

**Follow-Up Review of  
Storage Tank Registration Fee Collections**

**Division of Waste Management**

**Report: A-1920DEP-018**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

**July 10, 2020**

3900 Commonwealth Boulevard, MS 40  
Tallahassee, Florida 32399-3000  
*<https://floridadep.gov>*





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Division of Waste Management



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As follow up to a Review of Storage Tank Registration Fee Collections advisory memo issued May 7, 2019 (Appendix), the Office of Inspector General (OIG) conducted a review of actions taken by the Division of Waste Management (Division) in response to the prior review recommendations. This review was part of the Fiscal Year 2019-2020 Annual Audit Plan.

## **Scope and Objective**

The scope of this review included Division activities associated with Storage Tank Registration Fee collections subsequent to May 2019. The objective was to determine actions taken by the Division to address control weaknesses previously identified in the prior review.

This included recommendations to:

- Ensure the collection of storage tank fees required under Section 376.303, Florida Statutes (F.S.), and Chapters 62-761.400, and 62-762.401, Florida Administrative Code (F.A.C.) aligns with collection requirements per Section 17.20, F.S., and DEP Directive 540
- Establish written procedures to ensure that amounts due are collected fully and recorded accurately by the Storage Tank Registration Program (Program). Procedures should include reconciliation of account balances by Program management at the end of each month to the previous month to detect errors or weaknesses in internal controls
- Establish controls to prevent the removal of debt owed to the Department, and Program requirements for documented support and justification for refunds
- Establish Program processes to follow-up on unpaid fees to ensure facilities without placards are not receiving fuel and that registration billing represents accurate facility information.

## **Methodology**

This review 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*,

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published by the Institute of Internal Auditors. Our procedures included a review of prior review results, statutory and directive requirements, fee collection records, documentation of activities, and correspondence with Division, Office of Technology and Information Services (OTIS), and Division of Administrative Services (DAS) Bureau of Finance and Accounting (Finance and Accounting) staff.

## **Background**

In May 2019, the OIG issued a review advisory memo regarding Storage Tank Registration Fee Collections. Based on the results of the review, the Division did not have procedures in place with respect to storage tank fee billing and collections beyond requirements stated in rule. There were also several instances noted where amounts due for fees or penalties were removed by the Program from Storage Tanks & Contamination Monitoring (STCM) accounts without statutory authority that would allow debt forgiveness. Refunds issued by the program did not include justification or support as required under Chapter 691-44.020(3)(a), F.A.C. We also noted a lack of review and follow up on unpaid fees to ensure the accuracy of records and requirements for facility placards. These circumstances were brought to the attention of Department leadership. We reviewed the current status of actions taken as a result of the May 2019 advisory memo.

## **Results**

### Billing and Collections:

Section 376.303, F.S., and Chapters 62-761.400, and 62-762.401 F.A.C., outline the requirements for storage tank registration, renewal, and late fees. According to Paragraph D2., of the Department's Accounts Receivable Collections and Write-Off Standards and

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*Procedures, Procedures should be established by the responsible collection office to ensure that amounts due – including principal, interest, collections fees, and court costs if applicable, payments made, and adjustments to the Accounts are recorded accurately. Reconciliation of the Account balances at the end of each month to the previous month, adjusted for payments received, write-offs and adjustments made during each month, should be done monthly to detect errors or weaknesses in internal controls.*

In response to the prior review, the Program established a *Standard Operating Procedure for the Storage Tanks Registration Fee Process*. These procedures did not contain information regarding Program efforts to ensure that amounts due are recorded accurately nor reconciliation of account balances at the end of each month. Based on discussions with staff, the Program does not conduct a monthly reconciliation of account balances at the end of each month to the previous month to detect errors or weaknesses in internal controls.

