

**Review of Okaloosa County Household
Hazardous Waste Cooperative Grant**

Division of Waste Management

Report: A-1415DEP-023

**Office of Inspector General
Internal Audit Section
Florida Department of Environmental Protection**

June 30, 2015

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Report: A-1415DEP-023

Table of Contents

Scope & Objectives.....	1
Methodology	1
Background	1
Results & Conclusions.....	2
Findings & Recommendations.....	7
Division Response.....	12

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

The Office of Inspector General (OIG) conducted a review of the Okaloosa County Household Hazardous Waste Cooperative Grant, Division of Waste Management. This review was initiated as a result of the Fiscal Year (FY) 2014-2015 Annual Audit Plan.

Scope & Objectives

The scope included a review of Grant expenditures and reimbursement requests received by the Department of Environmental Protection (Department) Division of Waste Management (Division) regarding the Okaloosa County Household Hazardous Waste Cooperative Grant for Grant Agreement S0662, Fiscal Year (FY) 2013-2014.

The objectives were to determine whether:

1. Reimbursement requests included allowable and eligible expenditures under the Grant
2. The County is in compliance with the terms of the Grant Agreement and is meeting its project objective of the Grant Work Plan

Methodology

This review was conducted under the authority of Section 20.055, Florida Statutes (F.S.) and in conformance with *the International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our review procedures included tests of records and procedures as well as interviews with appropriate staff.

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

Background

Section 403.7265 F.S. establishes the Household Hazardous Waste Cooperative Grant Program funded through the Water Quality Assurance Trust Fund, as specified in section 376.307 F.S. These funds assist small Counties with household hazardous waste recycling.

For FY 2013-2014, Grant Agreement S0662 with Okaloosa County included ten neighboring counties - Calhoun, Franklin, Gadsden, Gulf, Holmes, Jackson, Liberty, Santa Rosa, Washington, and Walton. The Grant Agreement was amended to remove Washington County in May 2014.

As part of this Grant Agreement, Okaloosa County executed Inter Local Agreements with each neighboring county. Okaloosa County received funding of up to \$10,000 per county assisted, including household hazardous waste Amnesty Day events. The Department reimburses up to 75% of costs for Amnesty Day events. Neighboring counties each contribute 25% of the event funding. Okaloosa County, as host county, coordinates events and submits reimbursement requests to the Division. The total Grant amount for Grant Agreement S0662 was \$205,500.

The table below indicates the amount of funding allocated during FY 2013-2014 and the actual reimbursement request amount submitted for each neighboring county.

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

County	Task Amount	Task Reimbursement	Task Balance
Okaloosa (Host)	\$ 90,000	\$ 88,515.54	\$ 1,484.46
Calhoun	\$ 8,500	\$ 5,822.97	\$ 2,677.03
Franklin	\$ 9,500	\$ 8,991.01	\$ 508.99
Gadsden	\$ 8,000	\$ 4,882.41	\$ 3,117.59
Gulf	\$ 7,500	\$ 6,312.42	\$ 1,187.58
Holmes	\$ 7,000	\$ 6,931.13	\$ 68.87
Jackson	\$ 25,000	\$ 19,069.69	\$ 5,930.31
Liberty	\$ 5,000	\$ 1,028.16	\$ 3,971.84
Santa Rosa	\$ 20,000	\$ 10,016.96	\$ 9,983.04
Walton	\$ 25,000	\$ 25,000.00	
Totals:	\$ 205,500	\$176,570.29	\$28,929.71

At the end of the task, the remaining balance of \$28,929.71 was returned to the Water Quality Assurance Trust Fund.

Results & Conclusions

We reviewed expenses submitted for Grant Agreement S0622 reimbursement. These included:

- Hazardous waste management and disposal costs
- Salaries and fringe benefits
- Supplies (boxes, drums, containers)
- Travel
- Contracts for collection, processing, and disposal
- Miscellaneous costs including advertisements

Okaloosa County submitted reimbursement requests for each neighboring county toward the end of the Agreement period, rather than quarterly as required in the Grant Agreement. The

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

Grant Agreement calls for quarterly reimbursement request submissions on September 30, December 31, March 30, and June 30. The table below indicates Amnesty Day event dates, dates Okaloosa County submitted the reimbursement request for each neighboring county, and the date the Division submitted the respective reimbursement request for payment.

