Department of Environmental Protection
Office of Inspector General

July 17, 2026 Report A-2526DEP-022

Audit of Agreement WG019 with the City of Archer

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement WG019 (Agreement) with the City of Archer (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 the audit included the activities, records, and disbursements associated with the Agreement between the Department and the Grantee, from July 1, 2022, to current activities. The objective of this audit was to evaluate Department oversight and determine whether the Grantee complied with the requirements of the Agreement, including deliverables and disbursements.

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 Division of Water Restoration Assistance (Division) administers and provides oversight for the Water Quality Improvement Grant Program which provides funding to Florida's governmental entities to address wastewater, stormwater and agricultural sources of nutrients in waterbodies that are not attaining nutrient or nutrient-related standards.

The Agreement was executed on October 4, 2022, with an original expiration date of April 30, 2025, which was later extended to December 31, 2026, with Amendment 1. The project funded by the Agreement is the City of Archer Wastewater Project (Project). The Grantee was to decommission two failing package plants and construct a 100,000 gallon per day advanced wastewater treatment facility. This would convert approximately 245 residential, 16 institutional, and 45 commercial septic tanks to sewer. The Agreement was cost-reimbursement with the eligible budget category of Contractual (Subcontractors) with the Miscellaneous/Other Expenses category being added in Amendment 1. Based on the Agreement, the reimbursement period began on July 1, 2022; however, the Task start dates were all July 1, 2021. According to the Grant Manager, this may have been a typo; however, there have been no payments for services completed prior to 2023. The total amount of funding available was set at $5,850,000, initially requiring at least a 50% match on the part of the Grantee; however, match requirements were removed in Amendment 2. The grant received federal funds from State and Local Fiscal Recovery Funds (SLFRF). At the time of our review, the Grantee had received three payments totaling $521,035.

The initial Agreement contained four tasks: Preconstruction Activities, Bidding and Contractor Selection, Construction, and Connection to Central Sewer. These tasks were later all combined under one task in Amendment 1. There have been two change orders and two amendments executed as described below:

- Change Order 1, executed on March 1, 2023, extended task end dates.
- Change Order 2, executed on November 1, 2023, modified task end dates.
- Amendment 1, executed on September 4, 2024, combined previously separate tasks into one, added the Miscellaneous/Other Expenses budget category as an eligible expense, and set the expiration date to December 31, 2026.
- Amendment 2, executed on December 31, 2024, removed match requirements and authorized financial assistance and payment of invoices to rural communities or rural areas of opportunity.

The project timeline and budget detail as of Amendment 2 are as seen below:

Amendment 2				
Task No.	Task Title	Grant Amount	Task Start Date	Task End Date
1	City of Archer Wastewater Project	$5,850,000	07/01/2021	12/31/2026

RESULTS OF AUDIT

During the audit, we reviewed documentation related to the Grantee's compliance with the requirements of the Agreement, including deliverables and disbursements, as well as the Department's oversight associated with the Agreement. Since the Agreement remains active and does not expire until December 31, 2026, our review included the work and activities completed within the duration of the audit period. Based on our review, we found the following:

Tasks and Deliverables

At the time of our review, the Grantee had not completed any of the original or amended tasks but had received three interim payments for work completed-to-date. Our review determined that interim deliverable submissions were generally completed in accordance with the Agreement; however, our review noted that deliverables and documentation were submitted by the Grantee's subcontractor and not the Grantee. Additionally, the

Department's Grant Manager did not always provide prior written acceptance of the deliverables, as required.

<u>Written Acceptance of Deliverables</u>
According to the Agreement, *the Department's Grant Manager will review the documentation to verify that the deliverables have been completed as described above. Upon review and written acceptance by the Department's Grant Manager, the Grantee may proceed with payment request submittal*. Our review determined no written acceptance of deliverables was provided by the Department's Grant Manager prior to the Grantee proceeding with payment requests one and two. The Department's Grant Manager provided written acceptance of deliverables relating to payment request three; however, the written acceptance was provided directly to the Grantee's subcontractor and the Grantee did not appear to be included in those communications. During the audit, a similar finding was noted in another OIG report.[1]

<u>Deliverables submitted by Contractor</u>
The Agreement states that the Grantee may subcontract work under the Agreement, and *Regardless of any subcontract, the Grantee is ultimately responsible for all work to be performed under this Agreement*. Throughout the Agreement, the Grantee is stated as the responsible party for submitting task and deliverable documentation, payment requests, status reports and SLFRF requirements. However, our review found that the Grantee's subcontractor submitted deliverables, payment requests, and other required documentation directly to the Department's Grant Manager and not through the Grantee, even though the Department did not have any contractual relationship with the subcontractor. During the audit, a similar finding was noted in the same OIG report footnoted above.

<u>Reimbursement Requirements</u>
According 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*. …*Interim payments may be made by Department, at its discretion, if the completion of deliverables to date have first been accepted in writing by Department's Grant Manager*. We reviewed payment requests and supporting documentation for one interim payment request after the execution of Change Order 2, one interim payment request after the execution of Amendment 1, and one interim payment request after execution of Amendment 2. The requests were submitted at approved time intervals in accordance with the Agreement. However, as previously stated, the Department's Grant Manager did not always provide written acceptance of deliverables before the Grantee's subcontractor submitted payment requests. Our review found that invoices, documentation of match efforts, and proof of payment generally contained required documentation for payment requests.

