Audit of Cleanup Contract S0486
Pinellas County Petroleum Restoration Program
Fiscal Year End 2012 through Fiscal Year End 2013

Division of Waste Management
Report: A-1314DEP-046

Office of Inspector General
Internal Audit Section
Florida Department of Environmental Protection
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The Office of Inspector General (OIG) conducted an audit of petroleum cleanup Contract S0486 (Contract) between Pinellas County (County) and the Department of Environmental Protection (Department) Division of Waste Management (Division) Petroleum Restoration Program (Program).

**Scope & Objective**

The scope of the audit included two Task Assignments of the Contract beginning July 1, 2011 through June 30, 2013. It included reviewing materials and activities related to the petroleum contaminated site cleanup services in the County. The objectives were to:

1. Determine whether the actual costs reported by the County were reasonable and allowable according to the contract;
2. Determine if the Year End Financial Statements (YEFS) were accurate; and
3. Evaluate the contract management and oversight of County performance and reporting of tasked sites.

**Methodology**

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and was a component of the Annual Audit Plan. The audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors. It included assessments of procedures and testing of reimbursed Program costs. Information was provided by the Division and the County through interviews, documentation requests, and explanations of processes. We reviewed activities performed in the Program.

Our procedures included the following:

- Review applicable laws, regulations, and particularly sections 376.3071 and 376.3073, F.S.;
- Contract S0486, amendments, and change orders;
- Task Assignments 3 and 4 (July 1, 2011 through June 30, 2013);
- Review of Division and County documentation relating to the Program;
- Assessment of reimbursed County Petroleum Restoration costs and accounting records; and
- Assessment of Program procedures and processes.
**Background**

Section 376.3073(1), F.S., indicates that the Department shall, to the greatest extent possible and cost-effective, contract with local governments to provide for the administration of its departmental responsibilities through locally administered programs.

Section 376.3073(3), F.S., indicates that upon approval of its application, an eligible local government shall be entitled, through written contract with the Department, to receive sufficient funds to administer the local program. This contract shall provide that reasonable costs, as determined by the Department and the local government, of administration, investigation, rehabilitation, other related activities, including the restoration or replacement of potable water supplies of affected persons, and implementation of a compliance verification program, shall be paid to the eligible local government from the Inland Protection Trust Fund (IPTF) created under section 376.3071 F.S. and shall stipulate method of payment.

The Department entered into the Contract with the County on January 1, 2010. The agreement expires on June 30, 2015. The Task Assignments are:

<table>
<thead>
<tr>
<th>Task Number</th>
<th>Period</th>
<th>Task Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>01/01/10 - 06/30/10</td>
<td>$183,459.70</td>
</tr>
<tr>
<td>2</td>
<td>07/01/10 - 06/30/11</td>
<td>$409,293.02</td>
</tr>
<tr>
<td>3</td>
<td>07/01/11 - 06/30/12</td>
<td>$388,942.74</td>
</tr>
<tr>
<td>4</td>
<td>07/01/12 – 06/30/13</td>
<td>$391,762.87</td>
</tr>
<tr>
<td>5</td>
<td>07/01/13 – 06/30/14</td>
<td>$408,108.27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>$1,781,566.60</strong></td>
</tr>
</tbody>
</table>

**Results & Conclusions**

Based on our audit, the County and the Department generally complied with the Program and Contract requirements. All costs reported by the County were reasonable and allowable per the Contract and IPTF requirements. During Task Assignment 3 and 4, the County allocated 91% and 93% of their funds for the use of salary and fringe benefits. The County had minor equipment and travel costs during Task Assignment 3 and 4. The remaining expenses were categorized under “Other Expenses” and there was a 5% indirect charge to the Department for use of the County Health Department to maintain the Program’s contract.
The County provided a list of staff working with the program. The County maintains a staff of 8 employees working for the Contract, and three of them are paid 100% from the program. Salary records paid to employees for Task Assignment 3 and 4 closely match the number of staff reported as working with the program. Additionally, staff are required to track their time working with other programs/contracts.

