



**Audit of the
Environmental Protection
Division**



**Report by the
Office of County Comptroller**

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March 23, 2007

Richard T. Crotty, County Mayor
And
Board of County Commissioners

We have conducted an audit of the Environmental Protection Division of the Community and Environmental Services Department. The initial period audited was October 1, 2004 through September 30, 2005, and updated to June 30, 2006 for some areas of the Division's operations. Our audit was conducted in accordance with generally accepted government auditing standards, and included such tests as we considered necessary in the circumstances.

Responses to our Recommendations for Improvement were received from the Manager of the Environmental Protection Division and are incorporated herein.

We appreciate the cooperation of the personnel of the Division during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Linda Weinberg, Deputy County Administrator
Melvin Pittman, Director, Community and Environmental Services Department
Lori Cunniff, Manager, Environmental Protection Division

EXECUTIVE SUMMARY

Executive Summary

We have conducted an audit of the Environmental Protection Division. The audit scope included a review of the operations of the entire Division. The audit period was October 1, 2004 to September 30, 2005; however, where considered appropriate, testing was performed on transactions that occurred prior to October 1, 2004 and subsequent to the audit period through June 30, 2006. In summary, the objectives of the audit were to determine whether permitting, monitoring, inspection, billing, and enforcement activities were appropriately performed in accordance with policies and procedures and applicable laws. In addition, we also determined whether the Green PLACE (Park Land Acquisition for Conservation and Environmental Protection) program objectives were being achieved and the expenditures had adequate supporting documentation, were properly authorized, and met program guidelines.

In our opinion, the system of internal controls over the functional areas was inadequate. Specifically, controls over permit issuance, enforcement and related fees; billings of reimbursable expenditures; chemicals and other inventory; inspections and related reimbursements for the asbestos; inspections and related fees for domestic wastewater facilities; and, the Clean Lakes Initiative Program (CLIP) program were not adequate. In summary, we noted the Division was materially in compliance with various laws, ordinances, and policies; except in some instances there was insufficient documentation available for the Division to show compliance with certain requirements. We did note the Green PLACE program expenditures were adequately supported, properly authorized, met program guidelines, and the objectives of the program were being achieved. Specifically, during the audit we noted following:

During our review of environmental permitting, we noted that the inspection, issuance, and enforcement activities were not always conducted in a timely manner, and did not contain adequate supporting documents and evidence of supervisory review. Further, the permitting process contained unnecessary steps and was not adequately documented in written division procedures.

We noted several internal control weaknesses in the permit fee collection process, such as unrestricted staff access to daily collections, inadequate segregation of duties, and the untimely deposit of monies. No instances of missing funds were noted.

Project files supporting various programs were incomplete and did not contain adequate documentation of fees assessed and collected. As a result, we were able to document a small amount of revenue that was not collected or billed. Some of these problems could have been caused by an inadequate supervisory review of the files.

Controls over the inventory, consisting mainly of herbicides used for the Lake Management Program (LMP), needed improvement.

During our review of the MSTU (Municipal Services Taxing Unit) LMP expenditures, we noted that the salaries and benefits charged to individual MSTUs are not correlated to the actual time employees spend on each MSTU lake. These employees provide services to multiple MSTU lakes. In addition, costs of herbicides and additives (chemicals) used in the treatment of MSTU lakes are not being appropriately allocated to individual MSTUs.

Certain dollars that could have been billed to Florida Department of Environmental Protection (FDEP) for lake treatments that are shared by both FDEP and the Division were not billed. In addition there were inadequate records available to document all costs shared with the FDEP.

The Division did not have adequate documentation to support all inspections of small quantity waste generating facilities. In some instances, we noted there was no follow-up inspection documented for a facility the Division had found to be out of compliance.

Our review of documented environmental incidents requiring emergency responses from Division personnel revealed the database did not show the response time for 25 percent (10 of 25) of the calls reviewed. In some of the instances, the Division was unable to determine whether a response or follow-up was performed.

Invoices submitted by contractors and suppliers are not being processed in a timely manner by the fiscal section of the Division (Fiscal). Our review of a sample of 121 invoices found that 60 percent of the invoices took more than seven days to be processed. Additional errors in processing invoices were also noted.

Description of services performed was not adequately stated on invoices submitted for payment of one of the five aquatic weed control contractors. This contract was for approximately \$53,000. In addition, the information provided on these invoices did not meet contractual requirements. Required information, such as treatment date, weather condition, treatment location map, number of acres treated, herbicide type and amount used, wind measurement (as applicable) and number of applicators was not stated.

It was management's opinion that some of the weaknesses and inefficiencies noted may have been the result of inadequate staffing and lack of appropriate computerized systems.

Management concurred or partially concurred with all of the recommendations made in the report and noted that corrective action is completed, planned, or underway.

ACTION PLAN

AUDIT OF THE ENVIRONMENTAL PROTECTION DIVISION ACTION PLAN

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
1.	We recommend the Division performs the following:					
A)	Review the permit issuance process to eliminate unnecessary steps and duplication of efforts, establish control logs of permit applications, develop/acquire one database that can accommodate the recording and processing of permit application, and utilize tickler files to alert of pending notifications;	✓				✓
B)	Develop written procedures that ensure adequate supervisory review to ensure the procedures are followed and work performed is adequately documented; and,	✓			✓	
C)	Conduct or request appropriate studies to determine the level of staffing needed to efficiently and timely perform the functions in the environmental permitting section.		✓		✓	
2.	We recommend the following:					
A)	The Division revises current money handling procedures to ensure adequate segregation of duties exist and monies are properly safeguarded.	✓			Completed	
B)	Permits should be adequately reviewed to ensure all fees are assessed. Further, collection efforts should be adequately tracked and monitored.	✓			✓	
C)	The Division performs an analysis of cost of services relating to permits within its jurisdiction and presents their findings to management for their consideration.	✓			Completed	

**AUDIT OF THE ENVIRONMENTAL PROTECTION DIVISION
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
3.	We recommend the Division:					
A)	Takes steps to ensure project file documentation is complete and accurate (Including all site inspections)		✓		✓	
B)	Refunds monies for CLIP projects as required;	✓			Completed	
C)	Conducts all reviews and approvals in a timely manner; and,	✓			Completed	
D)	Establishes a review process to ensure all requirements of the program have been followed.	✓			Completed	
4.	We recommend the Division:					
A)	Develops and implements policies and procedures for the recording of NARDs in the state's Air Resource Management System;	✓			Completed	
B)	Performs a review of all NARDs received in the past fiscal year and, based upon the new policy, enters applicable NARDs into the Air Resource Management System;	✓			Completed	
C)	Establishes a review system that will ensure all applicable NARDs are entered in the Air Resource Management System and that quantities of RACM are correctly stated;	✓			Completed	
D)	Takes appropriate steps to have the above noted \$3,680 remittance posted to the correct accounting line; and,	✓			Completed	
4. E)	Establishes a tracking and reconciling system for quantities of RACM entered into the Air Resource	✓			Completed	

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	Management System and the amount of fees due the Division.					
5.	We recommend the Division:					
A)	Separates the billing and check receiving functions by ensuring that checks received are not forwarded to the person responsible for billing;	✓			Completed	
B)	Ensures checks received are stamped with a date receipt and deposited in a timely manner; and,	✓			Completed	
C)	Periodically reconciles amounts that should be billed with amounts billed, received, and deposited.	✓			Completed	
6.	We recommend the Division improves control over the LMP inventory to include:					
A)	Establishing a perpetual inventory system to account for quantities received, used, and on hand;	✓				✓
B)	Adequately securing the key used to access the chemical storage area; and,	✓			✓	
C)	Conducting annual inventory counts and reconciling the quantities on hand to the perpetual inventory records.	✓			✓	
7.	We recommend the Division:					
A)	Establishes a mechanism to allocate personnel costs to MSTU lakes based upon the actual number of total hours spent in relation to each lake;	✓			✓	
B)	Accounts for all MSTU related personnel time in the staff timesheet database; and,	✓			Completed	
7. C)	Establishes, as noted in Recommendation No. 6, a perpetual inventory system to control and account for	✓				✓

