

Audit of the Air Pollution Control Trust Fund – Fiscal Year 1997-98

AUDIT REPORT

Report by the
Office of the County Comptroller

Martha O. Haynie, CPA
County Comptroller

County Audit Division

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Audit of the Air Pollution Control Trust Fund –
Fiscal Year 1997-98

The Orange County Pollution Control Program was started during the 1983-84 fiscal year. The program is responsible for monitoring air quality levels within the County. Current funding for the program is remitted to the County by the Florida Department of Environmental Protection.

July 1999
Report No. 279

TABLE OF CONTENTS

Transmittal Letter.....	2
Executive Summary.....	4
Action Plan	6
Introduction.....	7
Background.....	9
Scope, Objectives, and Methodology	9
Overall Evaluation.....	10
Recommendations for Improvement.....	12
1. The Environmental Protection Division Should Monitor The Number Of Hours Spent By Employees On Air Pollution Control	13
2. Employees Should Document The Time Spent Participating In The Air Program's Activities	15
3. The State Provided The Air Pollution Control Trust Fund With Excess License Registration Revenue During The 1997-98 Fiscal Year	17

July 20, 1999

Mel Martinez, County Chairman
And
Board of County Commissioners

We have conducted an audit of the Air Pollution Control Trust Fund for the year ended September 30, 1998. The audit was limited to reviewing revenues and expenditures to ensure compliance with the Florida Department of Environmental Protection's (FDEP) Rules for Local Air Pollution Control Programs. These rules require that the County certify the following:

- 1) All registration fee monies remitted by the FDEP were deposited into the County's Air Pollution Control Trust Fund.
- 2) All registration fee monies expended by the County's air program were used solely for air pollution control purposes.
- 3) During the 1997-98 fiscal year, the County's funding of air pollution control activities exceeded its funding of the same during the program's inception year.
- 4) Withdrawals from the local trust fund were exclusively made by the Orange County Air Pollution Control Program.

Our audit was made in accordance with generally accepted government auditing standards and included such procedures as we considered necessary in the circumstances. In this regard, we reviewed applicable laws and regulations, and revenues and expenditures of the Air Pollution Control Trust Fund.

In our opinion, the County is in compliance with the FDEP's Rules for Local Air Pollution Control Programs. As such, we have notified the FDEP of the results of our audit. During the course of this audit we noted two areas that require the County's attention. These issues are discussed in the Recommendations For Improvement section of this report.

Our audit was limited to the specific matters described earlier and was based on selective tests and procedures considered appropriate in the circumstances. Had we

Mel Martinez, County Chairman
And
Board of County Commissioners
Page 2
July 20, 1999

performed additional procedures, other information might have come to our attention that would have been included in this report.

We appreciate the cooperation of the personnel of the Orange County Environmental Protection Division during the course of this audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Bruce McClendon, Director, Growth Management and Environmental Resources
Department
Anna Hacha-Long, Manager, Environmental Protection Division

EXECUTIVE SUMMARY

Executive Summary

We have conducted an audit of the Air Pollution Control Trust Fund for the year ended September 30, 1998. The audit was limited to reviewing revenues and expenditures to ensure compliance with the Florida Department of Environmental Protection's Rules for Local Air Pollution Control Programs. During our audit we noted the following:

Although in fiscal year 1997-98 the County complied with the requirement of providing funding at least equaling the amount that it provided the air program during the 1983-84 inception year, its contribution to the program decreased by \$217,885.02 or 49 percent from the amount given the program in fiscal year 1996-97.

Subsequent to the audit, we were informed that the Environmental Coordinator's compensated hours were devoted exclusively to the air program. However, these hours were not documented. The County's in-kind salary, facility, and central cost contributions to the air program are based on documented hours of Environmental Protection employees that assist air program personnel throughout the year. In light of the decreased funding noted above, each hour expended toward the program should be documented so as to be included in the annual in-kind contribution.

