Audit Findings Tracking Report

Report: F-1213DEP-007

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

August 2012
SECTION 1
OPEN FINDINGS
## OPEN FINDINGS

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Review of Information Security Regarding the Disposition of Department Copiers and Printers
V-1011DEP-043

FINDING NUMBER 1:
Directive 390 states the owner will establish appropriate information security controls for new hardware systems. Program areas are responsible for the sanitization of Multi-Function Devices (MFD) hard drives. Through December 2010, the department has disposed of eight MFDs with an onboard hard drive. Based on this small sample, information associated with these units has not consistently been safeguarded in a manner consistent with Directive 390. We found that the program areas do not have formal procedures to properly sanitize the hard drives.

RECOMMENDATION:
We recommend a formal policy be developed that educates and holds programs accountable for ensuring sanitized hard drives of all disposed media devices. This should include an education, certification, and reporting component. Verification of sanitized hard drives should be signed by the responsible program staff. Documentation and records of this process should be reported and retained by the Office of Technology and Information Services (OTIS). OTIS should take due care to ensure that procedures conform to the requirements outlined by Rule 60DD-2.009, Florida Administrative Code 71A-1 as well as guidance from AEIT.

DIVISION:
Office of Technology and Information Services

CURRENT STATUS:
The Bureau of General Services and OTIS have made progress in the identification of policies/procedures that will educate staff on the proper disposition of leased and DEP owned printers/copiers. Leased machines are now purchased under a state contract that provides DEP the ability to have these machines delivered with “overwrite data” turned on, to ensure recurring automatic wipes of the hard drives, which significantly reduces potential for data loss while these devices are in use by DEP. My Florida Market Place (MFMP) processes include notification to the DEP entity leasing the device, as well as giving notice to OTIS (in MFMP) that the device has a hard drive. Further steps are underway to require a certificate of final sanitization of the hard drive by the vendor before last payment is approved in order to encourage sanitation steps are carried out. OTIS and the Bureau of General Services are presently drafting the procedures that articulate the process to follow in the disposition of DEP owned printers, as well as Leased. OTIS is creating a Cherwell form that will provide the records of wiping for all DEP owned devices (and leased if applicable) so that all vested parties can verify if a device has been sanitized.

AUDITOR’S CONCLUSION:
Finding to remain open.
Audit of Duval County Compliance Contract GC679
A-1011DEP-010

FINDING NUMBER 1:
The City did not properly allocate costs for audit purposes or maintain financial records according to Contract requirements.

RECOMMENDATION:
The OIG recommends that the Bureau direct the City to retain all supporting documentation used to derive the totals reported on the Year End Financial Statements (YEFS) to ensure that all expenditures are properly documented.

DIVISION:
Waste Management

CURRENT STATUS:
The City of Jacksonville acknowledged receipt of the Bureau’s instruction. When the YEFS are received, the Bureau will provide them to the Office of Inspector General for final review.

Finding Status:
Finding to remain open.
Audit of Duval County Compliance Contract GC679
A-1011DEP-010

FINDING NUMBER 2:
The City charged costs that were not for the benefit of the program.

RECOMMENDATION:
The OIG recommends that the Bureau direct the City to return the $15,445 for items that could not be verified as being used by the tanks inspectors and staff. In addition the Bureau should direct the City to discontinue the practice of using Contract funds for items and services that are not used for the program; establish an equitable cost allocation system; and properly document the disposal of items.

DIVISION:
Waste Management

CURRENT STATUS:
The City of Jacksonville received from the Bureau a four-month task assignment authorizing the expenditure of the accrued fund balance for operating expenses. The City has been directed to return to the Bureau the remaining balance (including the $15,445) on November 1, 2012.

Finding Status:
Finding to remain open.
FINDING NUMBER 1:
Project planning should be strengthened prior to contract execution. Department directives guide the purchase, management, and accountability of contractual services. Information documented in Contract Review Form (DEP 55-203) assists programs with ensuring that funding and contract information is complete and accurate. We reviewed executed contracts for evidence of proper contract planning as well as completion in comparison with the standard Department contract template. Required financial information on funding sources and inventory codes was missing in 38% (8 out of 21) of the construction contract files reviewed. Unforeseeable events and circumstances are part of the nature of managing construction contracts. However, amending the scopes of work changed the costs in several projects.

RECOMMENDATION:
We recommend the Division of Administrative Services Procurement Section work closely with contracting management in the Division of Recreation and Parks, Office of Greenways and Trails (OGT), and Office of Coastal and Aquatic Managed Areas (CAMA) in the areas of planning and developing bid and contract documents. With the historical knowledge of circumstances relating to past projects, Department contract staff should take steps to work together for improvement in project planning prior to the bid process in order to limit the amount of change orders and control project costs.

DIVISION:
Division of Administrative Services

CURRENT STATUS:
The Procurement Section is continuing its efforts to restructure contract and grant activities to comply with the Department of Financial Services requirements. As part of this restructuring, updated forms and contract/grant templates are being considered. The forms and basic procedures being developed will be used in support of the construction and professional services contracting process across the Department.

One recommendation that we have for construction services is for the “Schedule of Values” to be included as part of the bid package received by the Bureau of Design and Construction. The “Schedule of Values” should be developed by the professional at the time of developing the plans and specifications for inclusion in the bid document. We recognize that the language in the bid must provide the Department with the opportunity to discuss/modify this schedule in order to support the proper payment of work meeting established completion points under the contract. It is critical that contractors are not allowed to overcharge for work performed at the beginning of a project, when the actual cost of the work doesn’t support the payment for the deliverable completed.