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		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
	quantities of herbicides and additives purchased, used and on hand. Initial costs should be charged to the Division and then reimbursed by the MSTUs for the cost of quantities used on their respective lakes.					
8.	We recommend the Division:					
A)	Establishes an adequate review system to ensure that all treatments of public access lakes are billed and that billing of employee time include fringe benefits; and,	✓			Completed	
B)	Expands the Herbicide Application Schedule, which currently tracks employee time and chemicals used, to include the tracking of equipment usage.	✓			Completed	
9.	We recommend the Division prioritizes the assignment lists given to inspectors by location address. Priority lists should be generated and inspectors should be instructed to focus their inspections on the facilities with the longest span between inspections.	✓			Completed	
10.	We recommend the Division:					
A)	Ensures that reported inspections and follow-up activities for facilities not in compliance are adequately and accurately documented; and,	✓			✓	
B)	Establishes a tickler file system to assist in the timely follow-up of all facilities that are out of compliance.	✓			✓	
11.	We recommend the Division finalizes its evaluation of the Domestic Waste Water Inspection Program. Until such time as a decision is made to discontinue the program, the	✓			✓	

**AUDIT OF THE ENVIRONMENTAL PROTECTION DIVISION
ACTION PLAN**

NO.	RECOMMENDATIONS	MANAGEMENT RESPONSE			IMPLEMENTATION STATUS	
		CONCUR	PARTIALLY CONCUR	DO NOT CONCUR	UNDERWAY	PLANNED
	Division should ensure that required inspections are performed in accordance with Division policy, and invoices are prepared and submitted in a timely manner (within four weeks) to the Comptroller's Finance and Accounting Department.					
12.	We recommend the Division establishes review procedures that will ensure emergency response data forms are completed in all respects, calls are responded to in a timely manner, and that all response activity is adequately documented in the case files.	✓			✓	
13.	We recommend the Division establishes adequate review procedures to ensure that follow-up activities for complaints are performed in a timely manner and adequately documented.	✓			✓	
14.	We recommend the Division, with review of staffing and the prioritization of duties in the Fiscal section, ensures that invoices are processed and forwarded to the Comptroller's Accounts Payable section in a timely manner.	✓			✓	
15.	We recommend the Division improves the adequacy of the review of supporting documents for purchases before they are sent to the Comptroller's Accounts Payable	✓			✓	
16.	We recommend the Division enforces the aquatic weed control contractor's compliance with the terms of the contract before invoices are approved for payment.	✓			Completed	

INTRODUCTION

Background

The Environmental Protection Division (Division) of the Community and Environmental Services Department serves to protect, maintain, and enhance the environment through monitoring, inspecting, enforcing, as well as educating and conserving. Services provided by the Division include the monitoring and managing of water quality, air quality, wetlands and lakeshores, noise, petroleum, solid waste and wastewater, and hazardous materials, as well as acquiring environmentally sensitive land. The Division also conducts education and outreach programs on the above topics.

The major sections of the Division are Petroleum Management, Air Quality Management, Compliance and Waste Management, Ombudsman and Outreach Office, Engineering Support and Natural Resource Management. In addition, an Administrative Support section serves the Division. Lake Management, Environmental Permitting, Green PLACE (Park Land Acquisition for Conservation and Environmental Protection), National Pollutant Discharge Elimination System (NPDES), and the Ecological Assessment Team (LAB) are included within the Natural Resource Management section. Petroleum Management includes petroleum cleanup and storage tank compliance.

Some significant aspects of the Division's operations are the following:

- Petroleum cleanup and compliance and air quality compliance and monitoring services are performed by the Petroleum Management and Air Quality Management sections, respectively, under Florida Department of Environmental Protection (FDEP) funded contracts.
- The Compliance and Waste Management (CWM) section receives, investigates and oversees resolution of environmental complaints (and calls requiring emergency responses) and performs compliance inspections relating to environmental permits, wastewater treatment facilities, and small hazardous waste generating facilities [Small Quantity Generators

(SQGs)]. The FDEP is responsible for the inspections of large generators of hazardous waste.

- The Environmental Permitting section processes, approves and issues permits for fees established in the County's Office of Management and Budget (OMB) fee schedule for boat docks, boat ramps, conservation area determinations, conservation area impacts, lakeshore protection, and shoreline alteration.
- The Green PLACE program under which \$20 million from bond funds (Series 2003 - Public Service Tax Refunding and Improvement Revenue Bonds) are to be used, as stipulated by the bond covenants, to acquire and improve environmentally sensitive lands.



- The Lake Management Section, responsible for oversight of the MSTUs, handles both aquatic plant management and lake projects that can involve study, design, and engineering of pollution abatement systems to improve water quality.
- The Ecological Assessment Team functions as the biological laboratory, obtains water quality samples and oversees natural resource studies.
- The NPDES Program is responsible for the County's NPDES permit which has several municipalities as

co-permittees. This involves inspections, education, recordkeeping and reporting requirements.

- The Administrative Support section is responsible for the collection and accounting for permit fees and other receipts and the review and approval of expenditures.
- The Ombudsman and Outreach Office is responsible for educational outreach and coordination of all enforcement actions for the Division.

The personnel services, operating and capital outlay expenditures budget and adopted budget for the Division were \$14.0 and \$12.7 million for Fiscal Years 2005 and 2006, respectively. Authorized personnel positions were 93 and 95, respectively, for these fiscal years.

Scope, Objectives, and Methodology

The audit scope included a review of the operations of the entire Division. The audit period was October 1, 2004 to September 30, 2005; however, where considered appropriate, testing was performed on transactions that occurred prior to October 1, 2004 and subsequent to the audit period until June 30, 2006.

Our first objective was to evaluate the system of internal controls in place for all the functional areas of the Division, and to determine the extent of further testing using a risk-based analysis. Based upon our survey, we identified the following functional areas:

- Environmental Permitting and Compliance;
- Revenue Control for Fees and Other Receipts;
- Expenditures - Contracts and Purchase orders;
- Lake Management - Municipal Services Taxing Units (MSTUs) and Municipal Services Benefit Units (MSBUs);
- Lake Management - Public Access Lakes;
- Lake Management - Inventory Control;
- Lake Management - Clean Lakes Initiative Program (CLIP);

- Green PLACE;
- NPDES - Permitting;
- NPDES - Inspections;
- Ecological Assessment (Laboratory);
- Petroleum Clean-up;
- Storage Tank Compliance;
- Air Quality Management - Ambient Air;
- Air Quality Management - Asbestos;
- Air Quality Management - Air Emissions Compliance Inspections;
- Compliance and Waste Management (CWM) - Complaint Investigations;
- CWM - Emergency Responses;
- CWM - Domestic Wastewater Compliance Inspections;
- CWM - Small Quantity Generators (SQGs) of Hazardous Waste;
- CWM - Environmental Permitting Inspections;
- Ombudsman and Outreach Office (OOO) - Enforcement;
- OOO - Watershed Action Volunteer Program; and,
- Engineering Support.

To evaluate the system of internal controls in place for these functional areas, we reviewed policies and procedures, conducted interviews with managerial and line staff persons, completed internal control questionnaires, performed a transactional walk-through of the systems in place and documented the various operational processes and systems. We then completed an audit control evaluation schedule in which we documented the internal control strengths and weaknesses, audit implications and potential audit procedures. This information was then subjected to a risk-based analysis for each functional area. Using the results from this analysis, we determined the objectives for substantive testing.

The primary objectives of substantive testing were to determine whether:

- A) Permit fee assessment and collection, permit issuance, and related compliance and monitoring were adequate and timely;
- B) Enforcement activities were being appropriately applied, adequately documented, and applicable fees levied and collected;
- C) Businesses classified as small quantity generators of hazardous waste were adequately inspected in accordance with Florida statutes and internal policies;
- D) Recorded environmental complaints, including emergency calls, were properly documented, investigated in a timely manner, and satisfactorily resolved;
- E) Reimbursable expenditures incurred relating to ambient air monitoring, asbestos inspections, petroleum cleanup, storage tank compliance, wastewater facility inspections and public access lakes and MSTUs were appropriately classified and/or billed as appropriate;
- F) Reimbursements made for the CLIP program were provided to eligible applicants, adequately supported, and properly approved;
- G) The Green PLACE program objectives were being achieved and the expenditures had adequate supporting documents, and were properly authorized, and met program guidelines; and,
- H) Expenditures, including those for program disbursements other than CLIP and Green PLACE, were appropriate, justified, properly approved and were for goods received, services rendered, and that such services were in compliance with contract terms.

