

# **Follow-up Audit of the Environmental Protection Division**

**Report by the  
Office of County Comptroller**

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**Report No. 411  
October 2010**

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October 14, 2010

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

We have conducted a follow-up of the Audit of the Environmental Protection Division (Report No. 381). Our original audit included the period of October 1, 2004 to September 30, 2005. Testing of the status of the previous Recommendations for Improvement was performed for the period April 1, 2009 through October 31, 2009.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The accompanying Follow-Up to Previous Recommendations for Improvement presents a summary of the previous condition and the previous recommendation. Following each recommendation is a summary of the status as determined in this review.

During our review, we noted that 26 of the 29 applicable Recommendations for Improvement were fully or partially implemented. **We commend** the Environmental Protection Division for their efforts. We appreciate the cooperation of the personnel of the Environmental Protection 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

**IMPLEMENTATION STATUS OF  
PREVIOUS RECOMMENDATIONS  
FOR IMPROVEMENT**

**FOLLOW-UP OF AUDIT OF ENVIRONMENTAL PROTECTION DIVISION  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
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 provide 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 exists and monies are properly safeguarded.	✓			
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.	✓			

**FOLLOW-UP OF AUDIT OF ENVIRONMENTAL PROTECTION DIVISION  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
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;				✓
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.				✓
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;	✓			
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,	✓			

**FOLLOW-UP OF AUDIT OF ENVIRONMENTAL PROTECTION DIVISION  
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
4. 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.	✓			
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;	✓			
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.	✓			
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.	✓			

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NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
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,		✓		
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.	✓			
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,			✓	
B)	Expands the Herbicide Application Schedule, which currently tracks employee time and chemicals used, to include the tracking of equipment usage.			✓	
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.	✓			



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NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
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 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.			✓	

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NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
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.	✓			

# INTRODUCTION

### Scope and Methodology

The audit scope was limited to an examination of the status of the previous Recommendations for Improvements from the Audit of the Environmental Protection Division (Report No. 381) dated March, 2007. The audit period was April 1, 2009 through October 31, 2009.

To determine the implementation status of the recommendations relating to Permit Application Review and Issuance, we obtained schedules of all permit applications received and permits issued during the audit period. We then reconciled both schedules to ensure that all permit applications received were either approved, denied, or pending a decision. We also validated the population of permit applications received by tracing a sample of applications received to the project files and another from the project files to the schedule of permit applications received. We then reviewed the permit approval process to determine whether unnecessary steps and duplicate efforts were eliminated, control logs were established to show status of permit applications in process, and various data bases had been combined to accommodate recording and processing of permit applications. We examined the procedures for a tickler system to alert for pending applications. In addition, we verified that written procedures were developed to include supervisory review of work being performed and appropriate studies were conducted to determine the level of staffing needed to efficiently and timely perform the permitting review and approval functions. For our final step, we selected a sample of permits issued and reviewed the supporting documentation to ensure the following:

- Permits were approved in a timely manner (within the number of days required by SOP/County code);
- Permits were signed by authorized personnel;
- Site visits and inspections were performed in a timely manner (within the number of days required by SOP/County code);

- Site visits and inspections were adequately documented; and,
- Enforcement activities were conducted in a timely manner in applicable cases.

For recommendations relating to the Permit Fee Collection Process, we verified that money handling procedures were revised to ensure adequate segregation of duties and proper safeguarding of collections. We also verified that the costs of permitting services were analyzed and, if warranted, a revised fee schedule presented to management for consideration. We then selected a sample of permit applications received and ensured that appropriate fees were collected. In instances where fees were not collected, we checked that collection was actively pursued and made prior to issuance of the permit or a waiver of fees was properly authorized. Finally, we verified checks were being restrictively endorsed at the time of receipt and fees collected were properly recorded and deposited in a timely manner.

With respect to the recommendations for the Asbestos Inspection Program, we determined the status by verifying that new policies and procedures were developed and implemented for the recording of the Notice of Asbestos Renovation or Demolitions (NARDS) in the State's Air Resource Management System (ARMS). We then:

- 1) Selected a sample of NARDS and ensured that they were entered into the ARMS in accordance with the written policies and procedures;
- 2) Verified that fees due from quantities of regulated asbestos containing materials entered into the ARMS were being tracked for receipt; and,
- 3) Confirmed the incorrect posting of \$3,680 for the fiscal year 2006 third quarter remittance to the air tag fees accounting line was corrected.