AUDITOR’S CONCLUSION:
Finding to remain open.
Auditor General Operational Audit – Land Acquisitions
AG 2012-010

FINDING NUMBER 1:
The appraisal reports received by the Department did not, in some instances, include proper appraisal methodology with sufficient detail and reasoning to support the value conclusions reached by the appraisers.

RECOMMENDATION:
The Department should ensure that appraisers and review appraisers practice greater due diligence in applying proper valuation methodology along with sufficient detail, reasoning, and support value conclusions.

DIVISION:
State Lands

CURRENT STATUS:
The Department is proposing rulemaking for revisions to Chapter 18-1, State Land Acquisition Procedures, Florida Administrative Code, which will also comprise revisions to the Supplemental Appraisal Standards for Board of Trustees Land (Supplemental Standards). The purpose of the Supplemental Standards is to supplement the use of the Uniform Standards of Professional Appraisal Practice (USPAP). The USPAP are generally accepted appraisal standards which are required to be followed by appraisers for Department appraisal services. The proposed revisions to the Supplemental Standards will make them more consistent with the requirements in USPAP.

AUDITOR’S CONCLUSION:
Finding to remain open.
FINDING NUMBER 2:
In some instances, the highest and best use analysis included within the appraisal reports was not fully supported.

RECOMMENDATION:
The Department should ensure that the highest and best use analysis in appraisal reports thoroughly discusses all uses that are physically possible, legally permissible, and financially feasible, rather than focusing on one use throughout the analysis. The Department should also make sure that highest and best use conclusions are specific, provide an estimated time for development (based on supply and demand factors), and address interim uses during the short-term if a change in use is proposed in the future.

DIVISION:
State Lands

CURRENT STATUS:
The Department proposes updating the Supplemental Standards. A checklist that appraisers are to include in their appraisal reports is a part of the Supplemental Standards. The checklist is to be revised and made more specific to help ensure that appraisal reports comply with the Supplemental Standards in regard to the highest and best use requirements.

AUDITOR’S CONCLUSION:
Finding to remain open.
Auditor General Operational Audit – Land Acquisitions
AG 2012-010

FINDING NUMBER 3:
We noted many instances of errors and omissions within the appraisal reports that, while not material to the value conclusions made by the appraisers, demonstrated a lack of attention to detail in the preparation of the reports by the appraisers, and the subsequent review by the contracted review appraisers.

RECOMMENDATION:
The Department should exercise greater oversight of appraisers and review appraisers to ensure that appraisal reports are complete, accurate, and in full compliance with applicable standards.

DIVISION:
State Lands

CURRENT STATUS:
Upon completion of revisions to the Supplemental Standards, appraisers and reviewers hired by the Department will be notified of the changes, as well as being provided access to the revised Supplemental Standards on the Department’s web site.

AUDITOR’S CONCLUSION:
Finding to remain open.
FINDING NUMBER 4:
In some instances, the negotiation files maintained by the Department did not contain written offers and counteroffers, contrary to Section 259.041(8)(c), Florida Statutes.

RECOMMENDATION:
The Department should take steps to ensure that written offers and counteroffers are obtained pursuant to Section 259.041(8)(c), Florida Statutes, and amend any existing multi-party agreements that contain language contrary to that law.

DIVISION:
State Lands

CURRENT STATUS:
Since the date of the audit, the Department has only negotiated on two properties in the Florida Forever Northeast Florida Timberlands project. The procedure was followed and we reached an impasse with the owner; therefore, contracting did not occur. Copies of the Chronology of Offers for each negotiation, together with the attached written offers and responses, are included in this response. Acquisitions are currently “on pause”, so the multi-party acquisition agreements have not been amended at this time.

AUDITOR’S CONCLUSION:
Finding to remain open.
Auditor General Operational Audit – Land Acquisitions
AG 2012-010

FINDING NUMBER 5:
Evidence of pre-approval of extraordinary assumptions applied in appraisal reports was not maintained in the Department’s appraisal files.

RECOMMENDATION:
To comply with Section A-2.03 of the Supplemental Standards, the Department should ensure that written pre-approval from the Bureau Chief of any extraordinary assumptions to be applied in appraisal reports is obtained and maintained in the Department’s appraisal files.

DIVISION:
State Lands

CURRENT STATUS:
The Department is proposing rulemaking for revisions to Chapter 18-1, State Land Acquisition Procedures, Florida Administrative Code, which will also comprise revisions to the Supplemental Appraisal Standards for Board of Trustees Land (Supplemental Standards). The purpose of the Supplemental Standards is to supplement the use of the Uniform Standards of Professional Appraisal Practice (USPAP). The USPAP are generally accepted appraisal standards which are required to be followed by appraisers for Department appraisal services. The proposed revisions to the Supplemental Standards will make them more consistent with the requirements in USPAP.

AUDITOR’S CONCLUSION:
Finding to remain open.
FINDING NUMBER 6:
Department procedures used to acquire appraisers and review appraisers were not written and should be revised to increase the minimum number of bids solicited. Also, the Department did not obtain required affidavits in a timely manner.

RECOMMENDATION:
The Board of Trustees should revise its rules to specify a minimum acceptable number of bids that should be considered for each acquisition of appraisal services without appropriate written justification. The Department should develop and implement written policies and procedures to ensure compliance with applicable laws and rules pertaining to the acquisition of appraisal and appraisal review services. Such policies and procedures should include the establishment of a minimum number of appraisers that should be solicited for bids to ensure compliance with the Board of Trustees’ rules.