We developed various audit procedures to address these audit objectives as follows:

- A) To determine whether permit application fees were collected, properly recorded and deposited timely, we obtained the pre-numbered receipt books used during the audit period and computed the population of valid receipts after identifying and investigating the void receipts. Specifically, we:
- 1) Obtained lists (printout) of all permit applications received by type from the permit application received log (PARL);
 - 2) Investigated instances when receipts were issued for permit applications that were not recorded in the PARL by tracing the receipt number and name of applicant to the permit files;
 - 3) Selected samples of each type of permit applications received and traced:
 - a) The permit fee collected, as noted in the PARL to the OMB fee schedule;
 - b) The name and other particulars to the pre-numbered receipt books;
 - c) The amount collected to the yellow copy of the receipt attached to the validated Classification of Receipts (COR); and,
 - d) The total amount collected, as shown by the COR, to the validated bank deposit slip.
 - 4) Selected a sample of the CORs together with the related validated bank deposit slips and traced the individual checks listed on the bank deposit slips to the pre-numbered receipt books to verify that amounts collected were deposited the same day, where applicable;

- 5) Obtained schedules of all permits issued, as shown by the permit database (PD), during the period June 1, 2005 to December 31, 2005 by permit types, identified all no-fee permits issued, selected appropriate samples and reviewed permit files for justification; and,
 - 6) Selected a block sample of receipts and reconciled the amounts with the validated CORs and bank deposits.
- B) To determine whether environmental permits issued were justified, complied with applicable County Codes, properly approved and issued in a timely manner, we examined the files of a sample of permits for:
- 1) Evidence of property owner's verification;
 - 2) Provision of construction plans;
 - 3) Owner's agreements and certified surveys (where applicable);
 - 4) Appropriate fees and penalties were collected;
 - 5) Compliance with County Ordinances;
 - 6) Timeliness of permit approval and issuance; and,
 - 7) Whether compliance site inspections were performed and adequately documented.
- C) To determine whether enforcement activities were being appropriately applied, adequately documented and applicable fees levied and collected, we created a schedule of enforcement cases (some Division schedules were not complete) active during the period October 1, 2004 to February 28, 2006, and selected a sample of cases to review. The files were examined

for evidence of timely and proper application of standard enforcement procedures.

- D) To determine whether facilities that generate small quantities of hazardous waste were appropriately inspected, we selected a sample of facilities last inspected in the reporting year ended June 30, 2001. We reviewed this sample to verify that each facility was inspected again at least once during the subsequent five-year cycle ended June 30, 2006.
- E) To determine whether reported inspections for the current five-year cycle were performed and appropriately documented, we obtained and validated a schedule of the inspections performed during the last three reporting years ended June 30, 2006. We reviewed the schedule to verify Division inspections goals had been achieved. We then selected samples of the inspections recorded on this list and traced them to the inspection report files to verify that inspection reports were on file.
- F) To determine whether appropriate follow-up was conducted on facilities found not in compliance with environmental standards, we examined the inspection reports for a sample of out-of-compliance facilities for timely follow-up and resolution of the violations noted.
- G) To determine whether recorded environmental complaints, including emergency calls, were properly documented, investigated in a timely manner, and satisfactorily resolved, we obtained a printout of all complaints (including emergency response calls) received during the audit period. We selected a sample of complaints received and examined the information kept for each complaint for adequacy, timely response, and the ultimate resolution.
- H) We sampled MSTUs serviced by the Division to determine expenditures (salaries for MSTU advisory board representatives, herbicides, and chemicals) incurred were charged to the applicable MSTU. We

obtained a list of lake management personnel and selected a sample of employees to verify that the percentage of time worked by each employee agreed with the percentage of salaries charged to a particular MSTU. We also traced quantities of herbicide used (from the herbicide application schedule) to the applicable purchase orders and ensured that costs were allocated to applicable MSTUs based upon quantities used.

- I) We obtained a list of all public access lakes eligible for cost-share reimbursements to determine whether reimbursable expenditures (salaries, herbicides and equipment) incurred were appropriately billed [to the Florida Department of Environmental Protection (FDEP)], received, and deposited. We reviewed the public access lakes contract with the FDEP to determine which expenses were reimbursable. We obtained the Division's herbicide application schedule to determine the time spent by the Division's personnel as well as the quantities of herbicides applied and equipment used in the treatment of the lakes. We verified that fifty percent of the applicable expenditures were timely billed to FDEP; the reimbursements were received and properly deposited.
- J) To determine whether reimbursable costs of performing services (such as petroleum clean-up, storage tank compliance, ambient air monitoring and asbestos inspections) were properly billed, received, and deposited, we reviewed the applicable contracts with FDEP and determined eligible reimbursable expenditures. We then selected a sample of the reimbursable expenditures and verified the accuracy and timeliness of billings and receipt and proper accounting for the amounts received.
- K) To determine whether applicants receiving reimbursements under the CLIP program were eligible, and payments were adequately supported and properly approved, we obtained a list of

applicants for the CLIP program. From this list, we identified applicants to whom reimbursements were made and verified their eligibility for the program. We also verified whether the work performed was adequately documented, qualified for reimbursement under the program rules, the amounts reimbursed were within the authorized limit, and payments were properly approved.

- L) To determine whether the Green PLACE program expenditures had adequate supporting documents, were properly authorized, and met program guidelines, we obtained a schedule of program expenditures during the audit period. We selected a sample of these expenditures and reviewed each expenditure item for adequate support, and the performance of due diligence in determining the price and proper authorization. In addition, we reviewed the current and projected expenditures to determine whether the overall objectives of the program were being achieved.
- M) To verify the appropriateness of purchases other than CLIP and Green PLACE, we selected a sample of purchase order and delivery order expenditures occurring during the audit period. We tested for proper approval, evidence of receipt and compliance with contract terms. We also reviewed invoices submitted by contractors/vendors for accuracy and evidence that the good's and services were received.

Overall Evaluation

Based upon the work performed, we noted the following:

- A) Except for documentation and timeliness in issuing permits and depositing fees, permits issued complied with applicable County Codes and fees were properly assessed and collected;
- B) Enforcement activities relating to environmental violations were not always timely or adequately documented;

- C) The frequency of inspections performed on businesses classified as small quantity generators of hazardous waste did not always meet the requirements of Florida Statutes;
- D) Due to inadequate documentation, we could not determine the timeliness of response and satisfactory resolution of recorded environmental complaints, including emergency response calls;
- E) Except for MSTUs and Public Access Lakes, reimbursable expenses were properly billed and collected;
- F) Except for the untimeliness of approval and inadequate documentation, reimbursements made for the CLIP program were properly approved and made to eligible applicants;
- G) The Green PLACE program expenditures were adequately supported, properly authorized, met program guidelines and the objectives of the program were being achieved; and,
- H) Except for untimeliness in processing, other expenditures were appropriate, justified, properly approved and in compliance with contract terms.

In our opinion, the system of internal controls over the functional areas was inadequate. Specifically, controls over permit issuance, enforcement and related fees; billings of reimbursable expenditures; chemicals and other inventory; inspections and related reimbursements for the asbestos; inspections and related fees for domestic wastewater facilities; and, the CLIP program were not adequate.

RECOMMENDATIONS FOR IMPROVEMENT

1. The Permitting Process Should Be Improved

During our review of environmental permitting, we noted that inspection, issuance, and enforcement activities were not always conducted in a timely manner, and contain adequate supporting documents and evidence of supervisory review. Further, the permitting process appeared to contain unnecessary steps and was not adequately documented in written Division procedures. Specifically, we noted the following concerns:

- A) Certain aspects of the permit application review and approval processes appear inefficient. Some of these inefficiencies are described below:
- Under the present arrangement, when an application processor recommends approval of a permit, the processor accesses a permit template from the computerized permitting system, completes the template and e-mails a draft of the permit to the Administrative Specialist. The Administrative Specialist then prints the permit and puts it in the processor's mailbox. Usually, because of other responsibilities, it takes about two to three days for the Administrative Specialist to complete this part of the process. The processor then reviews it, initials it, and attaches any documents being sent to the applicant and puts them in the mail box of the Senior Environmental Specialist (this position is now a Program Manager) for review and transmission to the Environmental Supervisor for signature. After the Environmental Permitting Supervisor signs the permit, she gives it to the Administrative Specialist who makes a copy for the office, mails the original to the applicant (or calls the applicant to pickup the permit, if requested) and gives the processor the office copy. The processor places this copy in the permit folder, updates the database, and gives the folder to the Administrative Specialist for

filing. As a result, the approval process is extended for up to two or three days after the initial recommendation for approval. Best practices require orderly, timely and efficient processing of permit applications.