For the Florida Department of Environmental Protection (FDEP) Contracted Services, we verified:

- 1) That functions relating to billings to and checks received from FDEP have been adequately segregated;
- 2) Checks were being sent directly to the Comptroller's Finance Department; and,
- 3) Amounts billed were being tracked and periodically reconciled with amounts received.

We determined the implementation status of recommendations relating to the Lake Management Program by:

- Verifying that controls over the herbicide inventory were strengthened by the development and implementation of a perpetual inventory system, adequate safeguards, including restricted access to only authorized individuals, were in place, and that annual inventory counts and reconciliations were being performed;
- Determining whether the Division had established a mechanism to allocate personnel costs to MSTU lakes based upon the actual number of hours spent in relation to each lake and then tested a sample of these costs for proper allocation; and,
- Confirming that personnel time was recorded in the staff timesheet data base and costs of herbicides and additives were allocated to each MSTU in proportion to the quantities reportedly applied.

With regard to recommendations relating to Public Access Lakes, we reviewed the processes for billing and reimbursement of maintenance costs for improvements and tested a sample of costs incurred for recovery.

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We also examined the status of recommendations made for Fiscal Administration by: obtaining a schedule of all contracts and POs issued and invoices paid during the audit period and examining samples to confirm each purchase was initiated by a properly approved purchase request form; services performed were adequately described on the invoices; receipt of goods and services was adequately documented; and, invoices were processed in a timely manner.

**FOLLOW-UP TO PREVIOUS  
RECOMMENDATIONS FOR  
IMPROVEMENT**



## **1. The Permitting Process Should Be Improved**

During our previous review of environmental permitting, we noted that 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 appeared to contain unnecessary steps and was not adequately documented in Division procedures. Specifically, we noted the following concerns:

- The recording and tracking of new permit applications were being duplicated.
- Seven of 52 permits reviewed were signed by individuals who were not authorized signatories for permits.
- Permits were issued more than 30 days after the applications were received for 12 of 39 boat dock and CAD applications reviewed.
- In three of 12 lakeshore protection applications reviewed, permits were issued more than 75 days after the applications were received.
- One wastewater renewal permit and a conservation area impact permit were not issued for approximately one year.
- Site visits and inspections were not always performed in a timely manner or adequately documented.
- Enforcement activities were not conducted in a timely manner in 18 of 29 applicable cases reviewed.

**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,

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develop/acquire one database that can accommodate the recording and processing of permit applications, and utilize tickler files to alert of pending notifications;

- B) Develop written procedures that provide 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.

**Status:**

- A) Partially implemented. During our review, we noted the Division added point of sale (POS) and incidents tracking systems. The POS adds greater control and safeguarding of funds collected. The incidents data base is used primarily in the Compliance and Waste Management section and performs a function that implements the tickler system recommended in our initial audit. According to EPD staff, the County is working on a centralized database (LDMS) to handle all developmental permitting in the County. However, this is not yet on line and is not expected to be for another two years. Full implementation of this recommendation depends on funding which is outside the control of the Division.

**We Recommend** the Division continues with implementation of the centralized database.

- B) Partially implemented. Based upon our review of a sample of 25 permit applications, we verified the Division's use of checklists and signature blocks as well as improved documentation and supervisory review. Except for one instance (BD 09-046) when follow-up work did not appear to be timely, the initial contact and documentation of processing activities for

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permit applications were timely and well documented. Site visits, inspections, and permit issuance were timely. However, there was one instance where a follow-up site visit (09-250904) relating to an enforcement consent agreement was not performed. We also noted that detailed flowcharts were prepared for the processing of each type of permit; however, the Division did not formalize the procedures noted in the flowcharts in the Divisional Operating Guidelines.

**We Recommend** the Division formalizes the permit processing procedures in its Divisional Operating Guidelines.

- C) Implemented. The Development Review Committee (DRC), in its examination of county-wide development related activities, addressed staffing levels in permitting at the Division and certain other County divisions. As a result of this, the Division reduced staffing. As noted above, the application processing system appears to be working efficiently.