DIVISION:
State Lands

CURRENT STATUS:
The Department is in the process of writing a procedure manual for the appraisal process, which will help ensure compliance with applicable laws and rules.

For the finding regarding the appraisal affidavits not being received prior to contracting, a database and tracking system implemented in October 2010 indicates if the affidavit has been received, which will help ensure that this requirement is met. This database was in use prior to the audit report being published, but after the audit period.

AUDITOR’S CONCLUSION:
Finding to remain open.
Auditor General Prior Audit Follow-Up: Leases, Easements and Other Uses of State-Owned Lands AG 2012-011

FINDING NUMBER 4:
Basis for Assessed Fees – The Department had not documented that the current authorized fee assessment amounts were reasonable and commensurate with the Department’s actual cost of administering and managing leases and easements.

RECOMMENDATION:
We again recommend that the Department conduct periodic analyses of the actual cost of administering and managing leases and easements to use as a basis for recommendations to the Board of changes in fee assessments.

DIVISION:
State Lands

CURRENT STATUS:
DSL agrees with the recommendation that periodic analysis of the cost of the program should be conducted to ensure fees are reasonable and commensurate with program costs. Although there has been some changes to the applicable statute, rule and policies that require additional staff time, we are continuing ways to streamline processes to aid in reducing staff time, thereby lowering the cost of administering and managing leases and easements. Currently DSL is working with OGC in reviewing our rules and delegations to help streamline leasing and other authorizations. Also, nothing has significantly changed for the need to do another estimate of costs to administer and managing of leases and easements.

AUDITOR’S CONCLUSION:
Finding to remain open.
FINDING NUMBER 1: Environmental Site Assessment Cost Effectiveness.

RECOMMENDATION 1: We recommend the Division take preliminary steps internally such as creating a threshold limit on land value, preliminary acquisition research, owner interview, and risk assessments, etc on the acquired lands to determine whether an internal assessment, a Transaction Screen/ESO, or Phase I ESA should be conducted. The Division should take into consideration whether or not the Board of Trustees acquisitions need landowner liability protection under CERCLA. If acquisition is deemed to be low risk and alternative assessments are approved, the Division could realize costs savings by using an agency biologist to conduct the assessments as well as ordering ESOs. ASTM standard 1528-06 details the process for Transaction Screens and would be useful in providing a minimum reporting criteria for the Transaction Screens/ESOs.

RECOMMENDATION 2: We recommend the Division ensure decisions regarding environmental assessments be tasked based on project analysis and contamination risk in a cost-effective manner. The Division should refine its contracting and task assignment processes so that decisions made and actions taken during the acquisition process reflect a balance between cost-effectiveness and environmental impact liability. To accomplish this, we recommend the Division develop a more formal risk process. If the Division chooses to order ESOs, management should limit or prevent contractors from dividing acquisition tracks of land in small increments, thereby increasing the number repetitive ESOs conducted on a large track of land.

DIVISION:
Division of State Lands

CURRENT STATUS:
Acquisitions are currently on pause so the Division has not begun to send out and utilize the User Questionnaire early on in the land acquisition process.

AUDITOR’S CONCLUSION:
Finding to remain open.
Management of Department Website Information Content and Format
V-1112DEP-012

FINDING NUMBER 1:
Inconsistency throughout Department Website
A template, standards, and guidelines are provided to the Web Administrators to help maintain consistency throughout the Department’s intranet and internet sites. Inconsistencies are present in both intranet and internet sites. The intranet site is a tool for employees to navigate to find resources and other valuable information. However, this information is not consistent among each division/office/district. It is even more important to maintain consistency among the internet sites because it is available and provides information to the public. Each division/office/district can portray their own content and graphics while maintaining a standard format to ensure that all Department sites are consistent. Currently, Web Administrators or employees with publishing rights can modify a template without notification. For example, the Division of Waste deviated from the standard template for their intranet site. The web manager was not notified of the change. In the past, the Office of External Affairs has updated at least one site due to publishing inconsistencies.

RECOMMENDATION:
The Department should consider taking steps to centralize final content publishing to improve consistency throughout the Department website and to ensure compliance with Section 508 of the Rehabilitation Act. Program/Division sites may be maintained individually, but consider adding a final review step by the Department web manager to ensure content format consistency.

DIVISION:
Office of External Affairs

CURRENT STATUS:
DEP has begun the process of developing a Request for Quotes for a content management system for the entire DEP website and intranet. Once we contract with a company to implement a content management system, the Department intends on redesigning the current website and intranet, and managing content through the Office of External Affairs. This will centralize content management and improve consistency throughout the site. The estimated time for sending out the RFQ is Fall 2012. This will be handled by OTIS.

AUDITOR’S CONCLUSION:
Finding to remain open.
Management of Department Website Information Content and Format  
V-1112DEP-012

**FINDING NUMBER 2:**  
**Noncompliance with Standards**

The Department Web Site Development and Usage Standard was developed for Web Administrators to detail the web development process and to provide web standards, statutes, rules and guidelines. Compliance with Section 508 of the Rehabilitation Act is listed on this standard but several sites are not fully compliant because the standards are not enforced. As an example, the Southeast Florida Coral Reef site located at www.southeastfloridareefs.net is compliant with some of the Section 508 requirements like photo descriptions, but it lacks alternate text tags and video transcripts.

**RECOMMENDATION:**

We recommend Web Administrators be responsible for complying with Department Web Site Development and Usage Standard developed by OTIS. Compliance with this standard should be verified and documented by Department Web Administrators.

