

Audit of Title V Program Agreement with Miami-Dade County

Division of Air Resource Management

Report: A-1617DEP-026

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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Report: A-1617DEP-026

Table of Contents

Scope and Objective.....	1
Methodology	1
Background	1
Results	3
Conclusion	5

Report: A-1617DEP-026

The Office of Inspector General (OIG) conducted an audit of Agreement S0700 (Agreement) between the Division of Air Resource Management (Division) and Miami-Dade County (County) for Title V funding for air pollution control. This audit was initiated as a result of the Fiscal Year (FY) 2016-2017 Annual Audit Plan.

Scope and Objective

The scope of this audit included financial assistance provided to the County for Title V activities during the period of July 1, 2015 through September 30, 2016. The objective was to determine whether reimbursements to the County under the Agreement were for Title V costs described in Section 403.0872, Florida Statutes (F.S.).

Methodology

This 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. Our procedures included interviews with Division and County staff and review of County and Division documentation.

Background

Title V of the Clean Air Act requires major sources of air pollutants to obtain an operating permit and operate in compliance with the terms of the permit. Pursuant to the Clean Air Act Amendments of 1990, the U.S. Environmental Protection Agency delegated to the Department the responsibility of issuing Title V operating permits and ensuring ongoing compliance with permit requirements. According to Section 403.0872, F.S., the Department's responsibilities managing Title V operating permits are to be funded through the annual

Audit of Title V Program Agreement with Miami-Dade County
Division of Air Resource Management

Report: A-1617DEP-026

collection of operation license fees on the emissions from each major source of air pollution in the State.

The Division manages Title V activities for the Department and has entered into specific operating agreements with six Local Programs. These Local Programs are responsible for monitoring the compliance of applicable facilities within their jurisdiction and assisting the Division with issuing new or renewed operating permits. Local Program expenses related to Title V activities, which qualify under Section 403.0872(11)(b), F.S., are reimbursed by the Division from Title V operation license fees deposited in the Air Pollution Control Trust Fund.

The Department executed the Agreement to provide financial assistance to the County for Title V activities conducted during FY 2014-2015 and FY 2015-2016. The Agreement provided for reimbursement of the County's direct salary expense, fringe costs, and indirect costs that were directly related to Title V activities. The table below shows the Agreement's budgeted¹ financial assistance and reimbursements to the County for FY 2014-2015 and FY 2015-2016.

FISCAL YEAR	BUDGETED FINANCIAL ASSISTANCE	REIMBURSEMENTS TO COUNTY
2014-2015	\$222,511.52	\$218,059.28
2015-2016	\$214,947.42	\$161,057.50
AGREEMENT TOTAL	\$437,458.94	\$379,116.78

The Agreement provided funding for Title V activities through FY 2015-2016. In April 2017, the Division entered into Agreement S0941 with the County to provide funding to the County for Title V activities conducted during FY 2016-2017. According to Division and County staff, the delay in executing Agreement S0941 was due to changes of the Department's standard agreement language, which necessitated additional review and revision.

¹ As amended via Change Order No. 3

Report: A-1617DEP-026

Results

Agreement Budget Performance

For the audit period FY 2015-2016, we compared reimbursements to the County with the budget specified in the Agreement Grant Work Plan². As shown below in the table, reimbursements to the County were \$53,889.92 lower than the Agreement budget.

BUDGET CATEGORY	BUDGETED	REIMBURSED	DIFFERENCE
Total Direct Salaries	\$162,752.69	\$121,948.58	\$40,804.11
Fringe Costs (23.51% of Direct Salaries)	\$38,263.13	\$28,670.12	\$9,593.01
Indirect Costs (8.56% of Direct Salaries)	\$13,931.60	\$10,438.80	\$3,492.80
TOTAL	\$214,947.42	\$161,057.50	\$53,889.92

We also compared the maximum hourly rates specified in the Agreement with the actual hourly rates paid and invoiced by the County. During FY 2015-2016, the hourly rates invoiced by the County did not exceed the maximum hourly rates stated in the Grant Work Plan.

Accuracy of Quarterly Invoices

We reviewed County staff timesheets to determine the number of hours each staff charged to Title V. We also reviewed reports from the County's Personnel and Payroll System to determine the salary paid to each staff member, and the date on which each staff member was paid. For each staff member, we compared the number of Title V hours documented on timesheets to the number of hours paid according to staff payroll reports. The table below shows the County's actual salary costs charged to Title V based on timesheets and payroll reports, and the calculated fringe and indirect costs based on the multipliers stated in the Grant Work Plan.

² As amended via Change Order No. 3

Audit of Title V Program Agreement with Miami-Dade County
Division of Air Resource Management

Report: A-1617DEP-026

QUARTER	SALARY CHARGED TO TITLE V PER TIMESHEETS AND PAYROLL REPORTS	FRINGE COSTS (23.51% OF SALARY)	INDIRECT COSTS (8.56% OF SALARY)	TOTAL LABOR COSTS
1	\$21,947.53	\$5,159.86	\$1,878.71	\$28,986.10
2	\$33,125.06	\$7,787.70	\$2,835.51	\$43,748.27
3	\$31,682.88	\$7,448.65	\$2,712.05	\$41,843.58
4	\$35,576.56	\$8,364.05	\$3,045.35	\$46,985.96
TOTAL	\$122,332.03	\$28,760.26	\$10,471.62	\$161,563.91

We compared labor costs according to timesheets and payroll reports with the quarterly invoices submitted by the County for reimbursement from the Division.

QUARTER	INVOICED LABOR COSTS	CALCULATED LABOR COSTS PER TIMESHEETS AND PAYROLL REPORTS	DIFFERENCE
1	\$33,387.01	\$28,986.10	\$4,400.91
2	\$38,974.74	\$43,748.27	(\$4,773.53)
3	\$51,649.98	\$41,843.58	\$9,806.40
4	\$37,045.77	\$46,985.96	(\$9,940.19)
TOTAL	\$161,057.50	\$161,563.91	(\$506.41)

Although there were variances between invoiced labor costs and labor costs supported by payroll reports and timesheets, the total amount invoiced during the audit period FY 2015-2016 was less than the total supported labor costs. Quarterly variances were due to payroll and quarterly invoice timing differences. Based on interviews with County staff, permitting and compliance activity reports, and County organization charts, the County staff included on quarterly invoices appeared to be associated with Title V activities completed by the County.

At the time of this audit, we were apprised of an ethics complaint made against a County Title V staff member for personal use of working hours during the month of December 2015. Due to the complaint not including specific dates and times, we were unable to assess the impact of those actions on Title V funds. The County took corrective measures to address the personnel actions.

Audit of Title V Program Agreement with Miami-Dade County
Division of Air Resource Management

Report: A-1617DEP-026

Conclusion

Based on our review and analysis of support documentation, overall reimbursements to the County for Title V costs during the audit period were in compliance with the Agreement. Quarterly invoice variances were not considered material and the total cost reimbursed was less than the amount budgeted in the Agreement and the amounts supported by County source documentation.

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 Gabriel Earnest 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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