During the 1997-98 fiscal year the County's Air Pollution Control Trust Fund received an excess of \$201,081 of license registration revenue. The overpayment resulted from the state's misinterpretation of its guidelines for local air pollution control programs. The state chose not to recoup the additional amount sent to the County, but will adjust future payments for the 1998-99 fiscal year to the correct rate of fifty cents per sale.

ACTION PLAN

Audit of the Air Pollution Control Trust Fund
 Fiscal Year 1997-98
 Action Plan

NO.	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS		RECOMMENDATIONS
	CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED	
1.		X		X		The Environmental Protection Division should monitor the hours spent by employees on air pollution control activities to help ensure that in-kind contributions will be sufficient to satisfy the County's base year funding requirement.
2.		X		X		All employees should document the time spent participating in the air program's activities in order that every hour may be attributable to the annual in-kind contribution total.

INTRODUCTION

Background

The Orange County Pollution Control Program was started during the 1983-84 fiscal year. The program's funding is remitted to the County by the Florida Department of Environmental Protection (FDEP). Also, the County must annually contribute additional funding equal to the \$181,244 it provided in the program's inception year.

The amount of funding provided by the FDEP is based on the number of driver's license tags issued in the County. During the 1997-98 fiscal year, the County received seventy-five cents for each license tag issued in the County. The money remitted by the FDEP is to be used exclusively to fund air pollution control activities conducted by the County's Environmental Protection Division.

The Program is responsible for monitoring air quality levels within the County. Program employees analyzed 2,500 and 2,800 air samples during fiscal years 1995-96 and 1996-97, respectively. The Program also investigates citizen complaints related to air pollution such as open burning.

Scope, Objectives, and Methodology

The audit was limited to reviewing revenues and expenditures of the Orange County Air Pollution Control Trust Fund to ensure compliance with the FDEP's Rules for Local Air Pollution Control Programs. The audit period was October 1, 1997 through September 30, 1998. The audit objectives were as follows:

- A) To ensure that all license registration fees distributed to Orange County by the FDEP for the period October 1, 1997 through September 30, 1998 were deposited to the County's Air Pollution Control Trust Fund.
- B) To ensure that all license registration fees spent by the air program during the period October 1, 1997 through September 30, 1998 were used only to support air pollution control activities related to mobile source, toxic, and odorous air emissions, permitting, air quality monitoring, and facility inspections.

INTRODUCTION



Audit of the Air Pollution Control Trust
Fund – Fiscal Year 1997-98

- C) To ensure that no entity other than the County's air program withdrew monies from the Air Pollution Control Trust Fund during the period October 1, 1997 through September 30, 1998.
- D) To ensure that Orange County provided the Program with funding during the period October 1, 1997 through September 30, 1998 that equaled or exceeded the \$181,244 contributed by the County during the Program's 1983-84 inception year.

To ensure that all license tag revenue was deposited to the County's Air Pollution Control Trust Fund, we confirmed with the FDEP that the entries recorded in County records pertaining to the trust fund's revenues matched the amount provided the County during the audit period.

To ensure that all license registration fees spent by the air program were for air pollution control activities, we examined a sample of expenditures paid during the audit period and verified that each good or service purchased met the FDEP's guidelines.

To ensure that no entity other than the Program withdrew monies from the Air Pollution Control Trust Fund, we prepared a reconciliation of the trust fund's cash account during the audit period.

To ensure that the County provided the Program with funding equal to that contributed during the Program's 83-84 inception year, we collected cost data from various County departments to calculate in-kind vehicle, salary, indirect cost, facility and equipment contributions made to the Program during the audit period.

Overall Evaluation

The County is in compliance with the FDEP's Rules for Local Air Pollution Control Programs. Areas for improvement are noted herein.