**DIVISION:**  
Office of External Affairs

**CURRENT STATUS:**  
This is an ongoing effort for Web Administrators and the Office of External Affairs. Web Administrators are primarily responsible for compliance with our standards, and this is not expected to change. OTIS is scheduled to meet with the Office of External Affairs to continue the dialog about how we might better enforce compliance, by making the established standards ‘more official’ and by determining what prerequisite steps divisions must take before obligating themselves to outsourced contracts that may not accommodate ADA and other DEP standards we require, as well as for the internal sights that are more easily overseen, though too remain at some level of concern. Our goal is to research alternatives to how we presently generate/maintain web pages, such as through content management systems, etc. However, due to cost restrictions, the IT Governance Council (ITGC) has put that project on hold.

**AUDITOR’S CONCLUSION:**  
Finding to remain open.
Management of Department Website Information Content and Format
V-1112DEP-012

**FINDING NUMBER 3:**
Cost-Effectiveness
The survey conducted for this review demonstrated the variations among employee titles and time spent on content management for Department websites. The amount of time spent by employees varies throughout the year, depending on uncontrollable events. According to the survey, the Department may be able to find a more cost-effective alternative that provides consistency and standard compliance throughout the Department website. A content management system could possibly serve as an alternative if it meets the Department’s website’s needs while lowering costs.

**RECOMMENDATION:**
We recommend the Department use the annual cost estimate to review whether current practices or a more cost-effective alternative would serve the Department’s need for website management. Since the current cost estimate provided was based on survey respondents’ time estimation, care should be taken in any decisions to change website management. Only alternatives that provide the same or better service at a significant savings should be considered.

**DIVISION:**
Office of External Affairs

**CURRENT STATUS:**
There is no formal plan at the moment to alter the number of people who manage content on the Department’s website. However, once the Department moves to a content management system, content management will be primarily done by the Office of External Affairs.

Use of the annual cost estimate to review whether current practices or a more cost-effective alternative would serve the Department’s need for website management is being considered as part of the department’s IT consolidation.

**AUDITOR’S CONCLUSION:**
Finding to remain open.
SECTION 2
CLOSED FINDINGS
## CLOSED FINDINGS

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Review of Contract Template for Department Construction Contracts  
M-0910DEP-046  
Final Report Issued: March 10, 2011

FINDING NUMBER 2:  
The Department Procurement Guide provides monitoring guidance for contract managers that includes inspections, evaluations, and communications of project progress measured against the project milestones. During our review of sampled contracts, we noted the following monitoring circumstances:

1. Procurement Section files were not always complete to determine extent of monitoring. The Bureau of Design and Construction is addressing this with sending electronic copies of documents to the Procurement Section.

2. Actual contract managers were recognized in the construction contracts, but not as the contract manager on the contract review form. The construction procurement specialist, who oversaw the procurement of the contract, was listed as contract manager in the agreements.

RECOMMENDATION:  
We recommend the Division of Administrative Services Procurement Section work with the Department business units in ensuring that contracts recognize the proper staff as contract managers. The actual person who is accountable for monitoring should be recognized in the written agreement as contract manager, rather than the procurement specialist.

DIVISION:  
Division of Administrative Services

CURRENT STATUS:  
1. The Procurement Section has completed its review of all active construction contracts and obtained CDs with the complete plans and specifications for each contract. We are working with Administrative Program Support to have these documents uploaded into Oculus for the contract file. The CDs will be maintained in the appropriate paper file.

2. The Bureau of Design and Construction has been using the language described below in their bid and contract documents.

Contract Language (sample)
12. Project Representatives
Except for notices, addressed as provided in Section 11, above, all points of inquiry and all other matters pertaining to the Project shall be directed to the Project Managers at the addresses shown in this section for appropriate action or disposition, unless another individual is specified in the Contract Documents. The Department’s Project Manager is Suzannah Ray, Division of Recreation and Parks, Bureau of Design & Construction, (850) 488-5372. The Contractor’s Project Manager is Richard Hinson at American Bulldog Contracting, Inc., (850) 319-1484.

AUDITOR’S CONCLUSION:  
Finding closed.
Review of Fuel Purchasing and Vehicle Log Process  
A-1011DEP-042  
Final Report Issued: May 24, 2011

FINDING:
Each division is responsible for establishing and implementing procedures for maintenance and service of vehicles and watercraft in compliance with DMS State Fleet Management’s rules or operating procedures, which includes preventive maintenance service. Directive DEP 620 states that the division will ensure that department vehicles and watercraft are kept in a safe clean working order. Overall, maintenance data supported by division vehicle logs and backup documentation, as well as EMIS was not in compliance with Department established service parameters.

RECOMMENDATION:
We recommend the Division of Law Enforcement work towards timelier accomplishment of preventive maintenance and properly document preventive maintenance activities and cost.

DIVISION:
Division of Law Enforcement

CURRENT STATUS:
As of July 1, 2012, the Division of Law Enforcement has been moved to the Florida Fish and Wildlife Conservation Commission.

AUDITOR’S CONCLUSION:
Finding closed.
FINDING:
According to Article 29.03, any request by the Contractor for extension of the Contract Term for any reason noted in Article 29.01 must be presented to the Department within seven days after the delay-causing event commences. If the Contractor’s claim is not submitted within the time limitation set out in this article, it shall not be entitled to an extension of the Contract Term, and no extension of time for completion of the Work will be granted. Article 29.05 addresses rain delays with the following statement: Delays Due to Rain or Severe Weather: For any delays in Project Work due to rain or unusually severe weather, the Contractor shall notify the Department within 24 hours, for each occurrence throughout the Contract Term. The Project Manager shall track rain days relative to the Progress Schedule. Throughout Construction Contract DC911, time extensions were approved by the Division after the above stated time limits.

