

AUDIT OF CONTRACT 2022-148 STORMWATER ENGINEERING SERVICES

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EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted an independent audit of the *Contract No. 2022-148*, Agreement for Continuing Professional Consulting Services made between Sarasota County and Jones Edmunds & Associates, Inc. related to Engineering Services-stormwater. The purpose of the audit was to review internal controls and test contract compliance with applicable laws, ordinances, and policies and procedures related to the *Contract No. 2022-148* and associated work assignments.

The audit revealed a key finding where current controls and processes could be strengthened to ensure better compliance and oversight. The audit identified the Consultant failed to provide, in a timely manner, the necessary monthly written progress reports concerning the status of the Work Assignment to the County, as required by Section XI(D) of the *Contract No 2022-148*.



BACKGROUND AND OBJECTIVES

The Clerk of the Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* has completed an Audit of *Contract 2022-148* Stormwater Engineering Services. The audit was planned and conducted in conformance with the *Global Internal Standards (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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The purpose of the audit was to test internal controls and review compliance with applicable laws, policies, procedures and ordinances as it is related to *Contract No. 2022-148* and associated work assignments.

Background

The Sarasota County Stormwater department, previously operating under the Public Works Stormwater Environment Utility (SEU) is responsible for the planning, regulation, improvement and the maintenance of the county's stormwater systems. Its mission is to reduce flooding risks, protect water quality and ensure compliance with federal, state and local requirements while supporting community resiliency.

The SEU was established in 1989 by the Sarasota County Board to create a dedicated funding source for stormwater management. In 1991, the county entered an inter-local agreement with the city of Sarasota to maintain all stormwater systems in the city. Other early initiatives included adopting regulation of the 1% annual chance storm (10 inches in 24 hours) and joining the FEMA Community Rating System program to help minimize flood losses and lower insurance costs. In 1994, the County implemented non-ad valorem assessments to provide stable funding for long range planning and capital improvements. The assessments' methodology was updated in 2022 to address expanding regulations, resiliency initiatives and increase maintenance demands. In 2023 the county regulations updated design standards requiring regulation of three storm events (10%, 4% and 1% annual chance storms). In July 2025, the Board of County Commissioners established the stormwater department as an independent entity, formally separating it from the Public Works department.

The Department operates an enterprise fund with an annual revenue of approximately \$30,000,000, and is primarily funded through the SEU non-ad valorem assessments. In Fiscal Year 2024, the non-ad valorem assessment, which comprises of a fixed based fee and impervious area fee, generated \$26,825,200 (City \$3,814,032; County \$23,011,168). Additional revenue sources included interest income, plan review fees and National Pollutant Discharge Elimination System (NPDES) permit partner contributions, totaling \$442,438. The total operating budget for Fiscal Year 2024 was \$27,267,638, which supports three distinct program functions, including stormwater planning, capital improvements and maintenance.

The Stormwater planning function develops and maintains flood models and maps, identifies service deficiencies for flood protection and water quality impairment, and designs cost-effective projects to address them. The capital improvement program plans and manages cost effective projects to address flood protection and water quality deficiencies. The stormwater maintenance function performs routine and specialized maintenance of public stormwater management systems, including nearly 300 miles of open drainage lines, over 400 miles of closed drainage pipelines, approximately 21,000 structures or inlets, 305 acres of lakes and ponds, 252 miles of canal, and 10 stormwater pump stations.

The stormwater department uses both in-house and contracted services to execute these program functions. In March 2022, Sarasota County entered into a five-year Agreement for Continuing Professional Consulting Services (*Contract No. 2022-148*) with Jones Edmunds & Associates, Inc. related to Engineering Services–Stormwater. The contractor is responsible for providing stormwater engineering and technical services to support the County’s stormwater infrastructure. Scope of services include technical and engineering studies, Geographic Information Systems (GIS) services, field studies, watershed management, water quality, infrastructure repair as well as rehabilitation and replacement. Additional support includes assistance with grant and loan funding, cost-benefit analysis, public outreach, and quality assurance/control.

