



Department of Environmental Protection Office of Inspector General

October 21, 2024

Report A-2324DEP-014

Audit of Agreement 22ME1 with the Town of Longboat Key for Longboat Key Beach Nourishment

INTRODUCTION

The Florida Department of Environmental Protection (Department), Office of Inspector General conducted an audit of Agreement 22ME1 (Agreement) with the Town of Longboat Key (Grantee) for Longboat Key Beach Nourishment. 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 requirements, oversight, deliverables, and disbursements associated with the Agreement between the Department and the Grantee from the Agreement begin date of July 1, 2020, through the present.

The objectives of the audit were to:

1. Determine whether 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 statute, regulation and Agreement requirements.
- Conducting interviews with Department staff.
- Reviewing associated Agreement documentation; including deliverables, invoices, and other supporting documentation.

BACKGROUND

The Department's Office of Resilience and Coastal Protection (ORCP) manages more than 5.3 million acres of submerged lands and coastal uplands in the State of Florida. The Beaches Programs, within the ORCP, *have the primary mission of protecting, restoring and managing Florida's coastal systems*. Additionally, within the ORCP is the Coastal Engineering and Geology Group, which identifies critically eroded beaches throughout the State of Florida. The Beach Management Funding Assistance Program (BMFAP) oversees the funding allocated by the Florida Legislature for critically eroded beaches. BMFAP is also responsible for executing agreements with local sponsors who are requesting funding for such projects.

On October 8, 2021, the Agreement was executed with the Grantee for the Longboat Key Beach Nourishment (Project). The Project consisted of over ten miles of shoreline across two counties, Manatee and Sarasota, and along the Gulf of Mexico. According to the Agreement, the Project area was restored in 1993, and has been nourished along Passage Key, Longboat Pass, and New Pass. The Agreement was a Cost Reimbursement Agreement with a begin date established as July 1, 2020, and a date of expiration as December 31, 2024. The Agreement included four

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tasks and each task included a description, required deliverables, a performance standard, and a payment request schedule (see table below). According to the Agreement, all task deliverables had a due date of September 30, 2024. Additionally, the Agreement established the Department's share for funding would not exceed \$2,013,132.

Eligible Project Tasks	State Share	Federal Estimated	Department	Local	Total
1. Feasibility	50%	\$600,000.00	\$300,000.00	\$300,000.00	\$1,200,000.00
2. Design and Permitting	26.94%		\$65,751.00	\$178,313.60	\$244,064.60
3. Construction	26.94%		\$1,499,211.00	\$4,065,789.00	\$5,565,000.00
4. Monitoring	26.94%		\$148,170.00	\$401,830.00	\$550,000.00
Total Project Costs		\$600,000.00	\$2,013,132.00	\$4,945,932.60	\$7,559,064.60

RESULTS OF AUDIT

During the audit, we reviewed documentation relating to the Agreement's requirements, the Grantee's completion of tasks and deliverables, disbursements, and the Department's oversight of the Grantee's compliance with the Agreement. Based on our review we found the following:

Tasks and Deliverables

The Agreement included the following four tasks with associated deliverables:

- **Task 1: Feasibility Study:** This task required the Grantee to obtain professional services to determine the feasibility of the improvements necessary to accomplish the Project. Based on our review, we found that no payments or deliverables for this task had been completed during our review.
- **Task 2: Design and Permitting:** This Task required the Grantee to obtain professional services for the engineering and design of the Project. Based on our review, we found that two Scopes of Work had been approved for this task, although no payment requests had been made for this task during our review.
- **Task 3: Construction:** According to the Agreement, this Task *included the work performed and costs incurred associated with the placement of fill materials and/or construction of erosion control structures within the Project area*. Based on our review, we found Department approvals for Scopes of Work and deliverables, as well as payment disbursements for this task.
- **Task 4: Monitoring:** This Task included all monitoring activities required by state and federal agencies, based on the permits associated with the Project. Based on our review, we found no payments or deliverables for this task had been completed.

According to the Agreement, the Grantee was to provide detailed scopes of work for all tasks, and each scope of work shall be approved in writing by the Department's Project Manager. Based on our review, we determined for Task 3, there were three scopes of work submitted for approval to the Department in September 2021, which was prior to the execution of the Agreement. The three scopes of work for Task 3 were approved by the Division subsequent to execution of the Agreement. Based on the Scope Summary Table provided by the Division, there were also two scopes of work approved for Task 2 that had been approved in August 2022; however, the work for those scopes of work was completed outside the term of the Agreement.