Account Adjustments:

At the time of our prior review, the Program had been removing amounts due for fees or penalties from a STCM account owner in circumstances involving change in property ownership. Since this time, we verified that the Program ceased this practice. Based on our review of recent activity, requests from the Program to OTIS for fee removal were only for circumstances involving a billing or payment error. Based on correspondence with OTIS management, the Program and OTIS have been in discussions regarding plans for increased collection and fee process automation. However, it is anticipated that OTIS contracted staff will still be needed for these processes.

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Refunds:

During the prior review, we noted that the Program did not provide justification or support for refunds as required under Chapter 69I-44.020(3)(a) F.A.C. and Chapter 215.26 F.S. We reviewed support for one refund request submitted by the Program to Finance and Accounting on October 29, 2019<sup>1</sup>. The Program's request form included the applicant name and contact information, as well as the date, amount, and check number of the initial payment. The reason for the refund was documented as "Overpayment". While staff from Finance and Accounting provided documentation supporting the duplicate payment information from the Department's Cash Receipts Application (CRA), the Program's request form was not supported by documentation substantiating the claim. We obtained documentation from the Program demonstrating that two separate invoices had been generated and the account owner paid both invoices. We also obtained the account owner's e-mail correspondence and request for refund from the Program. This information had not been submitted to Finance and Accounting with the Program's refund request to substantiate the claim.

Follow-up of Unpaid Fees:

According to Chapters 62-761.400, and 62.762.401, F.A.C., upon payment of all applicable registration and annual renewal fees, each facility shall receive a registration placard. Unless the placard is displayed in plain view, no motor fuel may be deposited into a storage tank required to be registered. Facility placards are verified by contracted County compliance inspectors when the facility is due for inspection. During our prior review, Program staff indicated that there was no process in place to follow up to determine whether facilities actively

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<sup>1</sup> The sampled refund was one of three refunds issued by the Program between October 2019 and April 2020.

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receiving motor fuel have unpaid fees aside from contracted County compliance inspections.

From a review of a sample of facilities with unpaid fees, we previously noted one facility inspection that did not cite the facility for failure to pay registration fees or a current placard.

Based on discussions with Program staff, the Program does not have a follow-up process in place to determine whether facilities actively receiving motor fuel have unpaid fees. The Program still relies on contracted County compliance inspectors to verify whether facilities are maintaining valid placards to receive fuel.

## **Conclusions**

Based on our follow-up review, the Program has ceased the practice of removing debt owed for storage tank fees. In addition, the Program established written procedures of the Program's fee processes; however, these procedures do not contain processes to ensure that amounts due are collected fully and recorded accurately, or reconciliation of account balances. Program refund requests submitted to Finance and Accounting do not contain documented justification to substantiate the claim. In addition, the Program has not established processes to follow up on unpaid fees to ensure facilities without placards are not receiving fuel and that registration billing records represent accurate facility information.

## **Findings and Recommendations**

### **Finding 1: Procedures for Storage Tank Fee Collections and Monthly Reconciliations**

Section 17.20, F.S., states in part, *each agency shall be responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due the state.*

According to Paragraph a. of DEP Directive 540, *the Director of each division, district or office having responsibilities relating to billing or receipt of monies shall establish*

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*procedures that will ensure that amounts owed are collected properly and fully. According to Paragraph D2., of the Department's Accounts Receivable Collections and Write-Off Standards and Procedures, Procedures should be established by the responsible collection office to ensure that amounts due – including principal, interest, collections fees, and court costs if applicable, payments made, and adjustments to the Accounts are recorded accurately. Reconciliation of the Account balances at the end of each month to the previous month, adjusted for payments received, write-offs and adjustments made during each month, should be done monthly to detect errors or weaknesses in internal controls.*

In response to the prior review, the Program established a *Standard Operating Procedure for the Storage Tanks Registration Fee Process*. These procedures did not contain information regarding Program efforts to ensure that amounts due are recorded accurately nor reconciliation of account balances at the end of each month. In addition, the Program continues to rely on assistance from Finance and Accounting and OTIS for billing and collection of storage tank fees. The Program collects and records fees as they are received via check and online payment. OTIS contracted staff continues to generate an Aging Report for outstanding amounts due at the end of the month. Once past due accounts reach 120 days of delinquency, they are sent by OTIS contracted staff to Finance and Accounting for collection referral. Although OTIS staff provides a copy of the monthly Aging Report to Program staff, the Program does not conduct a monthly reconciliation of account balances at the end of each month to the previous month to detect errors or weaknesses in internal controls.