- The recording and tracking of new permit applications is being duplicated. A permit application received database log (PARDL) is used by the receptionist to log in permit applications and other information including fees paid. A separate permitting database (PD) is used by the Environmental Permitting Supervisor to log in the same application and track its processing by staff. Staff uses this database to document work performed. The databases do not interface with each other. This occurred because staff using Microsoft Access developed the databases in-house. Also, the Division's management reported that the Division has not been able to procure budgetary funding for appropriate software to be used in the permit approval and management processes. Best practices require the development of and/or acquisition of software that eliminates duplication and promotes efficiency and economy in the use of resources.

These inefficiencies contribute to the delay in issuing permits.

- B) Seven of 52 permits reviewed were signed by individuals who were not authorized signatories for permits. Standard operating procedure is that the Environmental Supervisor acts as the authorized signatory for permits. These included permits for a boat dock, four conservation area determinations (CADs), one lakeshore protection, and a boat ramp. In absence of the Environmental Supervisor, this responsibility is delegated to the Senior Environmental Specialist (now Program Manager).

**RECOMMENDATIONS
FOR IMPROVEMENT**



However, in three of the seven instances, the individuals processing the permit applications signed permits. This suggests that a supervisor may not have reviewed the processor’s work. As a result, permits could have been issued without proper review and authority. Good internal controls require supervisory review of work performed and the use of authorized personnel to sign permits.

- C) Permits were issued more than 30 days after the applications were received for 12 of 39 boat dock (BD) and CAD applications reviewed. Also, in three of 12 lakeshore protection (LP) applications reviewed, permits were issued more than 75 days after the applications were received. These were as follows:

Permit Number	Date Application Received	Date of Permit Approved	Elapsed Number Of Days
BD 04-210	11/01/04	01/10/05	70
BD 05-003	01/11/05	02/21/05	41
BD 05-012	01/28/05	03/15/05	46
BD 05-038	02/28/05	04/20/05	51
BD 05-050	03/31/05	05/19/05	49
BD 05-057	04/29/05	06/03/05	35
BD 05-089	06/08/05	07/22/05	44
BD 05-060	05/03/05	06/03/05	31
CAD 04-072	10/22/04	12/07/04	46
CAD 04-160	11/02/04	12/09/04	37
CAD 05-019	01/10/05	02/18/05	39
CAD 05-121	05/16/05	06/24/05	39
LP 05-115	02/08/05	05/10/05	91
LP 05-065	05/23/05	09/06/05	106
LP 05-075	06/30/05	09/23/05	85

In addition, one wastewater renewal permit and a conservation area impact permit were not issued for approximately one year. In all instances noted, the files did not indicate adequate reasons for the delay in issuance of the permits. There were no written performance standards for the issuance of permits. We were informed that 30 days is the staff’s goal to process a permit or send a request for additional information to the applicant.

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- D) Site visits and inspections were not always performed in a timely manner or adequately documented. Some of these are noted below:
- In three of 18 CAD cases reviewed, contact with the applicant and/or initial site visits were not made within the required ten working days of receipt of the permit application. County Code Sec. 15-382 states that on receipt of application, “within (10) working days, the staff will arrange a site visit with applicant.”
 - In 12 of 27 cases involving Boat Dock (BD) Lakeshore Protection (LP) and Boat Ramp (BR) permits, initial or preconstruction site visits were made over 21 days after receiving the permit application. These were as follows:

Permit Number	Date Application Received	Date of Contact or Site Visit	Elapsed Number of Days
BD 05-003	01/11/05	02/11/05	31
BD 05-012	01/28/05	02/24/05	27
BD 05-038	02/28/05	04/07/05	38
LP 05-015	02/09/05	04/14/05	65
LP 05-019	03/01/05	04/04/05	34
LP 05-026	03/18/05	04/14/05	27
LP 05-068	05/11/05	06/16/05	36
LP 05-065	05/23/05	06/20/05	28
LP 05-075	06/30/05	08/01/05	32
LP 05-072	07/06/05	08/01/05	26
LP 05-080	07/07/05	08/09/05	33
BR 05-110	01/11/05	02/15/05	35

Aside from the CADs, the Division did not have written performance standards for the site visits. There is no time response requirement in the code for these permit types.

- In several other instances, there was no documented evidence in the files that inspections were actually performed or performed timely.

- E) During our review of enforcement activities of the Division, we noted that in 18 of 29 applicable cases reviewed, enforcement activities were not conducted in a timely manner. For example, a consent agreement incorporating corrective actions and a penalty of \$600 for unauthorized discharge of industrial materials into the storm water system was not sent until approximately five months after the meeting with the violator. In five of 30 applicable instances, enforcement activities did not follow standard procedures. For example, Case No. 05-030 was closed but the "No Further Action" letter was not issued. Further, we noted a few cases where penalties were not applied according to the division's penalty matrix. There could be cases where the penalty matrix may not apply, additionally; the penalty matrix is only used when the violator agrees to a consent agreement. Otherwise, the case is prepared for the Special Magistrate if compliance has not occurred. However, there was no information in the files to indicate why these deviations occurred. Good business practices require timely performance of follow-up activities especially in instances where corrective actions are required, assessments are made, or deadlines for responses are given. In addition, standard operating procedures require the issuance of "No Further Action" letters when cases are closed. Not following standard operating procedures could lead to slow resolution of cases.

The problems noted above likely occurred as a result of inadequate written guidelines and procedures, and inadequate supervisory review. In addition, the Division reported that inadequate staffing significantly contributed to the delays in performing inspections and issuing permits. Management has requested increases in staff, some of which have been approved in the past. However, increasing the number of permits, reviews, and enforcement cases could require an increase in current staff or result in slower response times. The Division has not recently performed a staff analysis to justify further additional personnel. Inspections, permit issuance, and enforcement activities

should be conducted in a timely and efficient manner. In addition, adequate documentation of work performed and supervisory review should be maintained in the files. The Division should consult with the County's Human Resources Division to determine how best to address the staffing situation.

We Recommend the Division performs the following:

- A) Review the permit issuance process to eliminate unnecessary steps and duplication of efforts, establish control logs of permit applications, develop/acquire one database that can accommodate the recording and processing of permit application, and utilize tickler files to alert of pending notifications;
- B) Develop written procedures that ensure adequate supervisory review to ensure the procedures are followed and work performed is adequately documented; and,
- C) Conduct or request appropriate studies to determine the level of staffing needed to efficiently and timely perform the functions in the environmental permitting section.

Management's Response:

- A) Concur. A new database is in the process of being developed which will eliminate the duplication of database entry, will track the permit application and provide a tickler system. ISS estimates the completion of this database in December 2007.
- B) Concur. A written procedure is currently under review and outlines the required documentation for permits as well as the appropriate management review for each type of permit.
- C) Partially concur. EPD regularly reviews the workload of the permitting staff and requests staffing increases as needed with each budget year. Currently, EPD

averages 60 to 90 days to review permits. This turnaround time could be reduced with increase staffing levels. Additionally, the above referenced database is expected to assist with reducing turn around times on permits.

2. Controls Over the Permit Fee Collection Process Should Be Strengthened

During our review of the permit fee collection process, we had the following concerns:

- A) Several internal control weaknesses were noted in the permit fee collection process, some of which are as follows:
- The key for the locked cabinet drawer (where the cash box is stored) is kept in an unlocked desk drawer during working hours and overnight. As such, others have unrestricted access to the cash box.
 - Inadequate segregation of duties exists in the cash collection process. The Administrative Specialist receipts payments, prepares the bank deposits, and takes the deposits to the Bank. In addition, no reconciliation of amounts collected to deposit is performed.
 - Checks received are not restrictively endorsed at the time of receipt.
 - A review of a sample of 20 bank deposits made during the period October 1, 2004 to June 30, 2005, revealed that 18 were not deposited within the timeframe (same day) required by the County Administrative regulation. We also noted that receipts from other sources, for instance, conservation trust funds, were also not deposited in a timely manner.

Good controls require the restriction of access to cash and checks and the separation of the cash receipts and reconciliation functions. The use of a cash register to account for and restrict access to cash and checks should be considered. Also, the County's Administration Regulation, Sec. 6.03.03, requires same day deposit for cash and check receipts in excess of \$200. Unrestricted access to cash and checks and untimely deposits could provide opportunities for misappropriation of County funds without detection in the normal course of operation and without the ability to determine responsibility.

- B) During our review of a sample of applications classified as "No Fee Applications," we noted instances where boat docks and lakeshore permit fees should have been assessed and were not. Further, we noted instances where fees and penalties were assessed and the Division did not perform timely collection/enforcement activities. The County Fee Directory established fees of \$112 and \$118 for boat docks and lakeshore protection permits, respectively. However, there was inadequate supervisory review of supporting documentation justifying the waiving of fees at the time the permits were issued. As a result, revenues, although not significant, may have been lost.