**Management's Response:**

- A) EPD concurs. EPD committed to a new database to increase efficiency at the initial audit. Since then, phase 1 has been completed and a purchase order for phase 2 of the LDMS software development process will be issued in August 2010. The Environmental Permitting and Compliance (EPC) Program Supervisor and team leader are working on formalizing permit procedures in a Division Operational Guideline (DOG), which EPC staff will be required to utilize. EPC staff shall also be required to check the status of their pending tasks and permits weekly and enter actions/tasks performed into the permitting database (or LDMS when on-line) and/or EPD application as appropriate. The Program Supervisor shall also perform checks every three weeks to ensure timely service and adequate documentation by staff.



- B) EPD concurs. Permit applications are tracked with the use of the incident database, through completion, including survey and monitoring. Additionally, as mentioned, there are flowcharts, checklists and sign-offs that are used by staff. It is agreed that a Standard Operating Procedure to accompany the flowcharts could be beneficial. With BD 09-046, the application was received on 7/22/2009 and a field inspection had already been performed and discussions occurred with the property owner on 5/21/2009. The RAI did not go out until 9/10/2009 and that did not meet the 30 day goal. EPD acknowledges that with 09-250904, follow up was not performed. This was due to additional issues concerning an unpermitted boat ramp. This was not noted in the database and that will be corrected. The permit process is fairly formalized, but it is agreed that an SOP could improve documentation.

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

During our previous 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 were as follows:
- The key for the locked cabinet drawer was kept in an unlocked desk drawer during working hours and overnight.
  - Inadequate segregation of duties existed in the cash collection process.
  - No reconciliation of amounts collected to deposit was being performed.

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- Checks received were not restrictively endorsed at the time of receipt.
  - Eighteen of 20 bank deposits were not made within the timeframe (same day) required by the County Administrative regulation.
- 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.
- C) Fees for various permits, as noted on the schedule of fees and applied by the Division, had not been updated for over 15 years.

**We Recommend** the following:

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

**Status:**

- A) Implemented. EPD now uses a Point of Sale (POS) automated cash register system to record receipt of fees for permit application and other monies. This system provides reconciliation and, with a cash safe, adequately safeguards the monies collected.

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- B) Implemented. Based upon our testing of a sample of 25 applications, we verified that fees were properly assessed, collected, waived (where applicable), recorded, and deposited in a timely manner. No collection activities were necessary for the sample tested.
- C) Implemented. Based upon the Division's analysis and recommendations, a revised fee schedule was adopted by the Board on July 19, 2007 under Resolution 2007-M-23 and was made effective October 1, 2008.

**3. The Clean Lakes Initiative Program Should Be Improved**

During our previous review of the Clean Lakes Initiative Program (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.
  - Site visits were not adequately documented for CLIP projects.
  - Lakeshore permit fees were waived for a homeowners' association project which was funded by ReNEW monies.
- B) Applicable charges, such as permit fees, that should be refunded to approved CLIP applicants were not returned.
- C) CLIP applications were not being approved in a timely manner. We noted delays ranging from six to nine months in approving applications.

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- D) There was no evidence of adequate supervisory review of documents needed to support CLIP and management oversight of the function appeared to be very limited.

**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.

**Status:**

- A) Not applicable. The CLIP was terminated on September 30, 2008.
- B) Not applicable. The CLIP was terminated on September 30, 2008.
- C) Not applicable. The CLIP was terminated on September 30, 2008.
- D) Not applicable. The CLIP was terminated on September 30, 2008.

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

During our review of asbestos inspection services based upon receipt of a Notice of Asbestos Renovation or Demolition (NARD), we noted the following:

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- 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 Air Resource Management System (ARMS).
- The 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 did not track entries of Regulated Asbestos Containing Materials (RACM) in the ARMS to make sure that fees due were received.
- A reconciliation of the amounts received from FDEP to the amounts due, based upon the quantities noted on the NARDs, was not performed.
- There was not a review system in place to ensure that all applicable NARDs were 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,



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- 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.

**Status:**

- A) Implemented. New policies and procedures were developed and implemented for the recording of NARDS in the State's Air Resource Management System. These include the recording of all NARDS with the exception of courtesy notices, the recording of the FDEP system generated control number on the notice upon entry, and evidence of review by the Compliance Team Leader.
- B) Implemented. We verified that all NARD's received during fiscal year 2006 were reviewed based upon the new policies and procedures and, where applicable, were entered into the FDEP Air Resource Management System's data base. As a result of these entries, applicable contractors were billed for inspection fees which, when collected and distributed to the County, increased revenue to \$15,600 for fiscal year 2007 compared to \$7,600 collected for the prior year. The impact of the new policies and procedures also helped to increase the fees collected for fiscal year 2008 to \$9,720.
- C) Implemented. We selected a sample of 30 NARDS received during the audit period and verified that they were entered in the FDEP ARMS database. We also verified accuracy of Quantities of RACM recorded in the ARMS.
- D) Implemented. The incorrect posting of \$3,680 for fiscal year 2006 third quarter asbestos remittance to the air tag fees accounting line was corrected on August 22, 2006.



