



Department of Environmental Protection

Office of Inspector General

October 20, 2025

Report A-2526DEP-001

Audit of Agreement CZ518 with the City of Fernandina Beach

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement CZ518 (Agreement) with the City of Fernandina Beach (Grantee). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2025-2026.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit included the activities, records, and disbursements associated with the Agreement between the Department and the Grantee, from November 2, 2022, to February 27, 2024. The objectives of the audit were to:

1. Determine whether the Grantee complied with the requirements of the Agreement, including deliverables and disbursements.
2. Evaluate Department oversight and internal controls over the Grantee's compliance with the Agreement.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Agreement, attachments, and amendments.
- Reviewing appropriate documentation relating to deliverables, invoices, communications, and other supporting documentation.
- Conducting an analysis of Grantee activities related to the Agreement.
- Interviewing appropriate Department employees regarding the processes and controls used in the duration of the Agreement.

BACKGROUND

The Florida Coastal Management Program (FCMP) within the Office of Resilience and Coastal Protection (ORCP) oversees the Coastal Partnership Initiative Grant Program (CPI). This grant program is designed to support local governments and communities in their efforts to protect, enhance, and restore Florida's coastal resources.

The Grantee was awarded funding through the CPI grant to complete The Fernandina Beach Cleveland Avenue 16 Beach Walkover Project (Project). The Project included the construction of an ADA-accessible beach dune walkover at the City's Access Point 16,

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and to place sand fences, pedestrian control lanes, sea oats, and educational signage in areas adjacent to the new walkover to increase protective dune accumulations.

The Agreement was executed on November 2, 2022, with an expiration date of June 30, 2023. The Grantee was eligible to receive \$60,000 for the Project and was required to match 100%, for a total funding amount of \$120,000. The Agreement was awarded as cost reimbursement, with the reimbursement period being the same as the term of the Agreement. The costs eligible for reimbursement were limited to the Contractual (Subcontractors) and Miscellaneous/Other Expenses budget categories.

An Amendment was executed on June 28, 2023, that extended the Agreement's expiration date to December 30, 2023, and modified the Project's timeline. A Change Order was executed on December 5, 2023, modifying the Project's timeline and budget detail. In February 2024, the Grantee received one payment for the Project in the amount of \$55,570.

RESULTS OF AUDIT

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

Tasks, Deliverables, and Reimbursement

The Agreement included four tasks, each with respective due dates and allocated budget amounts as shown in the table below.

Project Timeline				Project Budget Detail by Task		
Task No.	Task Title	Task Start Date	Task End/Deliverable Due Date	Budget Category	Budget Grant Funding	Budget Match Funding
1	Obtaining the Land Survey	November 1, 2022	December 15, 2023			
2	Complete Final Engineering Design	November 1, 2022	December 15, 2023	Contractual Services	\$6,050	\$6,050
3	Permit Acquisition and Public Bidding for Construction Contract	November 1, 2022	December 15, 2023			
4	Construction of Beach Walkover, Sand Fencing, Planting Sea Oats, Installation of Pedestrian Control Lanes, and Installation of Informational Signage	November 1, 2022	December 31, 2023	Contractual Services	\$52,700	\$52,700
				Supplies	\$750	\$750
				Other Expenses	\$500	\$500
Total					\$60,000	\$60,000

Based on our review, we determined all required documentation was received for Tasks 1 through 3, and most deliverables were received for Task 4. We also determined that Task 3 and 4 deliverables were submitted timely in accordance with the Agreement. However, we were unable to verify the submission dates for Task 1 and 2 deliverables as

there was no documentation that could be provided by ORCP. Additionally, Task 4 deliverables required a *Draft copy of the NOAA-required construction sign...*, *picture of installed construction sign*, *draft copy of the informational signage including where and how they will be installed*, *picture of installed informational signage*. *Pictures of before, during and after the construction of the walkover including the installation of the sea oats, sand fencing, and pedestrian control lanes*. While most of the deliverables for Task 4 were provided in the timeframes outlined by the Agreement, a draft copy of the required construction sign was not provided to the Department. However, based on photographs provided of the installed sign, it appears to have met the requirements outlined in the Agreement.

The Agreement requires, *The Department's Grant Manager will review the deliverables to verify that they meet the specifications in the Grant Work Plan and this task description. Upon review and written acceptance by the Department's Grant Manager of all deliverables under this task the Grantee may proceed with payment request submittal.* Our review determined that the Grantee received written approval for Task 4 deliverables and acknowledged Task 3 deliverables. However, ORCP was unable to provide documentation of written approval for Tasks 1 and 2.

Reimbursement Requirements

The Agreement states the *Grantee may submit a payment request for cost reimbursement upon completion of the task and Department approval of all associated task deliverables*. While the Grantee received written approval for Task 4, there was no documentation demonstrating approvals for Task 1 through 3. However, the Grantee submitted one payment request in the amount of \$55,570 on February 14, 2024. The Agreement further states *a final payment request should be submitted to Department no later than sixty (60) days following the expiration date of the Agreement to ensure the availability of funds for payment*. As stated previously, the Grantee submitted their payment request on February 14, 2024, 47 calendar days following the Agreement expiration on December 30, 2023.