- C) Fees for various permits, as noted on the schedule of fees and applied by the Division, have not been updated for over 15 years. Best practices require that management periodically review cost of services in light of their fee setting policy. Without this review, management may not be able to make timely and informed decisions.

We Recommend the following:

- A) The Division revises current money handling procedures to ensure adequate segregation of duties exist and monies are properly safeguarded.

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- B) Permits should be adequately reviewed to ensure all fees are assessed. Further, collection efforts should be adequately tracked and monitored.
- C) The Division performs an analysis of cost of services relating to permits within its jurisdiction and presents their findings to management for their consideration.

Management's Response:

- A) Concur. This recommendation has already been completed. Daily collections received prior to Division cut-off time are deposited the same day. Collections received after cut-off are deposited the next business day. The Fiscal Supervisor verifies deposits and signs the COR prior to submittal to Cashiers Office.
- B) Concur. The new database mentioned above will assist with adequate tracking. Fees are waived for the CLIP program, and this is reviewed by the Environmental Supervisor. Penalties and collection of penalties are now tracked with a recently completed database.
- C) Concur. This has been completed. The information was submitted to Budget and is expected to be presented to the BCC with other fee modifications in the near future.

3. The Clean Lakes Initiative Program Should Be Improved

The Clean Lakes Initiative Program (CLIP) is a rebate program designed to encourage homeowner participation through financial incentives. Homeowners can receive a one-time reimbursement of up to \$1,000 for each of the following:

- Installation of a berm and swale system, including the cost to install, grade and sod the system;

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- Replanting the lakeshore with native plants; and,
- Removal of upland invasive trees.

During our review of CLIP, we noted the following:

- A) Project files were incomplete and did not contain adequate documentation as noted below:
- The Division stated they do not generally obtain completed CLIP applications from participants of the Lake Ambassador Program. This was noted in the Lake Susannah project where most of the 22 participants in the project did not complete a CLIP application. The Lake Ambassador Program falls under CLIP and thus qualifies participants for free lakeshore protection permits. Written policy requires the completion of CLIP applications to qualify for free lakeshore permits.
 - Site visits are not adequately documented for CLIP projects. Standard operating procedures require photographs and other documentation to support site visits.
 - Lakeshore permit fees were waived for a homeowners' association project. Staff stated that, in this instance, the project was funded with ReNEW monies; however, there is no written policy authorizing the waiving of fees for projects funded by ReNEW monies. Written policy requires the completion and approval of a CLIP application to qualify for free lakeshore permits.
- B) All applicable charges that should be refunded to the applicants were not refunded. For instance, a lakeshore improvement permit fee of \$118 paid by applicant was not reimbursed subsequent to the approval of the CLIP application. Standard operating procedures require the waiving of lakeshore

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protection permit fees as an additional benefit to the applicant with the approval of a CLIP application.

- C) CLIP applications are not being approved in a timely manner. We noted delays ranging from six to nine months in approving applications. Best practices require the approval of CLIP applications in a timely manner.

There was no evidence of adequate supervisory review of documents needed to support CLIP; management oversight of the function appears to be very limited. As such, there is limited assurance that the program is operating as intended. Adequate supervisory review prior to authorizing disbursement could have prevented the deficiencies noted.

We Recommend the Division:

- A) Takes steps to ensure project file documentation is complete and accurate (Including all site inspections);
- B) Refunds monies for CLIP projects as required;
- C) Conducts all reviews and approvals in a timely manner; and,
- D) Establishes a review process to ensure all requirements of the program have been followed.

Management's Response:

- A) Partially concur. CLIP Ambassador programs involve all residents on the lake. Therefore, in the past, this was handled with one application. We have written a procedure to require each lakefront homeowner to complete an individual application, regardless if they are in the CLIP Ambassador program. This will take more staff time, but provide more complete documentation requested by the audit.
- B) Concur. The new procedure appropriately addresses this.

- C) Concur. Due to staffing levels, these refunds are not as high a priority when compared to processing permits. The new procedure includes recommended time frames.
- D) Concur. The new procedure addresses this and a level of supervisory review has been added as recommended by the audit.

4. A Policy, Procedures, and Review System Should Be Developed for the Asbestos Inspection Program

Asbestos inspection services are performed based upon receipt of a Notice of Asbestos Renovation or Demolition (NARD) or knowledge of demolition of a structure. The NARD is prepared and submitted to the Division by the contractor renovating or demolishing the structure. The Division is then required, with the exception of courtesy notices, to enter details from the NARD into the state's Air Resource Management System (ARMS). Included in these details is the quantity of regulated asbestos containing material (RACM) to be removed. Based upon the quantity of RACM entered into the ARMS, a fee is calculated and billed to the contractor by the FDEP. After FDEP receives the amount billed, 80 percent of the fee is remitted to the Division. During our review, we noted the following:

- A) None of a sample of fifteen NARDs selected from the NARDs received during the period July 1, 2005 to September 30, 2005, was entered into the ARMS. Among these were two NARDs that showed quantities of RACMs. As a result, the amounts were not billed to the contractors and the County lost \$320 of revenue. According to staff, there are no clear guidelines to determine which NARDs should be entered into ARMS. Further, due to staffing constraints, staff did not believe it was possible to enter all NARDs received; so, staff entered only those

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NARDS that reported RACMs and/or asbestos containing materials (ACM) under certain headings.

- B) Since none of the NARDS selected in the original sample were entered into the ARMS, we reviewed the entire population of NARDS received during the period July 1, 2005 to December 31, 2005 and identified an additional 12 that met the criteria used by staff. Further examination of these NARDS revealed the following:
- 1) Seven were not entered in the ARMS. In six of the seven cases, contractors were not billed and the County lost \$1,040. No fee was associated with the other case.
 - 2) In one instance, the RACM material noted on the NARD was 5,500 square feet. This should have resulted in a billing of \$600. However, when the NARD was entered into the ARMS database the small business box was checked for the facility's present and prior use. According to the NARD, the facility was not a small business. This resulted in the maximum fee of \$300 being billed to the contractor for a small business. As a result, the County lost \$240.
 - 3) Fiscal year 2006 third quarter remittance of \$3,680 from the FDEP was incorrectly posted to the accounting line for Air Tag Fees instead of the Asbestos Program.

The Division does not track entries of RACM in the ARMs to make sure that fees due are received. In addition, a reconciliation of the amounts received from FDEP to the amounts due, based upon the quantities noted on the NARDS, is also not performed. Good internal controls require the establishment of a tracking system for amounts due and the reconciliation of amounts received with amounts due. Without a tracking system and systematic

reconciliation, there is no assurance that amounts due are being received.

In total, the County lost \$1,600 from the items reviewed. In addition, without the entries of NARDs in the ARMS, the FDEP does not have an accurate picture of the Division's handling of the Asbestos Program. We also noted that there was no review system in place to ensure that all applicable NARDs are entered into the ARMS.

We Recommend the Division:

- A) Develops and implements policies and procedures for the recording of NARDs in the state's Air Resource Management System;
- B) Performs a review of all NARDs received in the past fiscal year and, based upon the new policy, enters applicable NARDs into the Air Resource Management System;
- C) Establishes a review system that will ensure all applicable NARDs are entered in the Air Resource Management System and that quantities of RACM are correctly stated.;
- D) Takes appropriate steps to have the above noted \$3,680 remittance posted to the correct accounting line; and,
- E) Establishes a tracking and reconciling system for quantities of RACM entered into the Air Resource Management System and the amount of fees due the Division.

Management's Response:

- A) Concur. New procedures have been implemented. Now, each NARD, with the exception of courtesy notices, are entered into the ARMS database. The NARD is stamped to ensure entry, as well as review by the Compliance Team Lead for accuracy.

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- B) Concur. A review of all past NARDs within the fiscal year has been conducted. Applicable NARDs have been entered into the ARMS database.
- C) Concur. See response for 4A.
- D) Concur. Error was corrected on August 22, 2006.
- E) Concur. On a monthly basis, ARMS invoice and payment reports are run to determine the fees due to the County. Quarterly reports are also printed and reviewed to ensure correct billing from FDEP.