RECOMMENDATION:
We recommend the Division closely monitor change orders in relation to time extensions. According to current policy, requests submitted later than the 7 day limit imposed by Article 29.03 should be denied. We recommend the Division revisit contract language to possibly provide a longer length of time to submit rain delay requests provided the contractor supplies adequate documentation.

DIVISION:
Division of Recreation and Parks

CURRENT STATUS:
The Bureau of Design and Construction (BDC) has discussed with the Office of General Counsel the need to revise existing specifications from a seven (7) day request to a fourteen (14) day request for delays due to rain as drafted below, which were implemented on 8/7/12:


29.01 If the Contractor is delayed at any time in the progress of the Work by any act or neglect of the Department, its employees, or agents, or by any Separate Contractor performing under a Department contract, or by changes in the Work ordered by the Department, or by strikes; lock-out; fire; unusual delay in transportation; unavoidable casualties; acts of war or terrorism; rain or unusually severe weather; other causes beyond the Contractor’s control; delay authorized by the Department; or any cause found by the Department to justify the delay, the Contract Term shall be extended for such reasonable time as the Department may decide, provided that under no circumstances shall the Contractor be entitled to an extension of the Contract Term for any delays caused in any way by the Contractor, its Subcontractors, suppliers, or fabricators.

29.02 If the Contractor falls behind the Progress Schedule, the Contractor shall make every effort through adjustments as set out in Article 23.03 to make up for lost time.
29.03 Any request by the Contractor for extension of the Contract Term for any reason noted in Article 29.01 must be presented to the Department within **fourteen (14) days** after the delay-causing event commences or sooner if the Substantial Completion or Final Completion date is less than fourteen (14) days from commencement of the delay-causing event. If the Substantial Completion or Final Completion date is less than fourteen (14) days from the commencement of the delay-causing event, Contractor must request the time extension prior to the Substantial Completion or Final Completion date, as applicable. As noted above, time is of the essence in performance of the Work under this Contract. If the Contractor’s claim is not submitted within the time limitation set out in this article, it shall not be entitled to an extension of the Contract Term, and any extension of time for completion of the Work will be granted at the sole discretion of the Department.

29.04 No claim for damages, or any adjustment other than an extension of the Contract Term, shall be asserted against the Department because of delay. As set out in Article 27, an extension of the Contract Term shall be in the form of a Change Order, and shall constitute the Contractor’s sole and exclusive remedy on account of delay.

29.05 **Delays Due to Rain or Unusually Severe Weather**: For any delays in Project Work due to rain or unusually severe weather, the Contractor shall notify the Department within 24 hours, for each occurrence throughout the Contract Term. The Project Manager shall track rain days relative to the Progress Schedule. The Project Manager shall confirm the number of rain days with the Unit Manager or the Clerk of the Works, if any, for consideration in extending the Contract Period.

.01 Inclement weather does not justify time extensions unless it can be established that such weather could not have been reasonably anticipated during the season and in the location of its occurrence. No contract time extension will be granted for normal rainfall. Time extensions will be granted for abnormal or unanticipated inclement weather with the execution of a Change Order.

.02 Normal rainfall will be determined from data obtained through the nearest rain gauge station monitored by the Florida Water Management District with jurisdiction in the Project area. Normal rainfall will be averaged over five years.

**AUDITOR’S CONCLUSION:**
Finding Closed.
FINDING NUMBER 1:
Missing Criteria

RECOMMENDATION:
We recommend OTIS list the criteria/requirements to join the maintenance contract on the Task Order so it is clear to all Divisions. OTIS should meet with Division management to determine if the Division’s applications are eligible and beneficial to join the contract. Documentation should be provided justifying Division applications participating or not participating in the contract. This criteria should be applied consistently throughout the Department.

DIVISION:
Office of Technology and Information Systems

CURRENT STATUS:
At the time this contract was renewed for FY 2012-2013, all Division Directors and application representatives were consulted regarding their continued inclusion on this contract, and asked if they were interested in removing or adding applications. A number of considerations were discussed as a group, including cost to the specific Division, criticality of the application, and availability of Division/OTIS IT support staff as it relates to an application’s specific technology. We believe an open dialog as a group with all impacted divisions is the best forum to discuss the pros/cons of adding or removing agency applications to this contract. Decisions regarding what applications to add or remove are documented in meeting minutes. OTIS will continue to meet routinely with Division Directors and the IT Governance Council to discuss this, as well as other, application maintenance contracts.

AUDITOR’S CONCLUSION:
Finding closed.
FINDING NUMBER 2:  
Excessive Supporting Triage Work and Management Time Charged

RECOMMENDATION:
We recommend OTIS direct Integrated Computer Solutions (ICS) to lower the amount of supporting triage work and management time for the next fiscal year. We also recommend OTIS contract management takes into account the hours used the previous year on triage efforts to recalculate the hours needed for the next fiscal year and reduce the amount paid by the Divisions as appropriate. OTIS and Division Management should consider the amount of savings they will realize by being or not being on the maintenance contract.

DIVISION:
Office of Technology and Information Systems

CURRENT STATUS:
Since OTIS directed ICS management staff to better detail their work to delineate true management versus the direct support these staff are also providing, the percentage of true management overhead has dropped. Additionally, the individual previously assigned as a “QA/QC Manager” has been reassigned to direct support, not management. At the time this contract was renewed for FY12-13, all division directors and application representatives were consulted regarding the level of “management overhead”. The consensus was that the current level of management staff of was appropriate to support the contract.