According to Chapters 62-761.400, and 62.762.401, F.A.C., upon payment of all applicable registration and annual renewal fees, each facility shall receive a registration placard. Unless the placard is displayed in plain view, no motor fuel may be deposited into a storage tank



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required to be registered. During our prior review, Program staff indicated that the Program relies on contracted County compliance inspections to identify violations. From a review of a sample of facilities with unpaid fees, we previously noted one facility inspection that did not cite the facility for failure to pay registration fees or a current placard. We also observed one facility activity dispensing fuel with unpaid fees and without a placard.

Based on discussions with Program staff, the Program still does not have a process in place to follow up to determine whether facilities actively receiving motor fuel have unpaid fees. The Program continues to rely on contracted County compliance inspectors to verify whether facilities are maintaining valid placards to receive fuel. To address this concern, Program management indicated that additional inspections had been previously discussed. However, due to recent circumstances related to COVID-19 and the Center for Disease Control (CDC) recommended guidelines for social distancing, the number of inspections had been reduced for the current year.

We obtained the April 30, 2020, listing of outstanding accounts receivable for storage tank fees which totaled \$85,434<sup>2</sup> from OTIS. There were 915 outstanding fee listings in this report representing 495 separate accounts, many with multiple years of outstanding fees. If the Program had processes in place to reconcile accounts on a monthly basis, multiple account listings may be used to identify billing errors and internal control weaknesses.

**Recommendation:**

We recommend the Division work with the Program to update the Program's *Standard Operating Procedure for the Storage Tanks Registration Fee Process* to include processes

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<sup>2</sup> This amount included receivables from both private and governmental STCM accounts.

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that ensure amounts owed for storage tank fees are collected fully and recorded accurately. These processes should include a monthly reconciliation of Account balances at the end of each month to the previous month, adjusted for payments received, write-offs and adjustments, to detect errors or weaknesses in internal controls. Reconciliation results could be used by the Program to assist County inspectors identify facilities dispensing fuel without a valid placard. As the responsible Division for storage tank registration fee billing and collections, the Division should also ensure that the Program take ownership of these processes and cease excessive reliance on OTIS and Finance and Accounting for Program activities.

### **Finding 2: Program Refunds**

During the prior review, we noted that refunds submitted by the Program to Finance and Accounting did not provide justification or support as required under Chapter 69I-44.020(3)(a) F.A.C. and Chapter 215.26 F.S. Subsequently, the Director of Finance and Accounting provided clarification regarding the need for support for refunds to the Program on October 21, 2019. Per this correspondence, once refund requests are submitted, Finance and Accounting staff will confirm that the refund is due using resources available in CRA. Due to the limited nature of information available in CRA, support documentation sufficient for audit is also necessary from the Program to substantiate the claim.

We reviewed support for one refund request submitted by the Program on October 29, 2019. The Program's request form included the applicant name and contact information, as well as the date, amount, and check number of the initial payment. The reason for the refund was documented as "Overpayment". While staff from Finance and Accounting provided documentation supporting the duplicate payment information from CRA, the Program's

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request form was not supported by documentation substantiating the claim. We obtained documentation from the Program demonstrating that two separate invoices had been generated in error and the account owner paid both invoices. We also obtained the account holder's e-mail correspondence and request for refund from the Program. This information had not been submitted to Finance and Accounting with the refund request to substantiate the claim. The refund was processed by Finance and Accounting staff using the information contained on the Program's request form and available in CRA.

