



## Department of Environmental Protection Office of Inspector General

October 29, 2024

Report A-2324DEP-034

### ***Audit of Agreement 22SRP11 with St. Johns River Water Management District for Bayard Point Land Acquisition***

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement 22SRP11 (Agreement) with St. Johns River Water Management District (Grantee). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2023-2024.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of the audit included reviewing the activities, records, and disbursements associated with the Agreement between the Department and the Grantee, from July 1, 2022, to the present. The objectives of the audit were to:

1. Determine if the Grantee complied with the requirements of the Agreement, including deliverables and disbursements.
2. Evaluate Department oversight and internal controls of the Grantee's compliance with the Agreement.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Agreement, attachments, change orders, and amendments.
- Conducting analyses of Grantee activities and related grant documents.
- Reviewing associated records and documentation; including, deliverables, invoices, communications, and other supporting documentation.
- Interviewing appropriate Department employees and management regarding the processes and controls used in the duration of the Agreement.

#### **BACKGROUND**

The Department administers the Resilient Florida Grant Program, as authorized by Section 380.093, Florida Statutes (F.S.), where the Department provides grants to counties, municipalities, regional resilience entities, water management districts, and flood control districts that are at risk of sea level rise and related coastal and/or inland flooding, as well as those identified in legislation. The purpose of the program is to promote community resilience planning and adaptation, and the development of public outreach tools, products, or programs that support community resilience planning efforts.

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Development of vulnerability assessments, adaptation plans, and comprehensive plan goals, objectives, and policies are also encouraged. Specifically, the Grantee was awarded based on 2022 Appropriations for the Statewide Flooding and Sea Level Rise Resilience Plan, submitted pursuant to Section 380.093(5), F.S.

On September 15, 2022, the Department and the Grantee entered into an Agreement with a total amount of State funding for \$8,500,000. The Agreement includes requirements for 50 percent Grantee match in the amount of \$8,500,000. The Agreement begin date is July 1, 2022, and the date of expiration is June 30, 2025. According to the Grant Work Plan, the Grantee will acquire 9 parcels (266 acres) along the St. Johns River at the Bayard Conservation Area which is in Green Cove Springs within Clay County, Florida. As of May 2, 2024, there had been one Amendment, one Change Order, and three Grant Manager changes. Oversight of the Agreement was provided by the Office of Resilience and Coastal Protection (ORCP).

At the time of our review, the Grantee had received one reimbursement in the amount of \$749,163 with an equal amount applied as match. The budget and timeline for the task is provided in the table below.

Task No.	Task Title	Department Amount	Local Amount	Total Amount	Task Start Date	Task Due Date
1	Land Acquisition	\$8,500,000	\$8,500,000	\$17,000,000	7/1/2022	3/31/2025

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**RESULTS OF AUDIT**

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During the audit, we reviewed the Grantee's compliance with the requirements of the Agreement, deliverables, disbursements, ORCP oversight, and internal controls. Our review was limited to the work and activities completed during the audit period, as the Agreement remains active and does not expire until 2025. Based on our review we found the following:

**Task 1 Deliverables**

For Task 1, the Agreement states, *The Grantee will acquire fee simple or less-than-fee simple interest on properties within Clay County, FL.... Costs related to pre-acquisition activities will be reimbursable. For each parcel acquired, the Grantee will submit copies of: 1) all appraisals; 2) either the closing statement or all closing documents; 3) title exam/insurance; 4) a property survey or comparable legal description with sketch; 5) a boundary in GIS format (shapefile, geodatabase, or other compatible format, as applicable); and 6) the deed, recorded easement, or property interest.*

Our review found the Grantee had not completed acquisition of all nine parcels. However, the Agreement states, *For interim payment requests, Exhibit A may serve as the deliverable for a task.* According to the Exhibit A Progress Report Form, the Grantee completed the acquisition of four of the nine parcels included in the Agreement (101 of the 266 acres). Based on the deliverable requirements for each parcel acquired, our

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review found that most of the required deliverables appear to have been received. However, we found the Grantee did not submit the title documents for all parcels acquired prior to receiving payment.

**Disbursement**

According to the Agreement, *Following the Grantee's acquisition of each parcel, the Grantee may submit a payment request for cost reimbursement using both Exhibit A, Progress Report Form, and Exhibit C, Payment Request Summary Form. Interim payment requests...must be made using Exhibit A, detailing all work progress made during that payment request period, and Exhibit C.* At the time of our review, the Grantee had received one reimbursement in the amount of \$749,163 with an equal amount applied as match. For this reimbursement, the Grantee submitted an Interim Payment Request for a partial reimbursement on Exhibit A and C, as required. However, our review found the invoice provided for reimbursement did not contain sufficient detail, no proof of payment documents were provided, some of the reimbursement appeared to be for ineligible costs, and some required documentation was not provided at the time the payment was made.

**Invoice and Proof of Payment documentation:** According to the Agreement, *All charges for services rendered or for reimbursement of expenses authorized by Department pursuant to the Grant Work Plan shall be submitted to Department in sufficient detail for a proper pre-audit and post-audit to be performed.* We found the invoice submitted included a lump sum for \$749,163 for land acquisition but did not provide details or supporting documentation that supported each expenditure being requested for reimbursement. There were also no proof of payment documents provided.