It was also agreed that Vendor Engagement Manager and Application Service Manager do significantly more work that is direct support/non-management (e.g., business analysis, quality reviews, etc.). At this point in time, all division representatives report that they are satisfied with the level of management, which equates to less than 2 managers for this team.

AUDITOR’S CONCLUSION:
Finding closed.
Auditor General Prior Audit Follow-Up: Leases, Easements and Other Uses of State-Owned Lands
AG 2012-011
Final Report Issued: October 2011

FINDING NUMBER 1:
Sovereignty Submerged Land Leases – The Department lacked effective controls to ensure that all sovereignty submerged land leased sites were timely inspected, that adequate follow-up was performed on noted noncompliance, and that information regarding lease inspections was correctly entered into the Integrated Land Management System (ILMS).

RECOMMENDATION:
We recommend that the Department enhance its procedures to ensure that each submerged land lease receives an on-site inspection at least once every five years as required by Board rules, that information regarding on-site inspections is timely and accurately enter into ILMS, and that lessees found to be in noncompliance are timely notified.

DIVISION:
Division of State Lands

CURRENT STATUS:
The Division of State Lands (DSL) concurs with the finding and has taken steps to enhance procedures as recommended. DSL has made changes to ILMS to ensure that the extended term leases are captured and reported for timely inspections and, for the third year in a row, we have had 100% of the required inspections completed timely.

Finding Status:
Finding closed.
Auditor General Prior Audit Follow-Up: Leases, Easements and Other Uses of State-Owned Lands
AG 2012-011
Final Report Issued: October 2011

FINDING NUMBER 2:
Upland Leases with Governmental Entities – The Department should continue its efforts to ensure the timely receipt and review of land management plans and land use plans.

RECOMMENDATION:
We recommend that the Department continue its efforts to obtain delinquent management and use plans. Following the exhaustion of all reasonable efforts to obtain the delinquent plans, the Department should consider requesting Board consideration of the termination of the leases granting the use of the applicable State lands.

DIVISION:
Division of State Lands

CURRENT STATUS:
DSL concurs with the recommendation and continues to take efforts to ensure timely receipt of land management and use plans.

Until recently, due to staff turnover and reductions, a single staff member was responsible for reviewing all plans for the current 1,515 leases for compliance, while one administrative staff member provided correspondence control for compliance efforts. In February 2012, the Department was able to separate the duties for conservation leases and non-conservation leases, by adding the non-conservation responsibilities to another employee’s position description. This has allowed 100% contact to be established with holders of the overdue non-conservation leases, which had a greater backlog than conservation leases. These three staff members will continue to process the ongoing timely submittal of land management and use plans, while also focusing on obtaining overdue plans.

A policy has been adopted, in which the DSL will consider requesting the Board entertain termination of the leases granting the use of the applicable State lands when leaseholders are deemed non-compliant. This policy will be implemented once database discrepancies and missing contact information are resolved, so that leaseholders are not unfairly targeted for potential lease termination. Currently, contacted entities have been very cooperative in acting to comply with overdue plans, so no such actions are planned at present.
DSL has continued to make progress since the audit follow-up began. During the past six months, compliance percentages for plans has risen to 80% for non-conservation leases and remains at approximately 75% for conservation leases. During this same period, 22 conservation land management plans and 17 non-conservation land use plans were processed. Since the last prior audit follow-up, the actual number of non-conservation overdue plans has been reduced from 235 to 189, while the number of conservation overdue plans has remained the similar at 138, (although there has been an approximate 20% increase in those plans with a status of “in process with new due date”). The relative lack of change in the conservation land management plans reflects new plans becoming due at a rate equal to reduction of backlog.
AUDITOR’S CONCLUSION:
Finding closed.
FINDING NUMBER 3:  
Hunt Camp Leases – The Department should establish written procedures for the inspection of leased hunt camp sites.

RECOMMENDATION:
We recommend that the Department amend hunt camp inspection procedures to include specific inspection criteria. In addition, we recommend that documentation of the date of the inspection, the inspector's name, communication of the noncompliance to the lessee, and supervisory review be maintained. We further recommend that the Department enhance efforts to ensure that inspection violation letters are timely sent, that adequate follow-up is conducted, and that leases are terminated when noncompliance issues are not timely addressed.

DIVISION:  
Division of State Lands

CURRENT STATUS:  
DSL concurs with the recommendation. An Inspection Report Form has been developed with inspection criteria as recommended by the audit. We also have the Hunt Camp Leases dedicated to one employee for consistency and to assure that leases continue to remain in compliance. Various management tools have been put in place to assure we do our due diligence on hunt camp lease reviews including but not limited to, the placement of Outlook calendar reminders that inspections are updated and that non-compliance issues are resolved on time as stated in our letters. We request that this Audit Finding be closed.

AUDITOR’S CONCLUSION:  
Finding closed.
Perform Financial/Compliance Audit of Indian River Contract GC694
A-1011DEP-027
Final Report Issued: April 12, 2011

FINDING NUMBER 1:
The County did not comply with the monthly performance requirements or the performance requirements to be met every four (4) months as set out in the contract and task assignments.

RECOMMENDATION:
The Office of Inspector General recommends that the County follow the new procedures as set out in their corrective action plan to meet all contractual performance requirements.