[1] OIG Report A-2425DEP-016, *Audit of Agreement WG028 with Bay Laurel Center Community Development District*, issued October 3, 2025.

Payment One
In February 2024, the Grantee received an interim payment of $205,281.25 for work completed under Change Order 2. Deliverables were separated into four tasks as seen in the project timeline and budget detail below:

Change Order 2						
Task No.	Task Title	Budget Category	Grant Amount	Match Amount	Task Start Date	Task End Date
1	Preconstruction Activities	Contractual Services	$480,500	$480,500	07/01/2021	06/30/2024
2	Bidding and Contractor Selection	Contractual Services	$5,000	$5,000	07/01/2021	08/30/2024
3	Construction	Contractual Services	$5,114,500	$5,114,500	07/01/2021	12/30/2024
4	Connection to Central Sewer	Contractual Services	$250,000	$250,000	07/01/2021	12/30/2024
Total			**$5,850,000**	**$5,850,000**	**$11,700,000**	

During our review, no work had been done for Tasks 2, 3, or 4. Task 1 required three deliverables and a final deliverable. According to the Agreement, *the Grantee will submit: 1) Copy of final survey 2) a signed acceptance of the completed work to date, as provided in the Grantee's Certification of Payment Request; and 3) a summary of design (or preconstruction) activities to date, indicating the percentage of design completion for the time period covered in the payment request*. At the time of our review, Task 1 was not completed; therefore, no final survey had been submitted. For deliverable 2, the Grantee's subcontractor submitted a signed Grantee's Certification of Payment Request. For deliverable 3, the Grantee's subcontractor submitted three status reports which included a summary of activities. Two of the three status reports indicated a percentage for design completion.

Payment Two
In October 2024, the Grantee received payment in the amount of $84,853.75 for work completed under Amendment 1, in which all Tasks were combined under Task 1 and divided into Preconstruction Activities, Bidding and Contractor Selection, Construction, and Connection to Central Sewer deliverables. At the time of our review, work had been conducted under Preconstruction Activities only. For the Preconstruction Activities deliverable, *The Grantee will submit a signed summary of activities completed for the period of work covered in the payment request, including the percentage of design complete and permitting status, using the format provided by the Department's Grant Manager. For the final documentation, the Grantee will also submit a copy of the design completed with the funding provided for this activity, a list of all required permits identifying issue dates and issuing authorities, and copies of any surveys, assessments, or other documents funded under this activity*. According to the Department's Grant Manager, the Grantee fulfilled preconstruction activity deliverables via the quarterly status reports. Our review found that the Grantee's subcontractor submitted two status reports which included a summary of activities completed for the period of work covered in payment request two which included the percentage of design completion but not permitting status.

Payment Three

In February 2025, the Grantee received payment of $230,900 for work completed under Amendment 2. Our review of Amendment 2 deliverables submitted found a signed summary of activities completed for the period of work covered in payment request three, which included the percentage of design completed and permitting status. At the time of our review, the deliverable had not been completed; therefore, no final documentation had been submitted.

Additional Requirements

Status Reports

The Agreement states, *the Grantee shall submit status reports quarterly, unless otherwise specified in the Attachments, 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 twenty (20) days following the completion of the quarterly reporting period*. Based on the reporting periods specified in the Agreement, we found that thirteen quarterly reports have been required during the Agreement period thus far. Our review originally found that only ten reports had been submitted with no accepted reports being submitted after April 2025. However, the Grant Manager was able to obtain the missing reports from the Grantee during our review. The thirteen reports submitted described the work performed during the reporting period and problems encountered but did not always include proposed work for the next reporting period. We were unable to verify when one report was submitted, six reports had late submissions, and six reports were submitted timely.

SLFRF Requirements

The Agreement states, *for all infrastructure projects, the Grantee shall provide the following project information on a quarterly basis to the Department: projected/actual construction start date (month/year), projected/actual initiation of operation date (month/year), and location details*. Based on our review, the required information was included at the bottom of each progress report form. However, the Grantee did not begin completing the required information on progress reports submitted to the Department until October 2024, and the information was not always provided on a quarterly basis.

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.

Special Audit Requirements

According to the Agreement, *A recipient that expends $750,000 or more in Federal awards in its fiscal year, must have a single or program specific audit conducted in accordance with the provisions of 2 CFR Part 200, Subpart F*. Our review determined the Grantee submitted a single audit report as required.

CONCLUSION

During the audit, we reviewed documentation related to the Grantee's compliance with the requirements of the Agreement, including deliverables and disbursements, as well as the Department's oversight associated with the Agreement. Since the Agreement remains active and does not expire until 2026, our review included the work and activities completed within the duration of the audit period. Based on our review we determined written acceptance of deliverables was not always provided to the Grantee prior to payments. We also determined the Grantee's subcontractor submitted deliverables, payment requests, and other required documentation directly to the Division and did not always include or go through the Grantee.

Similar findings for the Division were included in a prior OIG audit report, Report Number A-2425DEP-016, *Audit of Agreement WG028 with Bay Laurel Center Community Development District*, issued October 3, 2025. As those findings occurred during a similar time frame as the documentation reviewed as part of this audit, and the Division has taken corrective actions to address the recommendations, there are no findings related to this audit.

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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