**Recommendation:**

We recommend the Division work with the Program to ensure refund requests submitted to Finance and Accounting contain sufficient documentation of justification for the request as well as documented support to substantiate the claim.

*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our review 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 review was conducted by Thomas Doredant 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 <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. 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.*

*Valerie J. Peacock,  
Director of Auditing*

*Candie M. Fuller,  
Inspector General*



# FLORIDA DEPARTMENT OF Environmental Protection

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Noah Valenstein  
Secretary

## Memorandum

**TO:** John Truitt, Deputy Secretary

**FROM:** Candie M. Fuller, Inspector General 

**SUBJECT:** Review of Storage Tank Registration Fee Collections

**DATE:** May 7, 2019

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As part of the Fiscal Year (FY) 2018-2019 Annual Audit Plan, the Office of Inspector General initiated a review of the Division of Waste Management's (Division) Storage Tank Registration Fee Collections. The objective of this review was to determine whether the Division was following requirements under Sections 376.303, and 17.20, Florida Statutes (F.S.), Chapters 62-761.400, and 62-762.401, Florida Administrative Code (F.A.C.), and DEP Directive 540.

### Billing and Collections

Section 376.303, F.S., and Chapters 62-761.400, and 62-762.401, F.A.C., outline the requirements for storage tank registration, renewal, and late fees. Section 17.20, F.S., states, *each agency shall be responsible for exercising due diligence in securing full payment of all accounts receivable and other claims due the state.* According to Paragraph a. of DEP Directive 540, *the Director of each division, district or office having responsibilities relating to billing or receipt of monies shall establish procedures that will ensure that amounts owed are collected properly and fully.* According to Paragraph D2., of the Department's Accounts Receivable Collections and Write-Off Standards and Procedures, *Procedures should be established by the responsible collection office to ensure that amounts due – including principal, interest, collections fees, and court costs if applicable, payments made, and adjustments to the Accounts are recorded accurately. Reconciliation of the Account balances at the end of each month to the previous month, adjusted for payments received, write-offs and adjustments made during each month, should be done monthly to detect errors or weaknesses in internal controls.*

The Storage Tanks Registration Program (Program) does not have procedures in place with respect to storage tank fee billing and collections beyond fee requirements stated in rule. Based on correspondence from the Program, management does not consider the Program the sole collection office. Program management indicated that the collection office for storage tank fees includes the Office of Technology and Information Services (OTIS), the Program and the Bureau of Finance and Accounting (Finance and Accounting). Accordingly, the Program does not take responsibility for collections.

According to billing records provided by an OTIS contracted staff member and payment listings provided by Finance and Accounting, Storage Tank Fee billing and collections between May 2018 and the beginning of April 2019 were as follows.

<b>Storage Tank Fee Billing and Collections</b>	
Storage Tank Fee Annual Billing Cycle May 2018	\$1,330,265.42
Delinquent Fee Billing Cycle September 2018	\$287,618.40 <sup>1</sup>
On-line Payments Received Between May 1, 2018 and April 8, 2019	\$774,923.92
Check Payments Received Between May 1, 2018 and April 8, 2019	\$657,278.39
<b>Total Payments Received</b>	<b>\$1,432,202.31</b>

The OTIS contracted staff provides Finance and Accounting with an accounts receivable listing on a monthly basis. As of February 28, 2019, outstanding accounts receivable for storage tank fees totaled \$89,563.10<sup>2</sup>. Historically, the Program has not tracked collections and has not conducted monthly reconciliations.

#### Account Adjustments

In reviewing a sample of Storage Tanks & Contamination Monitoring (STCM) accounts, we noted several instances where amounts due for fees or penalties were removed from the STCM Account owner. According to Program management, when a facility is acquired by a new owner, an email is sent from the Program to Finance and Accounting to remove the Account fees from collections, and OTIS to remove the fees from STCM. The Program could not provide any statutory authority that would allow debt forgiveness from a prior owner, or other authorized

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<sup>1</sup> Delinquent bills included original unpaid amounts due, along with late fees.