DIVISION:
Division of Waste Management

CURRENT STATUS:
Indian River County Health Department (CHD) met performance requirements agreed upon with the DEP Central District and subsequently invoiced the Bureau for the remainder of the task assignment. The Bureau terminated contract GC694 as part of the consolidation and restructuring of the compliance verification program on June 30, 2012.

AUDITOR’S CONCLUSION:
Finding closed.
performance & compliance audit of marion county contract gc715
a-1011dep-032
final report issued: october 28, 2011

finding number 1:
The county did not properly document the allocation of contract expenditures between contract gc715 and other county contracts.

recommendation:
we recommend the bureau to direct the county:

• to amend the 2007/2008, 2008/2009, and 2009/2010 yefs to accurately report the accurate expenditures and audited fund balance information. these revised statements should be submitted to the bureau.

• to establish a consistent cost system for allocating the expenditures for the petroleum compliance verification services and maintain the supporting documentation for the allocation of these expenditures.

• to use actual hours as recorded in the employee activity reporting system and the accounting system to calculate the salary and benefit expenditures to be used for the yefs.

• to use actual documented expenditures in order to ensure that the yefs are an accurate reflection of the amount expended on petroleum compliance activities.

we further recommend the bureau combine the two existing contracts currently being held by columbia county into one contract over the petroleum compliance verification services and issue two distinct task assignments for the counties within the two department district offices involved. this will ensure that the two department districts can accurately track and oversee the performance requirements of the contract.

division:
division of waste management

current status:
The bureau emailed the county directing them to submit the revised yefs to the bureau. the county was also instructed to use actual hours to determine salary and benefit expenditures reported on the yefs. the county was advised that the cost system used for allocations should be uniform and supporting documentation should be maintained.
The bureau terminated contract gc715 as part of the consolidation and restructuring of the compliance verification program on june 30, 2012.

auditor’s conclusion:
finding closed.
Audit of Seminole County Compliance Program Contract GC684
A-1011DEP-034
Final Report Issued: August 18, 2011

FINDING NUMBER 1:
The Year End Financial Statements were not accurate.

RECOMMENDATION:
We recommend that the Bureau instruct the County to report accurate expenditures of all required expense categories for future Year End Financial Statements and resubmit their three task year Statements using the audited figures provided.

DIVISION:
Division of Waste Management

CURRENT STATUS:
The amended YEFS submitted to OIG had corrected information in response to the audit finding. OIG has acknowledged receipt of the updated YEFS. The Bureau terminated contract GC684 as part of the consolidation and restructuring of the compliance verification program on June 30, 2012.

AUDITOR’S CONCLUSION:
Finding closed.
FINDING NUMBER 1:
The OIG noted overstatements of Salaries and Benefits as well as other recorded expenses charged to the petroleum compliance verification services program.

RECOMMENDATION:
We recommend that:
- The County amend the 2009/2010 fiscal year financial statements to accurately report the correct expenditures and fund balances and submit these amended statements to the Bureau of Petroleum Storage Systems
- The Bureau instruct the County to use actual hours as recorded in the Employee Activity Reporting System and the accounting system to calculate the Salary and Benefit expenditures to be used for the year-end financial statements.
- The County establish internal controls to ensure expenses other than salaries are accurately reported in the Year End Financial Statements.

DIVISION:
Division of Waste Management

CURRENT STATUS:
The County submitted revised Year End Financial Statement correcting the overcharges. The Division no longer contracts with Holmes County for compliance verification services.

AUDITOR’S CONCLUSION:
Finding closed.
Audit of Columbia County Compliance Contract GC700
A-1011DEP-066
Final Report Issued: October 28, 2011

FINDING NUMBER 1:
The OIG noted coding and allocation errors of Salaries and Benefits as well as other recorded expenses between contracts and between the petroleum compliance verification services and other Environmental Health activities.

RECOMMENDATION:
We recommend that:
• Although the adjustments to the YEFS for tasks 2 and 3 for the errors noted above did not result in the County having to reimburse the Bureau as they had sufficient expenditures to cover all the disallowed costs, it is recommended that the County amend the 2008/2009 and 2009/2010 fiscal year financial statements to accurately report the correct expenditures and fund balances and submit these revised statements to the Bureau of Petroleum Storage Systems.
• The Bureau instruct the County to use actual hours as recorded in the Employee Activity Reporting System and the accounting system to calculate the Salary and Benefit expenditures to be used for the YEFS.
• The County establish for all other expenses a consistent cost system to allocate charges between the petroleum compliance verification services and the other Environmental Health activities.
• The Bureau combine the two existing contracts into one contract over the petroleum compliance verification services and issue two distinct task assignments separating the Counties by Districts. This will ensure that the two Department Districts can accurately track and oversee the performance requirements of the contract.

DIVISION:
Division of Waste Management

CURRENT STATUS:
The Bureau provided OIG with the revised YEFS submitted by Columbia County for contracts GC700 and GC715 that had been corrected to resolve this audit finding. The Bureau terminated contract GC715 as part of the consolidation and restructuring of the compliance verification program on June 30, 2012.

Finding Status:
Finding closed.
FINDING NUMBER 2:
Quality Assurance/Quality Control (QA/QC) inspections were performed; however, as an internal control, goals need to be established. The number of inspections performed varied from district to district. During the past two calendar years, QA/QC inspections were a control either not used or not documented.

RECOMMENDATION:
• Work with the Waste Program Administrators, Task Managers and other district program management to establish goals for the number of QA/QC inspection activities by contract. (Consideration should include experience of inspectors, past problems, program changes, etc.)
• Develop an exception report with the DEP task managers to list the number of QA/QC inspection activities by contract.
• Issue the exception report to the DEP task manager (districts) as a tool to help performance.