County	Amnesty Day Event 1	Amnesty Day Event 2	County submitted reimbursement request	Division approved payment
Calhoun	4/26/2014	NA	6/25/2014	7/1/2014
Franklin	10/26/2013	NA	5/20/2014	5/28/2014
Gadsden	10/12/2013	NA	5/20/2014	5/28/2014
Gulf	4/5/2014	NA	5/30/2014	6/9/2014
Holmes	3/1/2014	NA	5/29/2014	6/3/2014
Jackson	10/19/2013	3/15/2014	6/9/2014	6/13/2014
Liberty	4/4/2014	NA	6/9/2014	6/13/2014
Santa Rosa	3/29/2014	NA	5/30/2014	6/3/2014
Walton	11/2/2013	3/22/2014	6/23/2014	6/25/2014

We verified that each neighboring county's 25% contribution was paid to Okaloosa County, and verified expenditures submitted for reimbursement were paid by Okaloosa County. We also verified that the supplies purchased by Okaloosa County were allowable and eligible and were used in the Household Hazardous Waste Program in Okaloosa County and in the neighboring counties.

Review of expenditures

We compared reimbursement requests to support documents provided. The Grant Agreement allows the host county \$10,000 per county assisted for expenses. The expenses submitted were divided between the neighboring counties so that Okaloosa requested approximately \$10,000 with each county request. There was no specific justification provided

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

regarding the division of Okaloosa County expenses to be included with each neighboring county reimbursement request.

During our review of the reimbursement requests, we found two expenses ineligible for reimbursement. Both of these expenses were for work or service performed before the Grant Agreement date of July 1, 2013.

Salaries

According to Grant Agreement S0662, section 3.c, the state Chief Financial Officer requires detailed supporting documentation of all costs under a cost reimbursement agreement. Each payment request summary form shall be accompanied by supporting documentation. For salaries/wages, required support includes list(s) of personnel involved, salary rates, and hours/time spent on projects in accordance with attachment A of the Grant Agreement work plan.

The Grant Agreement allows host county salaries to be paid in order for the host county to coordinate household hazardous waste collection activities in neighboring counties. Host county salaries are budgeted in the Grant Agreement for \$9,202.30 for salaries and \$1,726.63 for fringe benefits (\$10,928.93 total). During our analysis, we verified that \$10,116.77 in salary and fringe benefit documentation was submitted and reimbursed by the Grant. Okaloosa County provided a list of personnel and salary rates. Some information was provided on hours spent on projects. The reimbursement request was supported by handwritten funding amounts for salaries that matched the total submitted. However, these handwritten amounts were not supported by payroll and time tracking documents that matched the amounts submitted. As a result, we could not verify the salary amounts submitted and reimbursed were correct.

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

Other Expenditures

The following expenditures, while allowed under the Grant, came to our attention as potentially excessive.

- Chemist staffing rate: As part of the Grant Agreement, Okaloosa County pays a staffing company for chemist services to neutralize hazardous materials at Amnesty Day events and at Okaloosa's Recycling Center. Okaloosa County pays the staffing company a rate of \$109.97 per hour for the Chemist's services. A separate contractor paid through the Grant performed services at Amnesty Day events and the recycling center. This contractor services included a chemist billed at the rate of \$45 per hour.
- Travel: Travel, budgeted at \$1,425, was allowed in Task 2 of the Grant Agreement for the Okaloosa County Recycling Coordinator to attend the North American Hazardous Materials Management Association conference in Minnesota. The purpose of the travel was for the Recycling Coordinator to represent the Florida chapter as a chapter delegate and give a presentation during the September 2013 conference.
- Advertising: According to the Grant Agreement, \$14,000 was provided in the budget for advertising under Task 2. The County supported \$15,240 in advertising expenses during the Grant period, and submitted \$15,000 for reimbursement. Advertising was paid and reimbursed to a newspaper, a public radio station, and a non-profit radio station. Monthly advertising for the newspaper was \$138, the public radio station was \$360, and the non-profit radio station was \$864.

Our findings, recommendations, and management comment are contained in the remainder of this report.

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

Findings & Recommendations

Finding 1: Salary expenditures

According to Grant Agreement S0662, section 3.c, *the state Chief Financial Officer requires detailed supporting documentation of all costs under a cost reimbursement agreement. Each payment request summary form shall be accompanied by supporting documentation. For salaries/wages, required support includes list(s) of personnel involved, salary rates, and hours/time spent on projects in accordance with attachment A.*

The salary reimbursements reviewed did not include approved timesheets, nor did it provide direction as to which employees were paid, the amount of hours worked, or tasks completed/reimbursed. The handwritten documentation provided, splitting/dividing Okaloosa County salaries among three of the nine neighboring counties, could not be confirmed for accuracy. Based on the remaining dollar amount available for each neighboring county, the Recycling Coordinator determined reimbursement for salaries and fringe benefits.