<sup>2</sup> This amount included receivables from both private and governmental STCM accounts. The accounts receivable report for collections as of February 28, 2019, was the most recent report received by Finance and Accounting.

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circumstances where facilities fees could be removed. According to Program management, there is no financial mechanism in place to track fees owed by the prior owner once a facility is sold. The Program's process of removing fees has been standard practice for over 20 years.

#### Refunds

During our review, we noted instances of storage tank refunds issued with the reason documented as "over payment". These refunds included no justification or support as required under Chapter 69I-44.020(3)(a), F.A.C. As a result, it was unclear which original payment/facility fee was associated with the over payment. The Program could not provide the authority, written guidance, or other internal approval processes documenting the Program's justification, review, and approval of refunds.

#### Follow-up of Unpaid Fees

According to Chapters 62-761.400, and 62-762.401, F.A.C., upon payment of all applicable initial registration fees and annual renewal fees, each facility shall receive a registration placard. Unless the placard is displayed in plain view, no motor fuel may be deposited into a storage tank required to be registered. Facility placards are verified by contracted County compliance inspectors when the facility is due for inspection. However, the Program does not follow up to determine whether facilities actively receiving motor fuel have unpaid fees.

During review of a sample of facilities with unpaid fees, we noted one facility inspection that did not site the facility for failure to pay registration fees or a current placard. We observed one facility with unpaid fees actively distributing fuel. Based on our inquiry, one County compliance inspector had observed instances where facility placards were obtained just prior to the inspection. In these cases, the inspection would not have resulted in a violation.

Based on the February 28, 2019 accounts receivable aging report generated by the contracted OTIS staff, we noted many accounts with multiple years of billed and unpaid registration fees. If reviewed, these multi-year entries would provide the Program an indication of needed follow-up to clarify ownership or address changes. For one facility we reviewed, a property had been acquired by the Department of Transportation in 2014, and all tanks had been removed.

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However, due to the lack of follow-up, the Program has continued to send a bill to the owner at the facility address.

The purpose of this memo is to bring these circumstances to your attention, so they can be addressed with the Division and Program. The Division should ensure the collection of storage tank fees required under Section 376.303, F.S., and Chapters 62-761.400, and 62-762.401, F.A.C., aligns with collection requirements per Section 17.20, F.S., and DEP Directive 540. Specifically, the Division should establish:

- written procedures to ensure that amounts due are collected fully and recorded accurately by the Program. Account balances should be reconciled by Program management at the end of each month to the previous month to detect errors or weaknesses in internal controls
- controls to prevent the removal of debt owed to the Department, and Program requirements for documented support and justification for refunds
- Program processes to follow-up on unpaid fees to ensure facilities without placards are not receiving fuel and that registration billing represents accurate facility information.

We will follow up on the status of the actions taken in response to this memo in six months. If you have questions or concerns, please contact me.

# Memorandum

**TO: Valerie J. Peacock, Director of Auditing  
Office of Inspector General**

**FROM: Tim J. Bahr, P.G., Director** *TJ Bahr*  
**Division of Waste Management**

**SUBJECT: Response to Follow-Up Review of Storage Tank Registration Fee  
Collections, Report: A-1920DEP-018, June 16, 2020**

**DATE: July 8, 2020**

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The Division of Waste Management has reviewed the *Follow-Up Review of Storage Tank Registration Fee Collections, Report: A-1920DEP-018*, dated June 16<sup>th</sup>, 2020. The following is in response to the referenced report:

## **Office of Inspector General Findings and Recommendations**

The report provided a list of findings and recommendations. Each recommendation is repeated below followed by the Division's response for that recommendation.

### **Finding 1: Procedures for Storage Tank Fee Collections and Monthly Reconciliations**

#### **Recommendation**

Written procedures to ensure that amounts due are collected fully and recorded accurately by the Program. Account balances should be reconciled by Program management at the end of each month to the previous month to detect errors or weaknesses in internal controls.