DIVISION:
Division of Waste Management

CURRENT STATUS:
The Bureau introduced a Quality Assurance Verification Protocol at the Waste Program Administrator’s Meeting in September of 2011. After comments from the District Tank Managers, the Bureau finalized the attached protocol. The FIRST contractor will develop additional reporting tools (exception report) as part of future upgrades.

The Bureau determined that with the previous FIRST contract/contractor it was not feasible to create different roles and reports within FIRST at that time. The FIRST contract/contractor has changed with the new Fiscal Year 2012-2013 and these issues will be re-evaluated in Oct-Dec 2012. Informal queries can be run for this information.

Due to the 11G platform upgrade and recent changes in the compliance contracts, user accounts are very accurate. Personnel with inactivity greater than 90 days have been deactivated within the system. The Bureau and District Managers regularly work together to monitor this activity and ensure accurate account status.

Finding Status:
Finding closed.
FINDING NUMBER 1:
Although all districts completed the annual program review for all of their contracts for the 2009/2010 fiscal year and no Contractor received a score of less than 75, we did note some discrepancies and inconsistencies among the districts as follows:

• Guidance document D attached to standard contract states reviews should be accomplished between the 5th and 10th month of the task assignment. Only 2 reviews out of 40 contracts were conducted within that time frame during the reviews conducted for the 2009/2010 fiscal year. All others were conducted later in the year or in the next fiscal year.

• Two districts did not have the date of the review noted on the Program Review Form entered into OCULUS.

• Standard contract requires that the Contractor shall provide a written response to the Program Review findings; however, only one district enforced this requirement.

• Guidance document to contract does not specify how to score the reports. Scoring is left to the judgment of the districts. We could not find any consistency in the scoring. One district scored all of their contracts for the 2009/2010 fiscal year at 95 or higher.

• Although we could not identify a requirement to perform QA/QC inspections, on the annual Program Review Form 40 out of a possible 100 points were allocated to Field Inspection reviews, which indicate they should be done. Two districts did not perform any QA/QC inspections during the 2009/2010 fiscal year, one district only performed 3 QA/QC inspections total for their 6 contracts, and the other 3 districts generally performed at least 2 QA/QC inspections for each contract in their district.

RECOMMENDATION:

• Recommend that all districts comply with the contract’s Guidance Document D requirement that the annual program reviews be conducted between the 5th and 10th month of the task assignment.

• Recommend that all districts note on the Program Review Form the date the review was conducted and that all pages of the form and related correspondence be entered into OCULUS on a timely basis.

• Recommend that all districts enforce the requirement for the Contractor to respond in writing to the findings of the annual program review and at a minimum, require details on any corrective actions that will be implemented.

• Recommend that the Department adopt criteria and guidance for scoring the annual program review form in order to provide some consistency among the districts. This should include when and how many QA/QC inspections should be conducted for each contract during each fiscal year.

• Recommend the Department review the staffing requirements at the district offices to ensure that all districts have adequate staffing to keep enforcement activities current, to avoid or minimize any potential environmental damage. The OIG considers timely enforcement to be an issue management should monitor to ensure there are no adverse environmental consequences resulting from any delays.

• Recommend the Department review the procedures for utilization of the Toughbook computers at the site rather than completing the inspection report at the district office and review the practicality of establishing procedures to assure that all inspections reported were actually conducted.

Promoting Accountability, Integrity and Efficiency
DIVISION:
Division of Waste Management

CURRENT STATUS:
The Bureau updated Guidance Document D in July 2012 to require contractor program reviews following each task assignment.

The Bureau introduced a Quality Assurance Verification Protocol at the Waste Program Administrator’s Meeting in September of 2011. After comments from the District Tank Managers, the Bureau finalized the protocol. The FIRST contractor will develop additional reporting tools (exception report) as part of future upgrades.

Regarding scoring of the county program performance reviews by the districts, due to the change in contract structure for fiscal year 2012-2013, this is not necessary as the payment for inspections will be on a pay-per-inspection program.

Finding Status:
Finding closed.
FINDING NUMBER 1:
The County’s Year End Financial Statements for Tasks 1 and 2 were inaccurate.

Due to addition and typing errors, the Total Expense listed in the Year End Financial Statement for Task 1 was understated by $220.87. This caused the Funds Balance for Task 1 to be understated by $220.87, which subsequently caused the Beginning Balance for Task 2 to be understated by the same amount. The end result is the Funds Balance for Task 2 is understated by $220.87.

The Year End Fund Balance for the period covering July 1, 2010 through June 20, 2011 was listed in the County’s statements as $12,403.40. With the error adjustment, the balance was $12,624.27 ($12,403.40+$220.87).

RECOMMENDATION:
The OIG recommends that the Bureau to request the County to submit amended financial statements for Tasks 1 and 2 to accurately report the expenditure amounts.

In addition, since the contract has been mutually terminated per Amendment 1 of the Contract, the County should return the ending fund balance of $12,624.27 to the Bureau.

DIVISION:
Division of Waste Management

CURRENT STATUS:
The Bureau is recommending that the County retain the fund balance of $12,624.27 based on opinion rendered by the Department’s General Counsel regarding the ambiguity of the contract and the minor amount of the fund balance would not make it practicable to defend. The Bureau amended the current contract and removed paragraph 29. The Bureau no longer contracts with Holmes County.

Finding Status:
Finding closed.