**Ineligible Costs:** During the audit, we requested additional documentation in order to review expenditures that had been reimbursed. According to the Agreement, *The reimbursement period for this Agreement is the same as the term of the Agreement, which is July 1, 2022, through June 30, 2025.* Our review found there were \$93,515 of costs incurred prior to July 1, 2022. Of those costs, half (\$46,757.50) were used as match and the Department reimbursed the Grantee the other half (\$46,757.50). Although the Agreement does not allow reimbursement for expenditures prior to July 1, 2022, it does allow those costs to be used for match purposes. Specifically, the Agreement states, *the Grantee may claim allowable project expenditures made on July 1, 2021 or after for purposes of meeting its match requirement.* Our review found that some of the costs incurred prior to July 1, 2022, that were applied as match, appear to include costs for parcels that have not been acquired by the Grantee. Moreover, some of the invoices provided during the audit did not provide costs per parcel. Therefore, it is unclear what amount for the parcels acquired would be eligible for match. While the Agreement allows for the reimbursement and application of match for allowable project expenditures, the Agreement terms specify that the Grantee is to submit deliverables for *each parcel acquired* and payment requests *Following the Grantee's acquisition of each parcel.* Our review found match was applied for expenditures related to 4 parcels which have not been acquired by the Grantee.

**Missing Supporting Documentation:** According to the Agreement, *Supporting documentation must be provided to substantiate cost reimbursement or match*

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*requirements. For the category of land acquisition, Reimbursement for the costs associated with acquiring interest and/or rights to real property...must be supported by the following, as applicable...Environmental Site Assessments...* Based on our review, the reimbursement included costs for an Environmental Site Assessment for the four acquired parcels. While the document was provided during the audit, it had not been submitted at the time of reimbursement.

**Department Oversight**

According to the Agreement, *Interim payments may be made by Department, at its discretion, if the completion of deliverables to date have first been accepted in writing by Department's Grant Manager.* Our review found, though the deliverables were accepted in writing, the Department approved payment of deliverables without the required documentation supporting their completion. Furthermore, the Agreement states, *All charges for services rendered or for reimbursement of expenses authorized by Department pursuant to the Grant Work Plan shall be submitted to Department in sufficient detail for a proper pre-audit and post-audit to be performed.* Our review of the disbursement documentation found the invoice included did not contain sufficient detail to support the costs reimbursed and there was no proof of payment documentation. Our review also found the Grantee was reimbursed for some costs which appeared to be ineligible.

Additionally, we noted during our review an Amendment was executed and going forward, interim payments are no longer allowable under the agreement.

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**CONCLUSION**

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During the audit, we reviewed the Grantee's compliance with the requirements of the Agreement, deliverables, disbursements, ORCP oversight, and internal controls. Our review was limited to the work and activities completed during the audit period, as the Agreement remains active and does not expire until 2025. Based on our review we found the Grantee had not completed acquisition of all nine parcels specified in the Agreement but had received one interim payment for the acquisition of four parcels. However, the supporting documentation submitted for each parcel acquired did not appear to include all required documents, and the Grantee was reimbursed for some costs outside the cost-reimbursement period. Our findings and recommendations are listed below.

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**FINDINGS AND RECOMMENDATIONS**

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**Finding 1: Required Documentation – The Grantee did not submit all the supporting documentation required by the Agreement prior to receiving reimbursement.**

The Agreement contained one task to acquire nine specific parcels within Clay County, Florida. The deliverables for this task include the following requirements: *For each parcel acquired, the Grantee will submit copies of: 1) all appraisals; 2) either the closing statement or all closing documents; 3) title exam/insurance; 4) a property survey or comparable legal description with sketch; 5) a boundary in GIS format (shapefile,*

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*geodatabase, or other compatible format, as applicable); and 6) the deed, recorded easement, or property interest.* Our review found the Grantee had not completed acquisition of all nine parcels included in the Agreement but submitted an interim payment request for four acquired parcels. Based on the deliverable requirements, *For each parcel acquired*, our review found that most of the required deliverables appear to have been provided. However, we found the Grantee did not submit the title documents for all parcels acquired prior to receiving payment.

Additionally, the Agreement requires, *Reimbursement for the costs associated with acquiring interest and/or rights to real property...must be supported by the following, as applicable...Environmental Site Assessments...* Based on our review, the reimbursement included costs for an Environmental Site Assessment for the four acquired parcels. While the document was provided during the audit, it had not been submitted at the time of reimbursement.

**Recommendations:**

We recommend ORCP provide training to Grant Managers and strengthen internal controls to ensure the Grantee provides all deliverables and adequate supporting documentation prior to reimbursement of grant funds.

