OCULUS<sup>2</sup> standards.

### Review of Salaries

The County uses a time tracking system called KRONOS to document County staff's time between the programs. The percentage of time each employee works within a program fluctuates. The Program Supervisor adjusts time allocated as needed given workload needs. Documented salaries matched amounts reported in the YEFS. Staff time, as documented in KRONOS, supported salary calculations reported with minor exceptions.

### Other Expenditures

We reviewed a sample of 36 expenditures reported under Task Assignment 5 and 27 under Task Assignment 6. The sample included travel and per diem, office supplies, training and education, minor equipment, vehicle maintenance, vehicle fuel, vehicle rental charges, and communications. Most expenditures reviewed were reasonable and allowable per the Contract and included supporting documentation. A discrepancy regarding fuel expenditures resulted in the expenditure listing \$22.52 less for fuel than documented due to the use of an improper object code. This amount was not considered material.

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<sup>2</sup> OCULUS is the electronic document management system used by the Florida Department of Environmental Protection to store documents.

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Fuel logs were reviewed for the vehicle related purchases. Program staff were the main users of the vehicle; however, the Program Supervisor indicated that other programs have access and use of the vehicle. Fuel logs did not provide sufficient documentation to determine a percentage of use for either program. According to the YEFS, total vehicle expenditures were \$2,275.73 during Task Assignment 5.

Year End Financial Statement Review

According to the YEFS for each Task Assignment, the County had ending fund balances exceeding the amount allowed for retainage. For Task Assignments 1 through 4 the Division's Contract Manager did not request the return of excess funds, but made Estimated Carry Forward Balance deductions. This deduction was not made for Task Assignment 5. The Division's Contract Manager requested and received the excess funds of \$38,514.88 at the end of Task Assignment 5. The table below provides a summary of Task Assignment 5 revenue, expenses, and ending balance. Excess funds were determined by subtracting 10% of Task Assignment 6 funding from the ending balance of Task Assignment 5.

<b>Task Assignment 5 Funding and Expenditures According to the YEFS</b>	
Beginning Balance (Carry Forward)	\$ 26,701.99
Task Assignment Revenue	\$ 272,127.27
Total Income	\$ 298,829.23
Expenses	\$ 234,678.01
Ending Balance	\$ 64,151.22
10% of Task Funding	\$ 25,636.34 <sup>3</sup>
<b>Fund Balance in excess of 10%</b>	<b>\$ 38,514.88</b>

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<sup>3</sup> The Division calculates the 10% of task funding using the following Task Assignments funding amount. Task Assignment 6 funding amount was \$256,363.39.

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### STCM and OCULUS Performance

Program performance was reviewed for Task Assignments 5 and 6. The Contract's Scope of Services section 4D indicates that the performance goals for documentation management is 90% or greater for OCULUS and STCM. For Task Assignment 5, the County achieved a compliance rate of 87% for documents uploaded in STCM and a compliance rate of 97% for documents uploaded in OCULUS. For Task Assignment 6, the County achieved a compliance rate of 85% for documents uploaded in STCM and a compliance rate of 89% for documents uploaded in OCULUS.

We reviewed a sample of invoices and work orders from 30 sites between STCM and OCULUS. Based on this all of the sites' invoices and work orders accurately reflect information contained in both STCM and OCULUS.

### Site Manager Site Load

Based on reviews of site workload, Site Managers' workloads were consistent with contract requirements. The Site Manager who works 100% in the petroleum cleanup program manages more sites than those who split their time between multiple cleanup programs. The table below shows a site assessment by Task Assignment.

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<b>Site Manager</b>	<b>Percentage of Time with Petroleum Cleanup Program</b>	<b>Site Manager Allowed sites per Contract Standards</b>	<b>Task Assignment 5</b>	<b>Task Assignment 6</b>
<b>Site Manager</b>	100%	50	50	42
<b>S.M./Supervisor</b>	48%	50	17	9
<b>Site Manager<sup>4</sup></b>	30%	50	1	
<b>S.M./Supervisor</b>	44%	50	22	16
<b>Site Manager<sup>5</sup></b>	30%	50		4
<b>TOTAL</b>			90 <sup>6</sup>	71

Site Activity Review

We reviewed documents supporting site activity on Task Assignments 5 and 6. According to the Contract’s Scope of Services in section 9A, *all sites active or inactive should have a site manager*. Additionally, the Task Assignment Notification Form for Task Assignments 5 and 6 in Attachment A indicates, 100% of sites are to be inspected every year. During Task Assignment 5, 68 (87.18%) of the 78 invoiced sites were visited. During Task Assignment 6, 53 (84.12%) of the 63 sites invoiced had been visited at the time of our audit.

We reviewed the activity level of the sites included under Task Assignments 5 and 6 to evaluate oversight and workload. Of the 78 sites managed during Task Assignment 5, five sites included four or less documents. Of the 63 sites managed during Task Assignment 6<sup>7</sup>, ten sites included four or less documents. Several of these sites became Site Rehabilitation Completion Orders during Task Assignment 6.

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<sup>4</sup> Site Manager left Sarasota County in February 2014.

<sup>5</sup> Site Manager began working with Sarasota County in October 2014.

<sup>6</sup> According to the County Contract Manager, County site managers managed more sites than those listed under the Task Assignment.

<sup>7</sup> Sites managed as of March 31, 2015.



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Based on this review, costs reported by the County were reasonable and allowable, and the YEFS generally reflected expenditures incurred by the program. County documents supported adequate performance under the Contract.

*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.*

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