The Agreement required *at least a 100% match on the part of the Grantee and each payment request submitted shall document all matching funds and/or match efforts*. We determined the Grantee provided 100% match documenting all matching funds and efforts as required. Additionally, all reimbursement appears to have been made for eligible expenditures. Expenditures were also within the Agreement's reimbursement period and included required back-up documentation.

Additional Requirements

Quarterly Reports

According to the Agreement, *the Grantee shall submit status reports quarterly on Exhibit A, Progress Report Form, to Department's Grant Manager describing the work performed during the reporting period, problems encountered, problem resolutions, scheduled updates, and proposed work for the next reporting period. Quarterly status reports are due no later than five (5) days following the completion of the quarterly reporting period*. Based on review, we were able to determine that the Grantee submitted five status reports on Exhibit A as required. We found that four of five reports included work performed, problems encountered, problem resolutions, scheduled updates, and proposed work.

However, one report included all required information except for proposed work for the next reporting period. Based on our review of documentation and after discussions with ORCP, we were only able to verify two of five report submission dates.

Final Report

The Agreement states, *the Grantee shall also submit a Final Project Report utilizing Exhibit F, Final Project Report Form, ...along with the final quarterly progress report.* The Grantee submitted a Final Project Report on December 29, 2023, utilizing Exhibit F as required. However, we were unable to determine whether it was submitted with the final quarterly progress report.

Subcontracting

According to the Agreement, the Grantee may subcontract work under this Agreement *and shall submit a copy of the executed subcontract to the Department prior to submitting any invoices for subcontracted work. Regardless of any subcontract, the Grantee is ultimately responsible for all work to be performed under this Agreement.* Our review determined the Grantee had two subcontractors; however, neither subcontract was submitted to ORCP prior to submitting invoices for subcontracted work.

Insurance

The Agreement requires the Grantee to provide proof of, as well as maintain, adequate general liability insurance, commercial automobile insurance, and worker's compensation insurance coverage upon execution of the Agreement. Based on our review, we found that proof of applicable insurance coverage was obtained. However, ORCP was unable to provide documentation demonstrating the submission was upon execution.

CONCLUSION

During the audit, we reviewed documentation related to the Agreement's requirements, the Grantee's completion of tasks and deliverables, subsequent payment request, and management's oversight of the Grantee's compliance with the Agreement. Our finding and recommendation is listed below.

FINDING AND RECOMMENDATION

Finding 1: Documentation Retention and Management Oversight – Some deliverables were not received or did not receive written approval, and documentation necessary to substantiate compliance with the Agreement was not always maintained.

Department oversight was not always sufficient to ensure deliverables were received, supporting documentation was maintained, and the Grantee complied with the Agreement, as summarized below:

- Deliverable Due Dates Verification: Tasks 1 and 2 deliverables were due December 15, 2023; however, no documentation was available to verify the deliverable submission dates for those Tasks.

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- **Deliverable Submission:** Task 4 required a *Draft copy of the NOAA-required construction sign....*; however, a draft copy of the required construction sign was not provided to the Department. Based on photographs provided of the installed sign, it appears to have met the requirements outlined in the Agreement.
- **Written Approval of Deliverables:** Written approval of deliverables from the Grant Manager was not documented or provided for Tasks 1 or 2, as required by the Agreement.
- **Quarterly Status Reports:** Quarterly status reports *are due no later than five (5) days following the completion of the quarterly reporting period.* Based on review, we were able to determine that the Grantee submitted five status reports; however, we were only able to verify two of five report submission dates due to lack of documentation.
- **Subcontracts:** According to the Agreement, the Grantee may subcontract work under this Agreement *and shall submit a copy of the executed subcontract to the Department prior to submitting any invoices for subcontracted work. Regardless of any subcontract, the Grantee is ultimately responsible for all work to be performed under this Agreement.* Our review found that the Grantee had two subcontractors. Neither subcontract was submitted to ORCP prior to submitting any invoices for subcontracted work.

Recommendations:

We recommend ORCP strengthen internal controls and provide training to Grant Managers to ensure deliverables are received, comply with the terms of the Agreement, and documentation is maintained sufficient to ensure Grantee compliance with the Agreement.

Management's Response:

Grant Managers will take action to strengthen internal controls when drafting agreements, amendments and for reviewing payment request packets and ensuring adequate documentation has been provided for all payments in accordance with the agreement. FCMP hired an additional grant manager for the program earlier this year, expanding program capacity for adequate review of new agreements, deliverables, and payment requests.

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 audit was conducted pursuant to Section 20.055, F.S., and in accordance with *Government Auditing Standards*, as published by the United States Government Accountability Office, and *Principles and Standards for Offices of Inspectors General*, as published by the Association of Inspectors General. The audit was conducted by Alexis Keller and supervised by Susan Cureton.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Office of Ombudsman and Public Services
public.services@floridadep.gov
(850) 245-2118

Candie M. Fuller,
Inspector General