Recommendation

We recommend the Division require accurate and complete documentation for salaries and fringe benefit reimbursements prior to invoice approval.

Finding 2: Invoices for service outside Grant period

Section 3.a of the Agreement states, *The Grantee shall be eligible for reimbursement for work performed on or after July 1, 2013.* Based on our review of Grant expenditures, two were dated in June 2013; prior to the Grant Agreement begin date of July 1, 2014.

The first invoice dated July 8, 2013, included recycling personal computers, monitors, fax machines, copiers, and televisions during June 2013. The amount submitted, and reimbursed,

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

was \$730.00. The second invoice submitted was a utility bill for service provided June 9, 2013 to July 9, 2013 for \$190.21. The utility bill reimbursement should have been prorated to the Agreement date of July 1, 2013, and the eligible amount of \$57.06¹ submitted for reimbursement. The ineligible reimbursements totaled \$863.15.

Recommendation

We recommend the Division ensure that reimbursements only include eligible amounts for work performed in the Grant Agreement period. Invoices submitted for reimbursement must comply with the Grant Agreement's beginning and ending dates. As such, some invoices may need to be prorated to comply with the current Grant Agreement. The Division should seek either reimbursement or current Grant adjustment for the \$863.15 out of period expenses.

Management Comment

Questionable Expenditures

Chemist staffing rate: As part of the Grant, Okaloosa County pays a staffing company for chemist services to neutralize hazardous materials at Amnesty Day events and at Okaloosa's Recycling Center. Okaloosa County pays the staffing company \$109.97 per hour for the chemist's services.

A separate environmental contractor paid through the Grant Agreement included chemist services at the rate of \$45 per hour. There is no rate specifications provided in the Grant

¹ Utility bill for \$190.21/30 days = \$6.34/day X 9 days (July 1 – July 9) = \$57.06. Reimbursement request should have included use during July 2013 of \$57.06. Difference of \$133.15 included service outside the Grant Agreement period.

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

Agreement. However, with the comparison information available, the rate of \$109.97 paid for chemist services to the staffing company appeared excessive. The Grant file did not contain justification for the rate.

Advertising: According to the Grant Agreement, \$15,000 was provided in the budget for advertising under Task 2. The County supported \$15,240 in advertising expenses during the Grant period, and submitted \$15,000 for reimbursement. Advertising was paid to one newspaper, a public radio station, and a non-profit radio station and then reimbursed to the County. Monthly advertising for the newspaper was \$138, the public radio station was \$360, and the non-profit radio station was \$864. According to a document from the nonprofit radio station, the cost of advertising covered airtime 12 times a day for a cost of \$28.80 per day. According to the station Production Manager, the announcement for Okaloosa County usually aired 6 times per day. According to the station General Manager, Okaloosa County pays \$864 per month for 12 spots a day; however, the number and times aired could not be verified. According to the General Manager, Okaloosa County pays for the maximum amount of airtime, which supersedes all other customers. The advertising cost paid at the non-profit station is more than double the advertising costs at the newspaper and public radio station. Although the costs paid aligned with the budget, amounts paid to the non-profit station appeared excessive, with no support for the number of times aired. The public radio station airtimes could also not be confirmed because the company changed ownership in October 2013.

Travel: According to Section 403.7265 F.S., *The Florida Legislature recognizes the need for local governments to establish local hazardous waste management programs and local collection centers throughout the state. Local hazardous waste management programs are to*

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

educate and assist small businesses and households in properly managing the hazardous waste they generate. The Statute further states, the department shall establish a Grant program for local governments, which desire to provide a local or regional hazardous waste collection center. Grants shall be authorized to cover collection center costs associated with capital outlay for preparing a facility or site to safely serve as a collection center and to cover costs of administration, public awareness, and local amnesty day programs.

Department direction on travel calls for justification of any travel as mission critical. Travel, budgeted at \$1,425, was allowed in Task 2 of the Agreement for the Okaloosa County Recycling Coordinator to attend the North American Hazardous Materials Management Association conference in Minnesota. The purpose of the travel was for the Recycling Coordinator to represent the Florida chapter as a chapter delegate and give a presentation during the September 2013 conference. According to Division Program Management, rather than a benefit to the Grant or for public education, the travel was mainly included in the task for the Recycling Coordinator's general education, to maintain professional affiliation, and keep up to date on technologies and trends. Division Management could not provide specific benefits or documentation of public education resulting from this conference attendance. Although this travel was allowed in the Grant Agreement, it appears to provide little benefit and could not be directly tied to the Grant program purpose.