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According to the Agreement, the Grantee may request an Interim Payment for a task and a detailed Task Summary Report was to be submitted as the deliverable. According to the Agreement, Task Summary Reports were to be signed by the Grantee and include *the dates and descriptions of all activities, surveys and reports completed or in progress during the time period of the interim payment request*. Based on our review, we found that the Grant Manager generally provided written approval of deliverables. However, for the first Interim payment, the written approval was dated November 5, 2021, although, a Task Summary Report was not included in the deliverables submitted. However, we found the Task Summary Report was signed by the Grantee on November 8, 2021, which was after the approval of the deliverables.

Disbursements

At the time of our review, we found that the Grantee had received two interim payments, which were both applied to Task 3. (See chart below)

Task	Date of Payment	Payment Number	Payment Amount
3	12/16/21	1	\$980,228.28
3	9/21/22	2	\$8,351.40
		Total Amount	\$988,579.68

The Agreement stated that payment requests may be submitted quarterly and only after the deliverable is received and approved by the Grant Manager. The Agreement also stated that any *match or reimbursement requests for payments to subcontractors must be substantiated by copies of invoices with backup documentation identical to that required from Grantee*. Based on our review, we found that the invoices, proof of payments, and detailed backup documentation appeared to have been submitted to the Department.

Subcontractors

The Agreement states that, *the Grantee may subcontract work under this Agreement without prior written consent of the Department's Grant Manager except for certain fixed-priced subcontracts pursuant to this Agreement, which require prior approval. The Grantee shall submit a copy of the executed subcontract to the Department prior to submitting any invoices for subcontracted work*. Based on our review, we found the Grantee entered into agreements with subcontractors to complete the work for the Project and subcontractor agreements were provided to the Department prior to submitting invoices.

Quarterly Status Reports

According to the Agreement, the Grantee is required to submit Quarterly Status Reports to the Department. The Quarterly Status Reports are to include *the work performed during the reporting period, problems encountered, problem resolutions, scheduled updates, and proposed work for the next reporting period*. During the audit we reviewed 10 Quarterly Status Reports and found that 8 of the 10 were submitted by the Grantee's Subcontractor to the Department.

Prior Audit Finding

Based on discussions with ORCP staff, similar types of projects used to be funded in phases and task descriptions and deliverables between subsequent agreements may appear to be duplicative but not all tasks were completed under any specific agreement. A prior audit was conducted by

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the Department's OIG in October 2021¹. A finding included in that audit report described similar internal control weaknesses noted during our review of this Agreement. Specifically, the prior audit report stated:

Given limited annual funding availability, Beaches Funding Program management seeks to fund projects by phase. However, Agreements related to the Project did not always fund Project related costs consistent with chronological phases. In addition, task descriptions and deliverables between Agreements were duplicative and did not distinguish specific and separate activities, despite the availability of the City's executed Work Orders and construction contract. While we verified that payments for Project costs were not duplicated between the Agreements, duplicating tasks and deliverables for the same Project among different Agreements exposes department funds to risk of paying for costs external to the funded Project and duplicative billing.

Our review found that this Agreement was executed in October 2021, the same timeframe as the previous audit report was issued. The audit report recommended ORCP ensure that future agreements include tasks and deliverables that outline specific activities that are not duplicative of deliverables in other agreements. Management agreed with the finding, and stated implementation of corrective actions included agreements for the 2021/2022 fiscal year, as well as *all future Project Agreements funded under the ORCP Beach Management Funding Assistance Program*. Based on a 6-month follow-up of that audit, the OIG determined that ORCP had implemented corrective actions. As a result of this audit, we reviewed some current Agreements and held discussions with ORCP staff and found that corrective measures and updated processes appear to have occurred.

CONCLUSION

During the audit, we reviewed documentation relating to the Agreement's requirements, the Grantee's completion of tasks and deliverables, disbursements, and the Department's oversight of the Grantee's compliance with the Agreement. Based on our review, we found that not all the tasks and deliverables described in the Agreement was completed during the Agreement period. Based on discussions with ORCP staff, projects used to be funded in phases and task descriptions and deliverables between subsequent agreements may appear to be duplicative. However, there was a prior audit report issued during the same time period that this Agreement was executed (October 2021). Based on the prior audit finding and the completion of management's corrective actions, we determined that internal control weaknesses found in this audit appear to have been corrected by the ORCP.

¹ Audit of Agreement 18PB7 with the City of Boca Raton (A-2021DEP-006).

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STATEMENT OF ACCORDANCE

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 Andrea Kramer and supervised by Susan Cureton.

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