RECOMMENDATIONS FOR IMPROVEMENT

**RECOMMENDATIONS
FOR IMPROVEMENT**



1. The Environmental Protection Division Should Monitor The Number Of Hours Spent By Employees On Air Pollution Control

The Florida Department of Environmental Protection Rules for Local Air Pollution Control Programs require that the County make an annual contribution to the air program for an amount at least equaling the \$181,244 that it provided in the program’s 1983-84 inception year. Although the County complied with this requirement in fiscal year 1997-98, its contribution to the program decreased by \$217,885.02, or 49 percent from the amount provided the program in fiscal year 1996-97. Differences in each contribution category are itemized in the table below:

ITEM	FY 1996-97	FY 1997-98	DIFFERENCE
Central Cost	\$316,324.58	\$145,035.98	(\$171,288.60)
Salary	67,207.07	37,805.82	(29,401.25)
Facility	55,097.68	32,064.56	(23,033.12)
Equipment	950.00	3,916.73	2,966.73
Vehicle Maintenance	5,025.62	7,896.84	2,871.22
TOTALS	\$444,604.95	\$226,719.93	(\$217,885.02)

Employees of the County’s Environmental Protection Division assist other employees directly assigned to the air program with air pollution control duties throughout the year. The hours expended by these employees are used to calculate the County’s in-kind central cost, salary and facility contributions. The number of hours spent on air pollution control by employees assisting the program is decreasing. During the 1996-97 fiscal year, 2,626 hours were allocated to the air program. However, only 1,694 hours were spent performing the same activities during the 1997-98 fiscal year resulting in a reduction of 932 hours or 35 percent in the time devoted to the program.

Again, although the base year funding level was satisfied during the 1997-98 fiscal year, it was done so only by \$45,476. If in-kind contributions continue to decrease, the potential exists that the County will not meet its base year funding obligation in future years.

RECOMMENDATIONS FOR IMPROVEMENT



Audit of the Air Pollution Control Trust
Fund – Fiscal Year 1997-98

We Recommend that the Environmental Protection Division monitor the hours spent by employees on air pollution control activities to help ensure that in-kind contributions will be sufficient to satisfy the County's base year funding requirement.

Management's Response:

Partially Concur.

- 1) Time Constraints. Timesheets are posted for employees to record the time spent on Air related tasks. EPD staff members are reminded to record their time via E-mails, staff meetings and personal conversation. Limited resources within the Division dictate that air program staff assume many non-technical duties.
- 2) General Fund. Central, salary and facility costs are all a function of the David M. Griffith Study and hours expended by non-Air Program staff are charged a percentage of "Indirect Costs." A review of the Air Program time sheets that were supplied to your office produced some minor differing results regarding personnel and hours expended. In addition, other non-General Fund employees provided services to the Air Program although we understand why their contribution cannot be counted. Whenever possible, we will try to use General Fund employees. A reorganization of administrative support personnel should greatly assist us in this endeavor.

The total contribution from the General Fund to the Air Program appear to be lower than originally estimated.

During FY 1997-98 funds for a mobile ambient lab were encumbered. Contributions came from the General Fund - \$17,050.00, and Air Pollution Trust Control Fund - \$12,840.00. In addition, the Air Program submitted a request to the Innovation Fund for \$24,790.00. The request was granted. As the monies come out of the General Fund, this amount should be included as well. Delivery of the lab

RECOMMENDATIONS FOR IMPROVEMENT



Audit of the Air Pollution Control Trust
Fund – Fiscal Year 1997-98

was not made until FY 1998-99, although the funds were encumbered. A discussion of this issue arose during our meeting, but appears to be unresolved. If the credits should be applied to this fiscal year, please consider this as notification.

Auditor's Comment:

As a courtesy to the Environmental Protection Division, the County Audit Division has annually provided the air program certification requirements to the State of Florida for the past fifteen years. During that time, hours included in the County's in-kind contribution total have consisted only of time employees recorded as having been paid from the General Fund. The hours in question consist of four individuals, identified on timesheets provided by the Division, as having contributed 91.25 hours of service to the air program. The Division could not provide us with verification that these employees were paid from the General Fund. As such, to be conservative in our certification, we did not include the hours as an "in-kind" contribution. It should be noted that because these hours consist of only approximately five percent of the total hours attributable to the program, their inclusion would not have significantly affected the total in-kind contribution amount.

As explained during the audit, the mobile ambient lab was not included in the calculation of in-kind expenditures for fiscal year 1997-98 because it was not delivered until fiscal year 1998-99. Accounting principles require that assets be recognized when received. As such, it is our recommendation the Division include this purchase in the in-kind contributions for fiscal year 1998-99 in their certification to the State.

