



Department of Environmental Protection Office of Inspector General

August 26, 2025

Report A-2425DEP-015

Audit of Agreement WW170301 with the Town of Century

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an Audit of Agreement WW170301 (Agreement) with the Town of Century (Town). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit includes the requirements, deliverables, and reimbursements defined in the Clean Water State Revolving Fund Construction Loan Agreement between the Department and the Town from August 31, 2022, to current activities.

The objectives of the audit were to:

1. Determine whether the Town complied with the requirements of the Agreement.
2. Evaluate Division oversight of the Town's compliance with the Agreement.

To achieve our audit objectives, our methodology included a review of statutory and Agreement requirements, authoritative documentation, financial records, Agreement activity documentation, and interviews with Department staff.

BACKGROUND

The Clean Water State Revolving Fund (CWSRF) is managed by the Department's Division of Water Restoration Assistance (Division). The CWSRF was created in 1987 by amendments to the Clean Water Act to provide financial assistance for water infrastructure projects. The CWSRF program provides low-interest loans to local governments to plan, design, and build or upgrade wastewater, stormwater, and nonpoint source pollution prevention projects.

On July 21, 2023, the Agreement was executed to assist with construction costs related to the Town's wastewater treatment facility improvements as well as the Town's sludge press and lift station rehabilitation. According to the Agreement, the estimated completion date of construction was February 15, 2025, and the first Semiannual Loan Payment in the amount of \$27,186 was due on August 15, 2025. However, on May 7, 2025, the Agreement was amended to extend the estimated completion date of construction, the Town's Semiannual Loan Payment due date, and the Town's deadline for establishing a Loan Debt Service Account. The amendment of the Agreement revised the completion date of construction to August 15, 2026, and the deadline for the first Semiannual Loan

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Payment to February 15, 2027. Based on the amendment of the Agreement, the Town must begin making monthly loan deposits and establish a Loan Debt Service Account by August 15, 2026. Thereafter, subsequent loan payments are due on February 15 and August 15 of each year until all amounts that are not forgiven have been paid fully. The estimated project costs are shown below:

CATEGORY	PROJECT COSTS (\$)
Construction and Demolition	7,722,410
Contingencies	772,241
Technical Services After Bid Opening	370,685
SUBTOTAL (Disbursable Amount)	8,865,336
Less Principal Forgiveness	(7,978,802)
SUBTOTAL (Loan Amount)	886,534
Capitalized Interest	1,600
TOTAL (Loan Principal Amount)	888,134

RESULTS OF AUDIT

During the audit, we reviewed documentation related to the Agreement's requirements, disbursement requests, internal controls, and the Department's oversight of the Town's compliance with the Agreement. Based on our review, we found the following:

Payments

At the time of our review, the Town had received three disbursements. Our review found that the funding for each disbursement was split as shown in the table below:

Disbursement Number	Payment Date	Funding	Payment Amount
1	February 28, 2024	Federal Financial Assistance - Municipalities	\$21,424.50
	February 28, 2024	Federal Financial Assistance - Loans	\$2,380.50
2	May 15, 2024	Federal Financial Assistance - Municipalities	\$54,132.30
	May 15, 2024	Federal Financial Assistance - Loans	\$6,014.70
3	January 17, 2025	Federal Financial Assistance - Municipalities	\$27,975.60
	January 17, 2025	Federal Financial Assistance - Loans	\$3,108.40
Total:			\$115, 036.00

The Agreement specified requirements that must be completed for loan disbursements as well as requirements that must be completed for the Town to receive advance payments. Our review of the Town's compliance with the advance payment and loan disbursement requirements defined in the Agreement is shown below:

Loan Disbursements

According to the Agreement, *Disbursements shall be made directly to the Town only by the State Chief Financial Officer and only when the requests for such disbursements are accompanied by a Department certification that such withdrawals are proper expenditures.* The Agreement also establishes that invoices for costs incurred and proof of payment for the following disbursement request must be submitted along with the following:

- *A completed disbursement request form signed by the Authorized Representative. Such requests must be accompanied by sufficiently itemized summaries of the materials, labor, or services to identify the nature of the work performed; the cost or charges for such work; and the person providing the service or performing the work.*
- *A certification signed by the Authorized Representative as to the current estimated costs of the Project; that the materials, labor, or services represented by the invoice have been satisfactorily purchased, performed, or received and applied to the project; that all funds received to date have been applied toward completing the Project; and that under the terms and provisions of the contracts, the Local Government is required to make such payments.*
- *A certification by the engineer responsible for overseeing construction stating that equipment, materials, labor and services represented by the construction invoices have been satisfactorily purchased, or received, and applied to the Project in accordance with construction contract documents; stating that payment is in accordance with construction contract provisions; stating that construction, up to the point of the requisition, is in compliance with the contract documents; and identifying all additions or deletions to the Project which have altered the Project's performance standards, scope, or purpose since the issue of the Department construction permit.*
- *Such other certificates or documents by engineers, attorneys, accountants, contractors, or suppliers as may reasonably be required by the Department.*

Our review determined that the Town submitted all the above-mentioned documentation pertaining to loan disbursements that were identified in the Agreement, and the documentation contained all specifications that were established in the Agreement as requirements for loan disbursements.