**Management's Response:**

The program has strengthened internal controls for the review of deliverables and payment requests, including for all supporting and required documentation, in both the Grant Management and Budget and Contract Section. Deliverables are required to be reviewed by a second-level grant reviewer prior to the Department grant manager providing the grantee with a deliverable acceptance or non-acceptance letter. Payment requests are required to be reviewed by two Budget Section staff and two Grants Section staff (a primary and second-level review from each section) prior to processing the payment request. This will ensure that sufficient documentation has been received prior to deliverable acceptance and reimbursement.

**Finding 2: Unsupported and Ineligible Costs - The Grantee received reimbursement for expenditures outside of the cost-reimbursement period and did not always provide the required supporting documentation.**

According to the Agreement, *Following the Grantee's acquisition of each parcel, the Grantee may submit a payment request for cost reimbursement.* At the time of our review, the Grantee had received one reimbursement in the amount of \$749,163 with an equal amount applied as match. For this reimbursement, the Grantee submitted an Interim Payment Request for a partial reimbursement; however, our review found the invoice provided for reimbursement did not contain sufficient detail, no proof of payment documents were provided, and some of the reimbursement appeared to be for ineligible costs.

**Invoice and Proof of Payment documentation:** According to the Agreement, *All charges for services rendered or for reimbursement of expenses authorized by Department pursuant to the Grant Work Plan shall be submitted to Department in sufficient detail for a proper pre-audit and post-audit to be performed.* We found the



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invoice submitted included a lump sum amount of \$749,163 for land acquisition but did not provide details or supporting documentation that supported each expenditure being requested for reimbursement. There were also no proof of payment documents provided.

**Ineligible Costs:** During the audit, we requested additional documentation in order to review expenditures that had been reimbursed. According to the Agreement, *The reimbursement period for this Agreement is the same as the term of the Agreement*, which is July 1, 2022, through June 30, 2025. Our review found there were \$93,515 of costs incurred prior to July 1, 2022. Of those costs, half (\$46,757.50) were used as match and the Department reimbursed the Grantee the other half (\$46,757.50). Although the Agreement does not allow reimbursement for expenditures prior to July 1, 2022, it does allow those costs to be used for match purposes. Specifically, the Agreement states, the *Grantee may claim allowable project expenditures made on July 1, 2021 or after for purposes of meeting its match requirement*. Our review found that some of the costs incurred prior to July 1, 2022, that were applied as match, appear to include costs for parcels that have not been acquired by the Grantee. Moreover, some of the invoices provided during the audit did not itemize costs per parcel. Therefore, it is unclear what expenditures for the parcels acquired would be eligible for match. While the Agreement allows for the reimbursement and application of match for *allowable project expenditures*, the Agreement terms specify that the Grantee is to submit deliverables *For each parcel acquired* and payment requests *Following the Grantee's acquisition of each parcel*. Our review found match was applied for expenditures related to 4 parcels which have not been acquired by the Grantee.

**Recommendations:**

We recommend ORCP ensure the Grantee submits all required supporting documentation in sufficient detail for a proper pre-audit and post-audit. We also recommend ORCP review payments made to the Grantee to determine whether the Grantee received payment for any ineligible expenditures, and request reimbursement for any amount determined to be owed to the Department.

**Management's Response:**

The program agrees that some expenditures in this agreement may be determined to be an overpayment at the time of issuance. In lieu of requesting reimbursement, the program will reduce \$46,757.50 from the Grantee's second payment request which has yet to be received. The Grantee will be notified of the reduction prior to processing the invoice. The value of \$46,757.50 did occur after July 1, 2021, which is the date the program has determined match funding eligibility. At the end of the agreement, provided that all parcels have been acquired, the \$46,757.50 may be eligible towards their match contribution.

At the time of payment request #1, the grant agreement allowed for interim payment requests, but the deliverable and Payment Request Schedule language conflicted this by requiring full acquisition of the parcel. The grant agreement was formally amended by Amendment 1 on December 18, 2023, which included an update to the Payment Request Schedule in Attachment 3 to the following: *Following the Grantee's full or partial completion of a task's deliverable(s) and acceptance by the Department's Grant Manager, the Grantee may submit a payment request for cost reimbursement using the Exhibit C, Payment Request Summary Form*. This removed the language and requirement for the

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grantee to only submit payment requests Following the Grantee's acquisition of each parcel... Per Amendment 1, the deliverables, Performance Measures, and Payment Request Schedule allow for submission of partial or full deliverables for each parcel acquired. The program will ensure that the grantee submits all documentation to verify that the parcels are acquired prior to deliverable acceptance and payment processing.

Although the Grantee has yet to acquire certain parcels, project costs are being incurred. A final reconciliation will be completed at the time of the final payment and any costs for both match and reimbursement will be reviewed for a final time. At that time, all deliverables should have been received, reviewed, and approved. If the parcels claimed in match have not been acquired fully, then the Grantee will be asked to provide different documentation to support the match requirement of fifty percent (50%) of the total project costs.

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**STATEMENT OF ACCORDANCE**

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**Statement of Accordance**

The Mission of the OIG is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

This work product was prepared pursuant to § 20.055, Florida Statutes, in accordance with the *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and the *International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors, Inc. The audit was conducted by Tessa Jordan and supervised by Susan Cureton.

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