5. Controls Should Be Improved Over the Billing and Receipt of Payments with FDEP for Contracted Services

FDEP contracted (contract no. GC628) with the Division to supervise contractors that FDEP hired to perform petroleum site cleanup. This contract required the Division to ensure the contractors complied with work orders and billing procedures. Work, by the Division, is performed under task assignments that usually last for a fiscal year. During the audit period, the Division performed services under Task No. 4 and No. 5 based upon which the Division was authorized to bill FDEP for reimbursement costs totaling \$718,634 and \$882,967, respectively. The petroleum section of the Division prepares and bills FDEP each month for one-twelfth of the annual task amount. Similar arrangements exist with FDEP for petroleum storage tank compliance inspections (Tasks No. 8 for \$510,424 and No. 9 for \$522,490 under contract GC552) and ambient air monitoring services (approximately \$4,000 monthly under contract no. G0096). With regard to the billing, receipt, deposit, and reconciliation of these amounts, we noted the following:

- There was inadequate segregation of duties as the person who prepares the monthly invoices also receives the checks and delivers the checks to the Comptroller's Office Finance Department (Finance) for deposit;

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- In several instances the checks were not delivered to Finance in a timely manner (all four petroleum storage tank compliance checks tested were delivered to Finance between two and eight business days after receipt);
- Checks were not always date receipt stamped by the Division; and,
- No reconciliation between amounts billed, received, and deposited was performed.

Good controls require that the person responsible for accounts receivable (preparing invoices) should not also receive the payments. Also, checks received should be stamped with a date receipt and delivered to Finance in a timely manner. Administrative Regulation 6.03.03 requires daily deposits of checks in excess of \$200. Further, amounts due should be periodically reconciled with amounts received and deposited by a person independent of the process. Without adequate internal controls over cash receipts, amounts could be misappropriated without timely detection.

We Recommend the Division:

- A) Separates the billing and check receiving functions by ensuring that checks received are not forwarded to the person responsible for billing;
- B) Ensures checks received are stamped with a date receipt and deposited in a timely manner; and,
- C) Periodically reconciles amounts that should be billed with amounts billed, received, and deposited.

Management's Response:

- A) Concur. Each Section's checks are now sent directly to Finance from FDEP.
- B) Concur. See response to 5A.

- C) Concur. A spreadsheet is now used by each Section to track this information.

6. Controls Over Lake Management Inventory Should Be Improved

Internal controls over the inventory, consisting mainly of herbicides used for the Lake Management Program (LMP), were not adequate. Purchases total approximately \$1 million each year. The weaknesses in controls were as follows:

- The key to the padlock for the storage area was kept in an unlocked desk drawer;
- All LMP staff had access to the inventory and can receive inventory deliveries;
- A LMP database that shows quantities used can be edited by any employee in the Lake Management section as well as four other sections of the Natural Resource Management Area of the Division;
- There is no record to show quantities on-hand;
- No inventory reconciliation is performed.

Good internal controls include an inventory system that perpetually accounts for purchases, quantities used and on hand, and aids in the timely detection of inventory shortages and errors. Without an adequate inventory system, it is difficult to account for all inventory acquired, utilized, and on-hand, and materials could be lost or misappropriated.

We Recommend the Division improves control over the LMP inventory to include:

- A) Establishing a perpetual inventory system to account for quantities received, used, and on hand;

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- B) Adequately securing the key used to access the chemical storage are; and,
- C) Conducting annual inventory counts and reconciling the quantities on hand to the perpetual inventory records.

Management's Response:

- A) Concur. An automated inventory system is being planned. Currently, EPD is in the process of writing the scope and expects to send this to bid by the end of February with the anticipation of getting a system by April. In the meantime, inventory is closely monitored and the quantities are reconciled. Access to chemicals is limited.
- B) Concur. Key access is now limited to only two people – the manager and the lead on the aquatic plant program. Key is kept locked up or in possession of the designated staff at all times.
- C) Concur. See response to 6A above.

7. The Accounting for Personnel Time and the Allocation of Salaries and Benefits to Municipal Services Taxing Units Should Be Improved

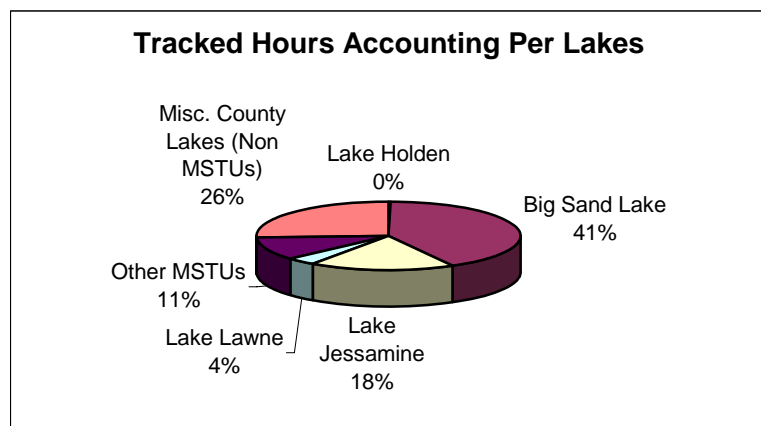
During our review of the MSTU LMP expenditures, we had the following concerns:

- A) Salaries and benefits charged to individual MSTUs are not correlated to the actual time employees spend on each MSTU lake even though these employees provide services to multiple MSTU lakes. In addition, the timesheet database used by lake management personnel provides an incomplete accounting of how personnel time is spent.

Also, the amount charged in any given fiscal year to an MSTU does not reflect the actual time the

employee spent with that MSTU lake. Thus, some MSTUs are charged an employee's full salary and benefits, while other MSTUs, to which services were also provided, were not charged.

An analysis of one employee's time for the period February 27, 2005 to September 10, 2005 showed that his time was devoted to different lakes as follows:



During fiscal year 2005, salaries and benefits for this employee were charged to the MSTU for Big Sand Lake. This amount was reversed by journal entry to Lake Holden's MSTU at the end of the fiscal year, even though he only reported one hour of service to Lake Holden. Based upon past procedures, this employee's salary and benefits will be charged to a different lake for the next fiscal year. Also, 58 percent (577 hours) of the employee's time was not accounted for in the staff time distribution database. Best practices require personnel to account for all their time and the allocation of their salaries and benefits according to the total number of actual hours worked.

- B) Costs of herbicides and additives (chemicals) used in the treatment of MSTU lakes are not being appropriately allocated to individual MSTUs. During the period October 1, 2004 to September 30, 2005, various purchases of chemicals were charged directly

to different MSTUs. However, the quantities purchased for each lake could not be reconciled to the quantities applied to each particular lake. For example, during the fiscal year, the Division charged \$20,609 to the Big Sand Lake MSTU for the purchase of 20 gallons of Sonar AS. However, the Herbicide Application Schedule did not show its use in the treatment of Big Sand Lake during the period. There is no record to show how the 20 gallons of Sonar AS were used since the Division does not maintain perpetual inventory records to account for herbicides and other chemicals. As a result, some MSTUs are being undercharged and others overcharged for chemicals used on the lakes. Best practices require that individual MSTUs are only charged for the cost of chemicals used on their individual lakes.

We Recommend the Division:

- A) Establishes a mechanism to allocate personnel costs to MSTU lakes based upon the actual number of total hours spent in relation to each lake;
- B) Accounts for all MSTU related personnel time in the staff timesheet database; and,
- C) Establishes, as noted in Recommendation No. 6, a perpetual inventory system to control and account for quantities of herbicides and additives purchased, used and on hand. Initial costs should be charged to the Division and then reimbursed by the MSTUs for the cost of quantities used on their respective lakes.

Management's Response:

- A) Concur. Charge back models are being developed to address this.
- B) Concur. All time spent on any MSTU is now accounted for.
- C) Concur. See response to 6A.

8. An Adequate Review System Should Be Established to Ensure Treatments of Cost Shared Lakes Are Appropriately Billed to the FDEP

Our review of a sample of 15 herbicide treatments at public access lakes where costs are shared with FDEP revealed the following:

- A) Costs totaling \$3,013 plus the cost of equipment for the treatment of “cost share lakes” were not shared with the FDEP for 10 of the 15 instances tested. The total cost was made up of \$1,694 for chemicals, \$942 for salaries and \$377 for fringe benefits. The cost for individual treatments ranged from \$50 to \$1,319. Based upon a population of 82 treatments during the fiscal year, the amount not recovered from the FDEP could be approximately \$8,000 for fiscal year 2005.
- B) In those remaining five instances (noted in “A” above) where costs totaling \$2,086 were shared with the FDEP, there was no documentation to support billings for equipment usages. In addition, the billings did not include applicable benefits (social security, retirement, medical, leave and holidays) totaling \$465 (approximately 40 percent of salaries).

