



## Department of Environmental Protection Office of Inspector General

October 10, 2024

Report A-2324DEP-029

### *Audit of Agreement TV024 with Pinellas County for Title V Activities*

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement TV024 (Agreement) with Pinellas County (Grantee) for Title V Activities. 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 a review of the Agreement between the Department and the Grantee from July 1, 2021, to June 30, 2023, for funding assistance of Title V activities. The scope also included a review of the current Agreement, TV030, whose reimbursement period began on July 1, 2023, and is set to end on June 30, 2025. The objective of the audit was to determine whether reimbursements to the Grantee, under the Agreement, were for eligible Title V activity costs in accordance with the Agreement and as described in Section 403.0872, Florida Statutes.

To achieve our audit objectives, our methodology included:

- Reviewing the requirements of the Agreement, relevant statutes, and other authoritative documents.
- Obtaining Division and Grantee records and conducting an analysis of timesheet data and invoiced cost reimbursements.
- Interviewing relevant Department and Grantee staff regarding invoice submission and Grantee expenditures.

#### **BACKGROUND**

In 2001, the Department received program approval from the United States Environmental Protection Agency to issue Title V permits pursuant to the Clean Air Act Amendments of 1990. To fund this program and be self-sufficient as required by Section 403.0872(11)(b), Florida Statutes (F.S.), the Department implemented the collection of an annual fee on the emissions from each major source of air pollution within the State.

A county and municipality or a combination of, may create and manage a local pollution control program. If a local pollution control program adequately meets the requirements of Section 403.182, F.S., and the applicable rules and regulation, it shall be approved by the Department as an approved local pollution control program. The Division of Air Resource Management (Division) manages Title V activities for the Department and has entered into specific operating agreements with eight Local Programs. These Local

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Programs are responsible for monitoring the compliance of applicable facilities within their jurisdiction and assisting the Division with issuing new or renewed operating permits. Local Programs' expenses related to Title V activities, which qualify under Section 403.0872(11)(b), F.S., are reimbursed by the Division from Title V operations license fees deposited in the Air Pollution Control Trust Fund, per Section 403.0873, F.S.

The Department executed the Agreement to provide financial assistance to the Grantee for Title V activities conducted during fiscal year 2021-2022 and fiscal year 2022-2023. According to the Agreement, the Department received funding from the Florida Legislature through Appropriation Line-Item No.1714, Air Pollution Control Trust Fund, Fiscal Year (FY) 2021-2022, General Appropriations Act, for the purpose of, among other things, providing funding assistance for the Title V activities performed by the Pinellas County-approved local air pollution control program (Project) on a cost reimbursement basis, up to a maximum of \$27,087.57 for FY 2021-2022, and \$27,980.74 for FY 2022-2023. Authority for this Project is specified in Section 403.182, F.S.

The Agreement contained one task with associated deliverables. The Agreement provided for reimbursement of the Grantee's direct salary expense, fringe benefits, and indirect costs that were directly related to Title V activities. One Agreement Amendment was processed to add an additional staff position title, which did not change the Agreement's totals. As provided within Section 403.0872, F.S., a biennially audit of the air-operation permit program must be performed to verify the annual operation fees collected by the Department are used exclusively to support any reasonable direct and indirect costs related to the regulation of major stationary air pollution sources.

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## **RESULTS OF AUDIT**

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During the audit, we reviewed financial records and documentation from the Grantee, interviewed appropriate Division and Grantee staff, and conducted an analysis of quarterly invoices and supporting documentation. Based on our review we found the following:

### **Cost Reimbursement Budget**

*According to the Agreement for Task 1, The Grantee will perform Title V Program Activities. These activities include: Performing compliance inspections, reviewing Annual Operating Reports (AOR), Stack Test Reports, Visible Emission (VE) Test Reports, Continuous Monitor Reports, and other miscellaneous reports, assume the enforcement lead for violations of federal and state air pollution regulations within the county, and enter the compliance assurance activities and related data for Title V sources in the AirCom database as outlined in the latest approved version of the Air Compliance and Enforcement Level of Service Requirements document.*

The Agreement listed cost reimbursable grant funding amounts which were not to exceed specific budget category totals. We compared the amount reimbursed to the Grantee to the budgeted amounts listed in the Agreement. Our review found reimbursements to the Grantee were at or below the Agreement budget requirements (see table below).

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<b>Fiscal Year 2021 - 2022</b>			
<b>Category</b>	<b>Agreement Budgeted Amount</b>	<b>Reimbursement Amounts</b>	<b>Difference</b>
Salaries/Wages	\$ 13,597.50	\$ 7,088.79	\$ 6,508.71
Fringe Benefits	\$ 9,658.30	\$ 5,035.15	\$ 4,623.15
Indirect Costs	\$ 3,831.77	\$ 1,997.60	\$ 1,834.17
<b>Total</b>	<b>\$ 27,087.57</b>	<b>\$ 14,121.54</b>	<b>\$ 12,966.03</b>
<b>Fiscal Year 2022 - 2023</b>			
<b>Category</b>	<b>Agreement Budgeted Amount</b>	<b>Reimbursement Amounts</b>	<b>Difference</b>
Salaries/Wages	\$ 14,028.25	\$ 14,028.25	\$ 0
Fringe Benefits	\$ 9,999.33	\$ 9,999.33	\$ 0
Indirect Costs	\$ 3,953.16	\$ 3,953.16	\$ 0
<b>Total</b>	<b>\$ 27,980.74</b>	<b>\$ 27,980.74</b>	<b>\$ 0</b>

**Salary, Fringe, and Indirect Costs**

The Agreement states cost reimbursable hourly, fringe, and indirect rates by position may not exceed those indicated in the table below.