According to the Sarasota County Procurement Manual, a work assignment is a specific project under a master contract that outlines the work scope, project schedule and budget approved by both the County and the contractor. There were two work assignments associated with *Contract No. 2022-148* at the time of this audit. In October 2022, the County approved the ‘Legacy Trail Canal Erosion Control and Slope Stability Analysis’ work assignment. The objective of this project was to conduct an engineering analysis on ~3,500 feet of canal segments in Venice to assess erosion and analyze slope stability to develop stabilization concepts. In June 2023, the county approved the ‘Operable Gate Improvement Feasibility Study’ work assignment. The objective of this project was to conduct a feasibility study for the conversion of existing manually moveable gated control structures that control stormwater flows and stages to automated structures that can provide additional stormwater benefits such as flood control. Compliance with the contract for both work assignments were tested and evaluated for internal controls as well as following contractual rules and regulations. Although our audit scope was primarily Fiscal Year 2024 (October 1, 2023 – September 30, 2024), the scope was expanded to include Fiscal Year 2023 to review invoices associated with the Legacy Trail work assignment, which was completed in September 2023.

Objectives, Scope and Methodology

The objective(s) of this audit were to determine if Sarasota County's Stormwater Department's internal controls related to *Contract 2022-148*, Stormwater Engineering Services, are operating effectively and if they complied with applicable ordinances, policies, and procedures.

To meet the objective(s) of the audit, the procedures performed included, but were not limited to, the following:

- Reviewed the Sarasota County Procurement Manual and Section 287.055(2)(g), Florida Statutes.
- Performed inquiries of county personnel.
- Reviewed and tested documentation related to local sub-consultant affidavits, monthly invoices and progress reports, completion of work within designated time frames, work assignment compliance, periodic reviews, proper documentation with work assignments, retention of records, changes to key personnel, costs and subcontractor markups and scope of services.
- Identified opportunities for improvement



OPPORTUNITIES FOR IMPROVEMENT AND MANAGEMENT RESPONSES

The audit disclosed certain policies, procedures, and/or practices that could be improved. The audit was neither designed nor intended to be a detailed study of every relevant system, procedure, or transaction. As a result of the audit, observations and recommendations identified below are related to these *Standards*:

- (Standard 9.1) Communicating risk and control information to appropriate areas of the organization, and
- (Standard 9.1) The effectiveness of controls related to operations and programs, and compliance with policies and procedures.

The **Opportunities for Improvement** presented in this report may not be all-inclusive of areas where improvement may be needed. There was one (1) *Opportunities for Improvement* identified as a result of the audit:

- Invoices submitted without required progress reports.

1. Invoices Submitted without Required Progress Reports.

Observation

Section XI(D) of the agreement states “*the Consultant agrees to provide monthly written progress reports concerning the status of the Work Assignment to the County. Written progress reports will accompany each monthly invoice*”. Of the two work assignments associated with this contract at the time of this audit, one did not have any progress reports attached to the invoices.

Auditors reviewed invoices for the ‘Legacy Trail Canal Erosion Control and Slope Stability Analysis’ Work Assignment submitted in December 2022, January 2023, March 2023, May 2023, July 2023, and September 2023. These invoices for fiscal year 2023 were not accompanied by progress reports as required by Section XI(D) of the agreement.

Recommendation

To ensure compliance with Section XI(D) of the agreement, the stormwater department should work with consultant to ensure required progress reports are consistently submitted with invoices.

Management Response

I have reviewed with staff the importance of including progress reports with all invoices. Based on the findings, a new Smartsheet administration tracking system will be created and serve as an internal control component. All Work Assignment-related invoices approved for payment will be entered into the Stormwater Department's administration tracking system and must be accompanied by a progress report. The Director, or their designee, will review all entries each month to ensure compliance.