#### **Division Response**

*The Storage Tank Registration Program (STRP) has ceased waiving any penalty fees and/or asking for accounts to be pulled from collections when an ownership change occurs, as of May 20, 2019. Standard Operating Procedures have been updated for the Storage Tanks Registration Process to provide due diligence that amounts due are collected fully and recorded accurately. This process will be implemented on August 1<sup>st</sup>, 2020.*

#### **Recommendation**

Reconciliation results could be used by the Program to assist County inspectors to identify facilities dispensing fuel without a valid placard.



**Division Response**

*The Compliance Assistance Section generates the Delivery Prohibition Report daily. The report is available under the heading "Placard Recipient Information" at the following link: <https://floridadep.gov/waste/storage-tank-compliance>. The Delivery Prohibition Report is provided so that fuel distributors can confirm the registration status of a facility before delivering fuel. Going forward, Storage Tank Registration will work with the Compliance Assistance Section to compare the reconciliation results with the Delivery Prohibition Report and available inspection information. If an inspection has occurred within the last six months and it confirms that fuel is being delivered to an unregistered facility, then the information will be referred to the appropriate District for enforcement. If a recent inspection has not been conducted or the inspection was inconclusive with regarding fuel delivery, then the Compliance Assistance Section will order an inspection and enforcement will be pursued, if appropriate. The Status Column of the monthly Aging Report will be updated to reflect this information, as appropriate.*

**Finding 2: Program Refunds****Recommended Action**

The Program to ensure refund requests submitted to Finance and Accounting contain sufficient documentation of justification for the request as well as documented support to substantiate the claim.

**Division Response**

*The Program will immediately begin submitting documentation, such as email correspondence and STCM screen shots, with the Refund Request Form as documented support to substantiate the refund claim. If additional documentation or information is needed to support the refund claim, F&A can contact STRP and that information will be provided.*



# FLORIDA DEPARTMENT OF Environmental Protection

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**Jeanette Nuñez**  
Lt. Governor

**Noah Valenstein**  
Secretary

## Memorandum

**TO:** Valerie Peacock, Audit Director  
Office of the Inspector General

**FROM:** Darinda McLaughlin, Director  
Division of Administrative Services

**SUBJECT:** Report A-1920DEP-018  
Follow-Up Review of Storage Tank Registration Fee Collections

**DATE:** July 7, 2020

Darinda McLaughlin  
Digitally signed by Darinda  
McLaughlin  
Date: 2020.07.07 12:51:15 -04'00'

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This memorandum will serve as the Division's response to the subject audit findings and recommendations.

### Finding 1: Procedures for Storage Tank Fee Collections and Monthly Reconciliations

- Recommendation: We recommend the Division work with the Program to update the Program's Standard Operating Procedure for the Storage Tanks Registration Fee Process to include processes that ensure amounts owed for storage tank fees are collected fully and recorded accurately. These processes should include a monthly reconciliation of Account balances at the end of each month to the previous month, adjusted for payments received, write-offs and adjustments, to detect errors or weaknesses in internal controls. Reconciliation results could be used by the Program to assist County inspectors identify facilities dispensing fuel without a valid placard. As the responsible Division for storage tank registration fee billing and collections, the Division should also ensure that the Program take ownership of these processes and cease excessive reliance on OTIS and Finance and Accounting for Program activities.*

**Response:** The Bureau of Finance and Accounting acknowledges the recommendation and has reached out to the Program regarding the reconciliation of the monthly Aging Report. In lieu of contacting OTIS, all future communication to reconcile accounts will be directed to Program personnel designated by the Division Director or Assistant Director.

### Finding 2: Program Refunds

- Recommendation: We recommend the Division work with the Program to ensure refund requests submitted to Finance and Accounting contain sufficient documentation of justification for the request as well as documented support to substantiate the claim.*

**Response:** The Bureau of Finance and Accounting will ensure that the supporting documentation submitted is sufficient for proper audit and substantiates the claim.