<b>Fiscal Year 2021 - 2022</b>			
<b>Position Classification</b>	<b>Maximum Hourly Rate</b>	<b>Maximum Fringe Benefits Rate</b>	<b>Maximum Indirect Cost Rate</b>
Environmental Division Manager	\$ 50.33 per hour	71.03% of direct salaries	28.18% of direct salaries
Environmental Program Manager	\$ 44.06 per hour		
Technical Project Coordinator <sup>1</sup>	\$ 44.06 per hour		
Environmental Specialist	\$ 36.73 per hour		
<b>Fiscal Year 2022 - 2023</b>			
<b>Position Classification</b>	<b>Maximum Hourly Rate</b>	<b>Maximum Fringe Benefits Rate</b>	<b>Maximum Indirect Cost Rate</b>
Environmental Division Manager	\$ 51.90 per hour	71.28% of direct salaries	28.18% of direct salaries
Environmental Program Manager	\$ 45.43 per hour		
Technical Project Coordinator	\$ 45.43 per hour		
Environmental Specialist	\$ 37.78 per hour		

**Salaries:** The Agreement states, *The Grantee will be reimbursed for authorized direct and indirect expenses... incurred for performing eligible Title V Program Activities during the approved service period under this Agreement. Allowable salary costs include time spent performing compliance activities, as well as salary costs for program management, administration, and support for Title V Program Activities.* During our review, an analysis was conducted utilizing documentation from the Grantee, including, Title V hourly staff pay, job titles, technical training records, and submitted quarterly invoices. The submitted invoices were compared to the timesheets, and staff salaries were also recalculated to ensure accuracy. Based on our review, we found no discrepancies other than minor

<sup>1</sup> The addition of the Position Classification of Technical Project Coordinator and its Maximum Hourly Salary was by approval of an Agreement Amendment.

rounding issues that were corrected by the Division's Grant Manager prior to approving the invoices for payment. To ensure salary costs reimbursed to the Grantee did not exceed the maximum hourly rate specified in the Agreement, we compared the rates specified in the Agreement to the actual hourly rates paid and invoiced by the Grantee. Our review found the hourly rates reimbursed to the Grantee did not exceed the maximum hourly rates allowed by the Agreement. The invoiced salary costs and staff hours were also consistent with the timesheets that were provided by the Grantee.

Fringe and Indirect Costs: In addition to salary expenses, the Agreement allows cost reimbursement for fringe and indirect costs up to the maximum rates listed in the table above. Our review found the Grantee invoiced for and received reimbursement for the Maximum Fringe and Indirect Rates listed in the Agreement.

While the Agreement authorizes reimbursement for fringe and indirect costs up to a maximum percentage, it also states reimbursements should be, *for actual costs not to exceed the budget amount identified in Attachment 3* [the maximum percentage]. During discussions with the Division, we were told the local programs all calculate fringe and indirect costs differently and none of the programs submit actual costs for fringe or indirect costs. While the Grantee's invoiced amounts for fringe benefits and indirect costs did not exceed the maximum allowable amounts based on the rates stated in the Agreement, we were unable to determine if the amounts reimbursed for these costs were more or less than the actual costs incurred by the Grantee.

### **Employee Requirements**

As required by the Agreement, the Grantee's employees performing activities under the Agreement, must meet the knowledge, skills, and abilities for the position classifications specified in the Agreement in accordance with the Grantee's written human resources policies. We reviewed each Title V employee's position job summary, essential job functions, and qualification documents. Our review found that staff who performed the invoiced Title V activities appeared to meet the requirements of the Agreement.

### **Deliverables and Invoice/Payments**

According to the Agreement, *The Grantee shall be paid on a cost reimbursement basis for all eligible Project costs upon the completion, submittal, and approval of each deliverable identified in the Grant Work Plan. Reimbursement shall be requested utilizing Exhibit C, Payment Request Summary Form, which must be submitted with Exhibit F, Title V Activity Report, along with supporting documentation.* A review was conducted to determine the accuracy of the Grantee's invoice submittals. The Agreement requires the Grantee to submit the Payment Request Summary Form and the Title V Activity Report along with any supporting documentation per the required timeframes. The Grantee's Title V Activity Report provided evidence of their performance of Title V Program Activities. We verified that quarterly invoices and deliverables were submitted as required and contained the appropriate supporting documentation.

### **Department Responsibilities**

The Agreement states, *the Department's Grant Manager shall review the submitted information to determine that the number of hours invoiced for are appropriate for the*

*activities performed during the quarter and that the activities are being performed by the appropriate level of personnel. Upon review and written acceptance by the Department's Grant Manager of all deliverables under this task, DEP will proceed with payment for that quarterly performance period. As provided in the Agreement, the Department's Grant Manager shall have thirty (30) days to review and accept or reject the deliverables, which includes the reports and supporting documentation.* During our review, we found that the Department's Grant Manager reviewed and approved invoices within the Agreement's thirty-day requirement. We also noted several instances where the Division made mathematical corrections to the Title V Activity Reports and Payment Request Summary Forms. Recent documentation shows that the Division had reached out to the Grantee regarding these issues.

## **CONCLUSION**

During the audit, we reviewed financial records and documentation from the Grantee, interviewed appropriate Division and Grantee staff, and conducted an analysis of quarterly invoices and supporting documentation. Based on our review and analysis, cost reimbursements were found to be for eligible reimbursable Title V activity costs and did not exceed the maximum budgeted amounts listed in the Agreement.

## **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 Natasha Toth and supervised by Susan Cureton.

This report and other reports prepared by the OIG can be obtained through the Department's website at <https://floridadep.gov/oig> or by contacting:

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