- E) Implemented. A tracking and reconciliation system has been established for the fees due the Division for quantities of RACM entered into the FDEP ARMS and billed to contractors. Our verification included a review of quarterly reports showing fees billed, calculation of the 80 percent due the Division, and payments received by the County as recorded in the revenue account and reconciliation spreadsheets maintained by the Division. We also independently reconciled fees collected during the audit period to the applicable general ledger revenue account.

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

With regard to the billing, receipt, deposit, and reconciliation of amounts from FDEP contracted services (petroleum site clean-up, petroleum storage tank compliance and monitoring of ambient air), we noted the following during the previous audit:

- There was inadequate segregation of duties as the person who prepared the monthly invoices also received the checks.
- In several instances the checks were not delivered to the Comptroller's Office for deposit in a timely manner;
- Checks were not always stamped with the date of receipt by the Division; and,
- No reconciliation between amounts billed, received, and deposited was performed.

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**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.

**Status:**

- A) Implemented. Checks are currently being sent directly by FDEP to the Orange County Comptroller's Finance Department for deposit.
- B) Not applicable. This recommendation is no longer applicable since checks are currently being sent directly to the Comptroller's Finance Department for deposit.
- C) Implemented. We verified that the current reconciliation procedures used by EPD's Petroleum Clean-up, Storage Tank Compliance, and Ambient Air sections are effective. These include the comparison of data from in-house spreadsheets showing amounts billed, review of FDEP website to determine payment of invoices, and revenue reports generated by EPD Fiscal from the County's Financial (Advantage) system.

**6. Controls Over Lake Management Inventory  
Should Be Improved**

During our previous audit, we noted that internal controls over the inventory, consisting mainly of herbicides used for the Lake Management Program (LMP), were not adequate.

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The purchases for the LMP total approximately \$1 million each year. The weaknesses noted 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 could receive inventory deliveries;
- A LMP database that shows quantities used could 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 was no record to show quantities on-hand; and,
- No inventory reconciliation was performed.

**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.

**Status:**

- A) Implemented. We obtained copies of the physical counts of herbicide inventory and compared the results to the corresponding inventory records and reconciliation sheets for the audit period. In addition, we physically observed the computerized inventory system in use. Based upon our observation and the reports generated, the system records inventory purchases, usages, balance on hand, description of



items, and also handles allocation of costs when herbicides are used for the various lakes. The system also facilitates reconciliation of physical counts with the record of quantities on hand. The system is password protected.

- B) Implemented. We physically verified that inventory on hand is adequately safeguarded. The keys for the lock to this secured area within the EPD warehouse is held by only designated staff.
- C) Implemented. We noted physical counts of inventory on hand are performed approximately every two weeks, generally at the time materials are received and a reconciliation is performed after the counts are made. The inventory counts are usually performed by one person who does not have access to the inventory database and reconciled by another. Our tests showed that not all count sheets and reconciliation sheets were signed by the individuals performing the counts and the reconciliations.

**We Recommend** the Division ensures that individuals performing inventory counts and reconciliations sign the count and reconciliation sheets.

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

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

- Salaries and benefits charged to individual MSTUs were not correlated to the actual time employees spent on each MSTU lake even though these employees provided services to multiple MSTU lakes. Also, the amount charged in any given fiscal year to an MSTU did not reflect the actual time employees spent with that MSTU lake.

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- The timesheet database used by lake management personnel provided an incomplete accounting of how personnel time was spent.
- Costs of herbicides and additives (chemicals) used in the treatment of MSTU lakes were not being appropriately allocated to individual MSTUs.

**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.

**Status:**

- A) Partially implemented. While a "charge-back" system was established to handle the allocation of costs to the various MSTUs, the Division did not follow through and obtain reimbursements of the allocated amounts from the various MSTUs. As a result, instead of the individual MSTUs reimbursing the Division for time and material spent on lake maintenance, the amounts were paid from the general fund. Costs not charged-back for the current audit period total \$103,542. As a result of our inquiries, a decision was made by OMB on February 23, 2010 to go forward with the charge-backs effective fiscal years 2007. The Division is, however, concerned that some of the MSTUs may not have adequate funds available to accommodate the charges.