2. Employees Should Document The Time Spent Participating In The Air Program's Activities

The annual computation of the County's in-kind central cost, salary and facility contributions is derived from timesheets submitted by Environmental Protection employees that

RECOMMENDATIONS FOR IMPROVEMENT



Audit of the Air Pollution Control Trust
Fund – Fiscal Year 1997-98

assist air program personnel throughout the year. Subsequent to the completion of this audit, we were informed that the Environmental Coordinator's compensated hours during the audit period were devoted exclusively to the air program. However, timesheets to support this assertion could not be located and were not presented for audit. In light of the decrease in the number of calculated hours contributed to the program as noted above, each hour expended should be documented so as to be included in the annual in-kind contribution. If the Environmental Coordinator's hours had been substantiated, the County's in-kind contribution would have increased by \$86,490. However, it should be noted that even with these additional monies the decrease in the County's in-kind contribution from fiscal year 1996-97 would have been \$131,396 or 30 percent.

We Recommend that all employees document the time spent participating in the air program's activities in order that every hour may be attributable to the annual in-kind contribution total.

Management's Response:

Partially Concur.

Timesheets for personnel that are not full-time program staff members are provided. These timesheets are submitted to County Audit for inclusion in the audit.

Separate Air timesheets for full-time Air Program staff members are maintained by the Air Program. Prior to the inception of the FY 1996-97 and FY 1997-98 audits, no requests for Air personnel timesheets were made. Historically, the Air Program's supervisory position has been funded, at least in part, by the General Fund. This position generally serves as the contact person with County Audit. An assumption was made that County Audit was aware of this. "Subsequent notifications to County Audit" that is stated in the report derives from the fact that the preliminary number supplied by County Audit did not agree with the Air Program's rough calculations. Conversations with County

RECOMMENDATIONS FOR IMPROVEMENT



Audit of the Air Pollution Control Trust
Fund – Fiscal Year 1997-98

Audit confirmed the fact that the Environmental Coordinator's costs were not included.

For your records, the Environmental Coordinator position was changed to Program Manager on May 31, 1998.

The Program Manager's time will continue to be included on the Air Section timesheets and will also be documented on the "Time Spent on Air Related Tasks" timesheets. We appreciate your attention to this detail.

The Environmental Protection Division appreciates County Audit's interest, suggestions and efforts. As previously mentioned, our meeting gave us a better understanding of the materials that are, or are not, supplied to you and potential problem areas. Your continued support will ensure a fiscally sound Air Program.

Auditor's Comments:

As mentioned above, during the entire fifteen years that we have performed this annual courtesy audit, we have calculated the in-kind contribution using only the hours documented on timesheets of employees paid from the General Fund. The employee formerly in charge of the air program was paid exclusively from the General Fund and as such, each year County Audit requested and received this individual's timesheets along with the other employees paid from the General Fund. Because his hours could be substantiated, they were included in the in-kind calculations. As noted in the Recommendation for Improvement, time sheets should be prepared to substantiate hours worked on the air program by personnel paid from the General Fund. Without time sheets to substantiate the hours worked, it is our recommendation that in future certifications, the Division not include these hours.

3. The State Provided The Air Pollution Control Trust Fund With Excess License Registration Revenue During The 1997-98 Fiscal Year

During the 1997-98 fiscal year the County's Air Pollution Control Trust Fund received an excess of \$201,081 of license registration revenue. The overpayment resulted from the state's misinterpretation of its guidelines for local air pollution control programs. Instead of receiving fifty cents per tag sale, the County received 75 cents for each of the 804,324 registrations sold during the audit period. We notified the State Department of Environmental Protection of this discrepancy. They informed us that they would not choose to recoup the additional amount sent to the County, but would adjust future payments for the 1998-99 fiscal year to the correct rate of fifty cents per sale.

No Recommendation. The overpayment resulted from the state's misinterpretation of its own regulations, and the Comptroller's Office has notified them of this error.