The County’s contract (SL976) with the FDEP for Aquatic Plant Management Services provides for the recovery of 50 percent of all costs (salaries, fringe benefits, chemicals, equipment, travel, other indirect costs) for the County’s treatment of public access lakes through monthly billings. However, there is no review procedure in place to ensure that all treatments are billed to FDEP and that all applicable costs are included in the billings for reimbursements.

We Recommend the Division:

- A) Establishes an adequate review system to ensure that all treatments of public access lakes are billed and that billing of employee time include fringe benefits; and,

- B) Expands the Herbicide Application Schedule, which currently tracks employee time and chemicals used, to include the tracking of equipment usage.

Management's Response:

- A) Concur. See response to 7B.
- B) Concur. This is currently being done.

9. The Assignment Lists for Inspections of Facilities Generating Small Quantities of Hazardous Waste Should Be Revised

Facilities that generate or have the potential to generate 220 to 2,200 pounds of hazardous waste are described as Small Quantity Generators (SQGs). This waste/byproduct may be ignitable, corrosive, reactive/explosive, or toxic. State of Florida rules require counties to inspect these SQGs.

During our review we noted that, while the Division achieved the goal of inspecting 20 percent of the facilities on the assessment roll each year for the three years reviewed, our test of a sample of 28 facilities that existed prior to the beginning of the cycle (July 1, 2001) revealed that five facilities were not inspected during the five-year cycle ending on June 30, 2006. Two of these facilities were active when last inspected. The other three were inactive but needed to be inspected to verify whether they had been reactivated or had resumed operations under new owners.

Section 403.7234(4), Florida Statutes requires verification of management practices of at least 20 percent of local small quantities generators. Also, the Statute requires the counties to follow the "Guidelines to Conduct the County Small Quantity Generator Assessment, Notification and Verification Program February, 1994." The guideline states,

Each year, 20% of all potential and known SQGs surveyed during the notification procedure shall be selected for on-site verification. The generators

verified in previous years during the current program cycle should be excluded from those firms to be verified. This should result in contact with all of the potential and known generators of hazardous waste for verification at least once every five years.

We also noted the inspection assignment lists were not generated by date of last inspection (oldest first), but by district, Zip Code, and location address. Preparing the lists in this manner makes it more difficult to determine which inspections are nearing the end of their five-year cycle.

We Recommend the Division prioritizes the assignment lists given to inspectors by location address. Priority lists should be generated and inspectors should be instructed to focus their inspections on the facilities with the longest span between inspections.

Management's Response:

Concur. This is currently being incorporated into the task assignment process currently used by the Supervisor.

10. Documentation of Inspections and Follow-up of Corrective Measures Prescribed for Small Quantity Generators of Hazardous Waste Should Be Improved

We noted the following with regard to the documentation and reporting of SQG inspections and the follow-up of prescribed corrective measures:

- A) There was no inspection report on file in three of 58 instances to support reported inspections for the SQG facilities.
- B) In one of seven instances, the facility was out of compliance from our testing and the Division's prescribed corrective action. A follow-up inspection was not done to ensure the facility returned to full

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compliance. We noted three other instances where this occurred in related testing.

- C) In one instance, follow-up of prescribed corrective actions was not done in a timely manner. The follow-up was not performed until June 26, 2006 even though the initial inspection was conducted on April 5, 2005.
- D) In 15 of the 60 cases reviewed, the status (Active, Inactive, or Out-of-business) of the facility was not checked off on the inspection report.

Without sufficient supporting documentation, there is no assurance that adequate inspections were performed to ensure the facilities are in compliance with state of Florida rules.

We Recommend the Division:

- A) Ensures that reported inspections and follow-up activities for facilities not in compliance are adequately and accurately documented; and,
- B) Establishes a tickler file system to assist in the timely follow-up of all facilities that are out of compliance.

Management's Response:

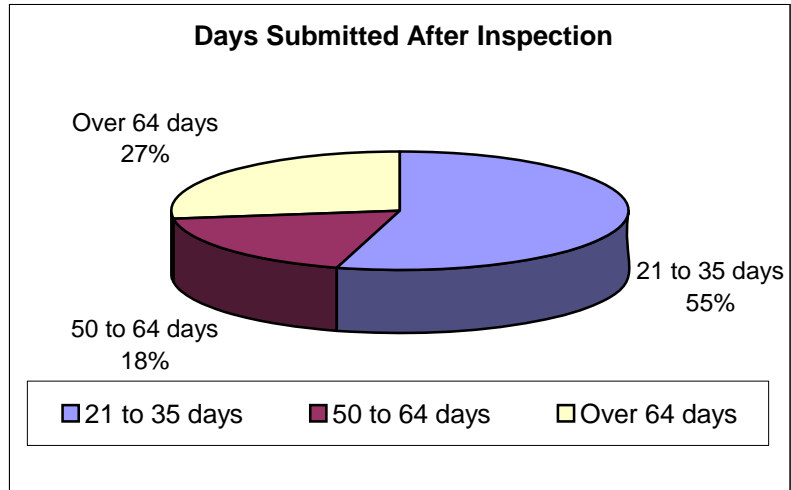
- A) Concur. EPD is required to use the State database. We now print reports, which are reviewed and ticklers are manually created as needed by the Supervisor. Ideally, the State database should be modified to include a tickler system.
- B) Concur. See response to 10A.

11. Inspections of Domestic Waste Water Facilities and Related Billings Should Continue Until Evaluation of the Program Is Finalized

Orange County Code Section 15 authorizes the Division to issue permits for the construction and operation of wastewater treatment facilities. In addition, a stated objective in the wastewater element of the Orange County Comprehensive Policy Plan is that the County "...shall consistently monitor for wastewater facility deficiencies..." and provide corrective actions. To achieve this objective, the Division established operating procedures requiring the inspection of these facilities twice each year. Facilities inspected are required to pay the County \$78 for each inspection as noted in the County's schedule of fees. FDEP also grants permits to these facilities and performs annual inspections as well.

We reviewed a sample of ten facilities to determine if inspections were performed and if invoices for inspection fees were prepared. With regard to this, we noted the following:

- A) The Division did not perform 13 of 37 applicable inspections during the two-year period January 1, 2004 to December 31, 2005 for ten facilities sampled.
- B) In 8 of the 24 instances when inspections were performed, no invoices were prepared. As a result, a total of \$624 was not billed.
- C) In addition, of the 16 invoices that were prepared, 11 were sent to the Comptroller's Finance and Accounting Department for formal billing to the facilities between 21 and 97 days after the inspections were performed as noted below.



There were no performance standards or guidelines with respect to the timely submission of the invoices to the Comptroller’s Finance and Accounting Department. In addition, according to staff, the Division has not actively monitored the facilities since March of 2004 as the Division wanted to evaluate the inspection program requirements to determine whether inspections should be discontinued. Management stated that it might be redundant for the state and the County to be performing the same kind of inspections. Further, only one enforcement case had resulted from the inspections during the last three years. A final decision has not yet been made.

We Recommend the Division finalizes its evaluation of the Domestic Waste Water Inspection Program. Until such time as a decision is made to discontinue the program, the Division should ensure that required inspections are performed in accordance with Division policy, and invoices are prepared and submitted in a timely manner (within four weeks) to the Comptroller’s Finance and Accounting Department.

Management’s Response:

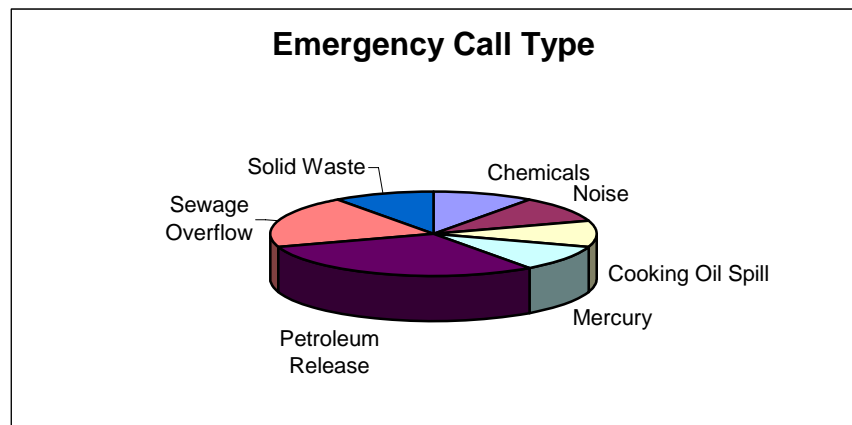
Concur.