Unreimbursed costs totaled \$557,268 for fiscal year 2007 to December 31, 2009.

**We Recommend** the Division proceeds with determining what funds are available from each MSTU and pursue resolution of the issue with OMB. In addition, pending resolution of the amounts owed, the Division should begin applying the charge-backs for the current fiscal year.

- B) Partially Implemented. Our review disclosed that MSTU related time is being tracked in the "Staff Timesheet Database;" however, in 9 out of 34 instances reviewed the time recorded was inaccurate.

**We Recommend** the Division establishes adequate review procedures to ensure that personnel time is accurately recorded in the database.

- C) Implemented. As noted in recommendation No. 6 above a perpetual inventory system has been established and our review of charges to the MSTUs appeared appropriate.

**Management's Response:**

- A) EPD Concur. A management decision was made after reviewing the available funds and projects for each MSTU that charge-backs would be effective for FY 2009-2010 and that prior years would not be charged. EPD is continuing to work diligently with OMB to have the charge-back mechanism implemented. It must be noted that due to the TMDL, many water quality improvement projects are being undertaken on many lakes. Some of these lakes may have MSTU/BUs in place. At times, it may not be within the scope of the MSTU/BU to address specific water quality projects and thus charges may not be appropriate.



- B) EPD Concur. In an effort to increase accuracy, the crew supervisor is now responsible for recording all of the staff and equipment time used on each job, ensuring that it is properly recorded in the field book, and then transferred into the database. Further, a quality control check will be performed periodically by a Senior Environmental Specialist, with an additional random "spot check" of entries to be performed periodically by the Program Supervisor. A new field log sheet and database are being developed to assist with accurate documentation.

**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 during the previous audit revealed the following:

- 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.
- In the five instances 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).

**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.





**Status:**

- A) Not implemented. We reviewed a sample of 33 surveys and 38 treatments. We found that approximately one third of the treatments were not billed to Florida Fish and Wildlife Conservation Commission (FFWCC). As a result, approximately \$9,000 was not billed annually to the FFWCC. The under billings are due primarily to inaccurate recording of the treatments in the herbicide application schedule. In addition, billings for reimbursement of employee time still do not include fringe benefits.

**We Again Recommend** the Division 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.

- B) Not implemented. Our examination of the herbicide application schedule revealed that it was not expanded to include equipment usage.

**We Again Recommend** the Division expands the Herbicide Application Schedule, which currently tracks employee time and chemicals used, to include the tracking of equipment usage.

**Management's Response:**

- A) EPD partially concurs. Not all treatments of public access lakes are billable. The FFWCC only allows treatment of lakes, while EPD treats both lakes and canals. The majority of treatments reviewed and identified as not billed included treatment of both lakes and canals. A new field log sheet and database are being developed that will help clarify which treatments (or portions of treatments) are for lakes and which are for canals (and are not billable) and to document equipment usage. The field log sheet and database will be in place and fully utilized by

January/February 2011. This will allow for clear, accurate and complete billing to FFWCC.

The charge-back system still under review by OMB includes a fringe of 41.65% (as recommended by OMB) for EPD staff, and a benefits fringe of 7.65% (FICA only) for contract labor. The 41.65% breaks down as follows FRS 9.72%, FICA 7.65%, vacation accrual 7.80% and Insurance 16.48%.

- B) EPD Concurs. A new field log sheet and database are being developed for recording field time of the staff, to help clarify which treatments are for lakes and which are for canals, and to document equipment usage. This new system will be in place and fully operational by January/ February 2011.

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

During our previous review of hazardous waste described as Small Quantity Generators (SQGs), we noted that five facilities were not inspected during the five-year cycle ending on June 30, 2006, as required by Section 403.7234(4) of the Florida Statutes. 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.

**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.



**Status:**

Implemented. Listings and inspections are being prioritized. As a result, we found that all 45 facilities tested were inspected within the five year cycle.