The County records its site activity through three databases, STCM, OCULUS, and a Microsoft Access report which includes all activity the County performs during each Task Assignment year. When comparing OCULUS, STCM\(^1\), the final invoice for Task Assignment 3 and 4, and the County’s Microsoft Access report, there were variances between each of them. For Task Assignment 3, there were 191 sites with documented activity in one of the four record databases. OCULUS showed 189 sites, STCM showed 164 sites\(^1\), the final invoice showed 187 sites\(^2\), and the County’s Access records showed 168 sites. Task Assignment 4 also showed a variance in the number of sites reported with OCULUS showing 168 sites, STCM showing 149 sites\(^1\), the final invoice showing 167 sites, and the County’s Access records showing 159 sites.

The table below shows a breakdown of the estimated number of sites, with the actual number of sites active for Task Assignment 1 through 5. It also includes the number of sites closed each period and the number of sites estimated to be worked on for the next Task Assignment.

<table>
<thead>
<tr>
<th>Task</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated Number of Sites</td>
<td>144</td>
<td>158</td>
<td>170</td>
<td>170</td>
<td>160</td>
</tr>
<tr>
<td>Estimated Program Sites</td>
<td>45</td>
<td>57</td>
<td>61</td>
<td>76</td>
<td>79</td>
</tr>
<tr>
<td>Estimated Non-Program Sites</td>
<td>99</td>
<td>101</td>
<td>109</td>
<td>94</td>
<td>81</td>
</tr>
<tr>
<td>Actual Sites Active</td>
<td>175</td>
<td>187</td>
<td>187</td>
<td>169</td>
<td>N/A</td>
</tr>
<tr>
<td>Actual Program Sites</td>
<td>62</td>
<td>65</td>
<td>66</td>
<td>69</td>
<td>N/A</td>
</tr>
<tr>
<td>Actual Non Program Sites</td>
<td>113</td>
<td>122</td>
<td>121</td>
<td>100</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Sites Closed</td>
<td>32</td>
<td>23</td>
<td>41</td>
<td>23</td>
<td>N/A</td>
</tr>
<tr>
<td>Number of Sites at End</td>
<td>143</td>
<td>164</td>
<td>146</td>
<td>146</td>
<td>N/A</td>
</tr>
<tr>
<td>Estimated New Sites Added</td>
<td>15</td>
<td>6</td>
<td>24</td>
<td>14</td>
<td>N/A</td>
</tr>
</tbody>
</table>

New requirements were established for Task Assignment 5 which reduced much of the document turnaround times. A review of documents in STCM for each Task Assignment show that the County complied 79% of the

\(^1\) STCM records do not include all non-program sites active for the Task Assignment year.

\(^2\) The final invoice included 191 total sites, but 4 of the sites were only issued a warning letter and not included in the County’s invoiced activity.
time using Task Assignment 4 turnaround requirements. Similarly, the County complied 82% of the time for Task Assignment 5 when the turnaround times were reduced.

All active sites for Task Assignment 3 and 4 had assigned site managers to each of them. Site managers whose main job is to manage sites are not allowed to manage more than 50 sites per the contract. One site manager had 62 sites assigned during Task Assignment 3, but was also responsible for closing 15 of those sites during that year.

The YEFS were reported to the Division before the September 30 deadline. Revenues and expenses for both Task Assignment 3 and 4 matched the County’s list of expenditures as well as the Department’s records. As identified in previous audits, Task Assignment reductions based on the previous Task fund balance were based on estimates during the Task Assignment development process, rather than the actual fund balances. For the County, these excess fund balances were not considered material. However, the Division has acknowledged that Task Assignments will be reduced by the actual fund balance when the YEFS are received going forward.

To promote accountability, integrity and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S and in conformance with the International Standards for the Professional Practice of Internal Reviewing, 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 Charles Szostak 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.

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