12. Adequate Review Procedures Should Be Established for the Handling of Emergency Response Calls

Standard operating procedures require details of calls for incidents requiring emergency responses from Division personnel to be entered in an Emergency Response Incident file in the computer database. The file includes “time call received” and “time call returned” fields. In addition, the procedures require that inspectors respond to these calls within one hour of receipt. Usually, emergency type calls are received from the Public Utilities Division or the Fire Rescue Department of the County.

Our review of the handling of these calls revealed the database did not show the response time for 10 of a sample of 40 calls reviewed. As a result, we could not determine whether the Division responded to these calls in accordance with operating procedures. The calls related to incidents involving the following:

Thirteen of 21 emergency calls’ response case files reviewed did not include documentation to show follow-up work performed. In two of these 13 cases, the Division could not determine from available documentation whether the incidents were satisfactorily resolved. In addition, follow-up work was not performed for three of the 13 cases until after we brought it to the Division’s attention.



It appears that there is no systematic review being performed to ensure that the calls are addressed in a timely manner and the response activities adequately documented in the case files. Standard operating procedures require that work performed in response to a call notifying the Division of an emergency incident be noted in the case file as it occurs. Without adequate documentation, we could not determine whether the calls were timely and adequately addressed.

We Recommend the Division establishes review procedures that will ensure emergency response data forms are completed in all respects, calls are responded to in a timely manner, and that all response activity is adequately documented in the case files.

Management's Response:

Concur. The new computer systems in the vehicles of each inspector have significantly helped with accessibility and timeliness. Additionally, all ER calls are input into the new database, which requires full documentation. Cases are reviewed by a Manager.

13. Adequate Review Procedures Should Be Established to Ensure Follow-up of Complaints Is Performed Timely and Adequately Documented

The Compliance and Waste Management (CWM) section handles the initial complaint calls received by the Division. If the complaint pertains to CWM, the section performs the investigation and follow-up resolution of the complaint. If the complaint pertains to another section, such as the Natural Resource Management (NRM) section, CWM performs the initial investigation prior to forwarding the complaint data to the section responsible for resolution.

During our review of case files, we found that 15 percent (5 of 33) of the files did not include adequate documentation in the complaint log to show follow-up work performed. These cases were as follows:

RECOMMENDATIONS FOR IMPROVEMENT



Complaint No.	Complaint Type	Description
05-317	Asbestos	Potential asbestos exposure due to restoration of building
05-387	Dredge & Fill	Lakeshore erosion due to unplanted vegetation
05-197	Hazardous Materials	Leaking oil tanks and secondary containment area not secure
05-428	Lakeshore Vegetation	Shoreline vegetation being destroyed
05-022	Storm water	Facility dumping battery acid into storm sewer

For example, in Case No. 05-387 the CWM section of the Division that received the call performed an initial inspection. This inspection revealed that the alleged violator had previously obtained a permit to remove vegetation, but the required replanting had not occurred. As a result, the case was referred to the NRM section of the Division for further follow-up action. However, there was no documentation to show what transpired subsequent to the case being forwarded. According to the NRM section, they did not get the paperwork from CWM. Without adequate documentation we could not determine if the complaints were resolved. Unresolved complaints could lead to undue harm to the environment. Standard operating procedures require adequate documentation to show resolution of complaints.

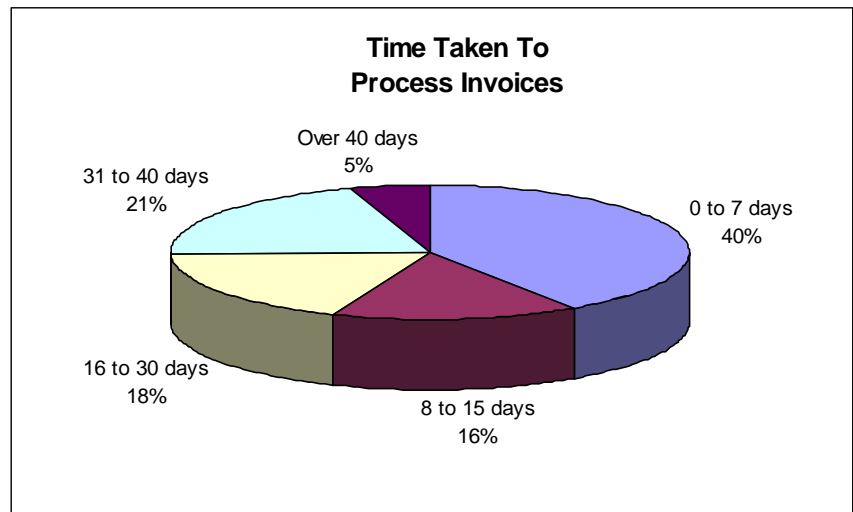
We Recommend the Division establishes adequate review procedures to ensure that follow-up activities for complaints are performed in a timely manner and adequately documented.

Management's Response:

Concur. The new database ensures complaints are adequately documented. However, the database needs to be modified to include a tickler system. In the meantime, these follow up inspections are listed as "other" and reentered into the system. This allows the cases to be tracked by the inspector, from their pending list. Also see response to 12.

14. Invoices Should Be Reviewed and Approved in a Timely Manner

Invoices submitted by contractors and suppliers are not being processed in a timely manner by the fiscal section of the Division (Fiscal). Our review of a sample of 121 invoices showed the following:



As shown above, 60 percent of the invoices took more than seven days to be processed. When invoices are received, they are first reviewed for mathematical accuracy and confirmation that the goods or services were received, and then approved for payment by the Contract Administrator. The Contract Administrator, as his approval, notes “OK to Pay” on the invoice, signs the invoice and then sends it to Fiscal for further review. In this review, Fiscal looks for the signature of the Contract Administrator and verifies available funding. Fiscal then keys the receiver information into the Advantage financial system, approves the pay request, and submits it together with the supporting documents to the Comptroller’s Accounts Payable section (Accounts Payable) for payment. Accordingly, the processing time noted above reflects only the time between the date the Contract Administrator signs “OK to pay” and the date the receiver information is keyed into Advantage. There were no internal guidelines regarding the timely submission of invoices to Accounts Payable.

Invoices should be processed in a timely manner to facilitate prompt payments to vendors. Delays in processing at the Division level affects the overall timeliness in which Accounts Payable can make payments to vendors. It appears that the delays are being caused by inadequate prioritizing of duties or inadequate staffing in the Fiscal section of the Division.

We Recommend the Division, with review of staffing and the prioritization of duties in the Fiscal section, ensures that invoices are processed and forwarded to the Comptroller's Accounts Payable section in a timely manner.

Management's Response:

Concur. Additional staffing in the Fiscal section has been requested in the next budget.

15. An Adequate Review of Supporting Documents for Purchases Should Be Performed

We noted the following during our review of supporting documents for purchases:

- Three of 36 purchases reviewed did not have a completed purchase request form on file;
- One of 32 purchase request forms did not have an approval signature; and,
- There was no documented evidence of receipt of goods/services for four of 39 purchases.

Standard operating procedures involved the requestor completing a purchase request form that is approved by management. Next, a Purchase Order or Delivery Order is completed and issued. If the goods or services are satisfactory when received, the receiver signs the invoice with a note that it is "OK to pay." The Fiscal section of the Division then reviews documents before they are sent to Accounts Payable for payment. Without an adequate review of purchase documents, goods or services could be acquired

without appropriate approval and payment made without evidence of receipt.

We Recommend the Division improves the adequacy of the review of supporting documents for purchases before they are sent to the Comptroller's Accounts Payable.

Management's Response:

Concur. See response to 14.

16. Invoices from an Aquatic Weed Control Contractor Should Comply with Contractual Terms Before Approval for Payment

Description of services performed on invoices submitted for payment by Aquatic Weed Control Contractors did not meet contractual requirements in one of the five contracts reviewed. Invoice no. 21711 in the amount of \$53,940 for contract no. Y5-106 showed the type of application, for example, "Herbicide application" and the hours spent by personnel and equipment. However, required information, such as treatment date, weather condition, treatment location map, number of acres treated, herbicide type and amount used, wind measurement as applicable and number of applicators were not stated. Term contract no. Y5-106 in the amount of \$217,180 requires this information be submitted with each invoice. Without the required information, there is no assurance that payments are being made for contracted services.

We Recommend the Division enforces the aquatic weed control contractor's compliance with the terms of the contract before invoices are approved for payment.

Management's Response:

Concur. This has been addressed with the contractors.