Recommendation

We recommend the Division review future invoices for rates that appear excessive, prior to invoice approval. If rates appear excessive in comparison with similar services provided under

**Review of Okaloosa County Household Hazardous Waste Cooperative Grant
Division of Waste Management**

Report: A-1415DEP-023

the Grant Agreement, justification should be requested for the additional costs, to ensure grant funds are being used efficiently.

Further, we recommend the Division review the benefits to the grant program in providing for the Okaloosa Recycling Coordinator's travel to the North American Hazardous Materials Management Association conference. If the travel does not provide specific educational benefits to educate and assist small businesses and households in properly managing the hazardous waste they generate, as specified by the program, funding for the travel should be discontinued.

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 audit was conducted by Kim Vickery 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.


*Valerie J. Peacock,
Director of Auditing*

*Candie M. Fuller,
Inspector General*

Memorandum

Florida Department of Environmental Protection

To: Valerie Peacock, Director of Auditing
Office of Inspector General

From: Jorge R. Caspary, P.G., Director  for J. Caspary
Division of Waste Management

Date: June 16, 2015

Subject: Response to Draft Audit Report A-1415DEP-023, Okaloosa County Household
Hazardous Waste Cooperative Grant

The Division of Waste Management has reviewed the preliminary Audit of the Okaloosa County Household Hazardous Waste Cooperative Grant, Report A-1415DEP-023. The Division concurs with the Findings and Recommendations presented in the report.

Office of Inspector General Findings and Recommendations:

Finding #1: Salary expenditures

According to the Grant Agreement SO662, section 3.c, “the state Chief Financial Officer requires detailed supporting documentation of all costs under a cost reimbursement agreement. Each payment request summary form shall be accompanied by supporting documentation. For salaries/wages, required support includes list(s) of personnel involved, salary rates, and hours/time spent on projects in accordance with attachment A.”

The salary reimbursements reviewed did not include approved timesheets, nor did it provide direction as to which employees were paid, the amount of hours worked, or tasks completed/reimbursed. The handwritten documentation provided, splitting/dividing Okaloosa County salaries among three of the nine neighboring counties, could not be confirmed for accuracy. Based on the remaining dollar amount available for each neighboring county, the Recycling Coordinator determined reimbursement for salaries and fringe benefits.

Recommendation

We recommend the Division require accurate and complete documentation for salaries and fringe benefit reimbursements prior to invoice approval.

Response: The Division will require the County to include approved timesheets which include sufficient detail in order to accurately attribute salaries to the specific task performed.

Finding #2: Invoice for service outside Grant period

Section 3.a. of the Agreement states, “The Grantee shall be eligible for reimbursement for work performed on or after July 1, 2013.” Based on our review of Grant expenditures, two were dated in June 2013; prior to the Grant Agreement begin date of July 1, 2014.

The first invoice dated July 8, 2013, included recycling personal computers, monitors, fax machines, copiers, and televisions during June 2013. The amount submitted, and reimbursed, was \$730.00. The second invoice submitted was a utility bill for service provided June 9, 2013 to July 9, 2013 for \$190.21. The utility bill reimbursement should have been prorated to the Agreement date of July 1, 2013, and the eligible amount of \$57.06 submitted for reimbursement. The ineligible reimbursements totaled \$863.15.

Recommendation

We recommend the Division ensure that reimbursements only include eligible amounts for work performed in the Grant Agreement period. Invoices submitted for reimbursement must comply with the Grant Agreement’s beginning and ending dates. As such, some invoice may need to be prorated to comply with the current Grant Agreement. The Division should seek either reimbursement or current Grant adjustment for the \$863.15 out of period expenses.

Response: The Division will inform the County of the finding and our intent to adjust the current reimbursement request to recover the ineligible reimbursement amount. Additionally, the Division will meet with Grant staff to discuss the reimbursement review process to ensure that ineligible expenses are identified and disallowed during future reviews.

Management Comments

The preliminary audit also contained a series of comments concerning specific expenditures authorized under the Grant Agreement. These related to the staffing rate of a Chemist, rates paid for advertising, and individual travel. The Division intends to request that the County specifically address these concerns and provide sufficient justification.

Thank you for your continuing efforts to help the Division improve its programs and processes through quality audits.

JRC/wk