**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 during the previous audit:

- There was no inspection report on file in three of 58 instances to support reported inspections for the SQG facilities.
- In one of seven instances, the facility was out of compliance and the Division prescribed corrective action. However, the Division did not perform a follow-up inspection to ensure the facility returned to full compliance. Additionally, in the prior audit we noted there were three other instances where this occurred in related testing.
- In one instance, follow-up of prescribed corrective actions was not done in a timely manner.
- In 15 of the 60 cases reviewed, the status (Active, Inactive, or Out-of-Business) of the facility was not noted on the inspection report.

**We Recommend** the Division:

- A) Ensures that reported inspections and follow-up activities for facilities not in compliance are adequately and accurately documented; and,

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- B) Establishes a tickler file system to assist in the timely follow-up of all facilities that are out of compliance.

**Status:**

- A) Implemented. Our testing of a sample of inspections showed that inspection reports were completed in all instances. In addition, follow-up activities are adequately documented where applicable.
- B) Implemented. Our review of the reports and data generated from the FDEP system confirmed that a tickler system is now in place and is being utilized.

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

During the previous audit, 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.

At the time of our prior review the Division had 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.



**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.

**Status:**

Implemented. EPD completed their evaluation of the program and decided that it should be terminated. FDEP was informed of this decision on February 4, 2008.

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

Our review of the handling of emergency calls during the previous audit revealed the following:

- The database did not show the response time for 10 of a sample of 40 calls reviewed.
- 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.

**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.

**Status:**

Not applicable. Effective January 1, 2010, the Division ceased to respond to emergency calls. These calls are handled by other authorities. Appropriate advice was sent to FDEP.

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

During our previous review of case files for complaints handled by the Compliance and Waste Management Section of the Division, 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.

**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.

**Status:**

Not implemented. While the present data base provides for assignments and follow-up, our testing of a sample of 30 incidents from the incidents database and their resolution revealed the following: There was no documentation to show that two potential violations (09-262922 assigned 07/06/09 and 09-263268 assigned 07/08/09) were followed-up although the inspections were assigned and a due date recorded. There were also two other instances (09-258779 assigned on 06/23/09 and 09-267820 assigned on 08/13/09) where the documentation did not show that the complaints were satisfactorily resolved. In addition, no follow-up activities were noted for two violations (09-274816 on 10/20/09 - unpermitted boat dock and 275050 on 10/22/09 -

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unauthorized floating jet ski dock) that were discovered by staff. Based upon the above, follow-up activities were not performed in a timely manner for 20 percent (6 of 30) of the incidents examined.

**We Again Recommend** the Division establishes adequate review procedures to ensure that follow-up activities for complaints and other incidents noted in the incidents data base are performed in a timely manner and adequately documented.

**Management's Response:**

EPD partially concurs. EPD does have a review in place to check on follow up. However, EPD agrees that more needs to be done to keep incidents moving along, especially complaints that are assigned with no action taken (referenced from follow-up audit: 09-262922 and 09-263268). In response, the Environmental Permitting and Compliance staff are now required to check the status of their pending tasks and permits weekly and enter actions/tasks performed into the permitting database and/or EPD application (complaint log) as appropriate. The Program Supervisor shall be developing a DOG to formalize this requirement, and provide guidance on task triage or prioritization. It is important to note that some complaints are minor in their environmental impact and due to prioritization and staffing levels cases may be delayed or closed without follow-up inspections; however, these will be appropriately documented in the database. The Program Supervisor shall also perform checks every three weeks to ensure timely service and adequate documentation by staff. This new procedure is now being implemented.

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

During our previous review, we noted invoices submitted by contractors and suppliers were not being processed in a timely manner by the fiscal section of the Division (Fiscal).

Our review of a sample of 121 invoices showed that 60 percent of the invoices took over seven days to be processed and five percent of which took over 40 days.

**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.

**Status:**

Implemented. A fiscal officer was added to the fiscal section. This appears to have helped solved the timeliness issue observed during our prior audit. A review showed that invoices are being processed in a timely manner, i.e., primarily on the day received or within a few days thereafter.

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

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

- 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.

**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.

**Status:**

Implemented. Our review of 20 applicable invoices showed all were approved and forwarded to the Comptroller's





Finance Department for payment with supporting documents as required by applicable contracts or judged adequate by Audit for those without a contract. Additionally, all were signed by staff evidencing receipt of goods and services.

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

The description of services shown performed on invoices submitted for payment by aquatic weed control contractors did not meet contractual requirements in one of the five contacts reviewed during the previous audit. 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.

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

**Status:**

Implemented. Invoices tested, as applicable, were compliant with contract terms.