Advance Payments

The Agreement established that the Department may provide an advance payment to the Town in accordance with Section 216.181(16)(b), Florida Statutes (F.S.). Pursuant to Section 216.181(16)(b), F.S., *the amount that may be advanced shall not exceed the expected cash needs of the contractor or recipient within the initial 3 months. Thereafter, disbursements shall only be on a reimbursement basis.* Additionally, the Statute specifies that *the Chief Financial Officer may, after consultation with the legislative appropriations committees, advance funds beyond a 3-month requirement if it is determined to be consistent with the intent of the approved operating budget.* Based on our review, the Town received advance payments in all three disbursements. Per the Agreement, an advance payment required a written request from the Town, the Advance Payment Justification Form, and approval from the State's Chief Financial Officer. Our review determined that the Town submitted a letter requesting advance payments as well as the

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Advance Payment Justification Form which was approved by the Division. However, the Department did not obtain or was not able to provide documentation showing approval from the State's Chief Financial Officer for advance payments made beyond the initial 3-month period, as required by Section 216.181(16)(b), F.S.

The Agreement also specified that the Town must *temporarily invest the advanced funds, and return any interest income to the Department, within thirty (30) days of each calendar quarter*. Our review found that the Division approved the Advance Payment Justification Form submitted by the Town, which indicated that the Town planned to utilize advance payments to immediately pay invoices instead of investing the advance funds, as required by the Agreement. Based on our review, we found that the Town submitted proof of payments, which confirmed that the Town had already paid all invoices in the first disbursement as well as one of the invoices in the second disbursement prior to the submission of their payment requests. Our review determined all other invoices were paid by the Town within three weeks of the Town receiving the advance payments.

Loan Debt Service Account

According to the Agreement, the Town was required to establish a Loan Debt Service Account and begin making six monthly loan deposits no later than February 15, 2025. Based on our review, we determined the Town had not established the Loan Debt Service Account by the initial due date outlined in the Agreement. However, the Agreement was amended on May 7, 2025, which extended the Town's deadline for establishing a Loan Debt Service Account to August 15, 2026.

CONCLUSION

During the audit, we reviewed documentation related to the Agreement's requirements, disbursement requests, internal controls, and the Department's oversight of the Town's compliance with the Agreement. Based on our review, we determined the Town generally submitted all documentation specified in the Agreement for loan disbursements and advance payments. However, the Department did not obtain or could not provide documentation of approval from the State's Chief Financial Officer for advance payments made beyond the initial 3-month period per statutory requirements. Our finding and recommendation is listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Advance Payments – The Town received advance payments beyond the initial 3-month period, but the Department did not obtain or could not provide documentation of approval from the State's Chief Financial Officer as required by Section 216.181(16)(b), F.S.

The Agreement established that the Department may provide an advance payment to the Town in accordance with Section 216.181(16)(b), F.S. Pursuant to Section 216.181(16)(b), F.S., *the amount that may be advanced shall not exceed the expected cash needs of the contractor or recipient within the initial 3 months. Thereafter, disbursements shall only be on a reimbursement basis*. Additionally, the Statute specifies

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that the Chief Financial Officer may, after consultation with the legislative appropriations committees, advance funds beyond a 3-month requirement if it is determined to be consistent with the intent of the approved operating budget.

Per the Agreement, an advance payment required a written request from the Town, the Advance Payment Justification Form, and approval from the State's Chief Financial Officer. Our review determined that the Town submitted a letter requesting advance payments as well as the Advance Payment Justification Form which was approved by the Division. However, the Department did not obtain or was not able to provide documentation showing approval from the State's Chief Financial Officer for advance payments made beyond the initial 3-month period, as required by Section 216.181(16)(b), F.S.

Recommendation:

We recommend that the Department implement internal controls to ensure that advance payments that extend beyond the initial 3-month period are approved by the State's Chief Financial Officer per statutory requirements, and such documentation is maintained.

Management's Response:

We acknowledge the finding and corrective action has been taken based on the recommendation provided.

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 work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and the *International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors, Inc. The audit was conducted by Phylea Daugherty and supervised by Susan Cureton.

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