

OKALOOSA COUNTY CLERK OF CIRCUIT COURT



DEPARTMENT OF INSPECTOR GENERAL



REPORT ON THE AUDIT OF GRANT ADMINISTRATION

REPORT NO. BCC 24-01

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Introduction

Based on the 2022 County-wide Risk Assessment, the Department of Inspector General 2024 Audit Plan included an examination of the Okaloosa County Grant Administration Department (GA).

Objective

The objective of our audit was to evaluate the effectiveness of the Okaloosa County Grant Administration Department by examining the performance and impact of the department's system of internal control and to evaluate the appropriateness of, and compliance with, departmental policies and procedures, and applicable state and federal regulations.

Scope & Methodology

The scope of our examination included all the policies, procedures, and processes as of 09/06/2024, and all awarded grants that had been processed and/or monitored by the Grants Administration Department from 10/01/2019 through the completion of fieldwork (12/16/2024). Audit methodology included interviews with leadership and staff, process walkthroughs, policy examination, and examination of active and closed grants for statutory and grant compliance.

Management is responsible for ensuring compliance and adequate safeguarding of public resources from fraud, waste, or abuse. This includes the design, implementation, and maintenance of internal controls relevant to these objectives. This review was conducted in compliance with Principles and Standards for Offices of Inspector General issued by the Association of Inspectors General and the International Professional Practice Framework issued by the Institute of Internal Auditors.

Department Overview

Background

The Okaloosa County Grants Administration Department processes all Grants for the Okaloosa County Board of County Commissioners as well as aiding other constitutional offices and municipalities within Okaloosa County with grants as needed. Prior to 2017, Grant Administration was part of the Okaloosa County Clerk of Circuit Court and Comptroller. In 2017, Grant Administration moved to the Office of Management and Budget for Okaloosa County.

Staffing

GA currently has 5 positions: The Grants Manager, and 4 Grant Accountants. Two of the positions are currently filled, the Grant Manager and 1 Grant Accountant, leaving 3 Grant Accountant positions vacant. GA staff are knowledgeable about their jobs and their specific assigned grants.

New Hire Training

Initially when employees are hired to work for GA, the new hires report to Okaloosa County Human Resources (HR) to attend new employee orientation and complete all required county employment forms. After the completion of orientation, they report to GA for job specific training.

GA has a Grant Accountant training checklist used by the Grant Manager to ensure onboarding tasks and individual training are completed for new hires. This list is not kept physically or digitally on file for each employee, it is used for the sole purpose of the Grant Manager to check off what training the new hires have completed. GA does not maintain training records on file for each employee. The Grant Manager provides all training to new hires. During the training, the new hire is given a copy of the Grants Administration Internal Procedures Matrix (Matrix) and is presented with the Grants

Policy Training. The Grants Policy Training, led by the Grant Manager, is a Power Point presentation that provides real-world examples and allows open discussions. The Grants Policy Training is not provided to just GA new hires but also to other departments whose employees may work with grants. The Grants Policy Training provides an understanding of the policies, procedures, and general compliance requirements of grants. Once assigned to their caseload of awards, new hires receive one-on-one training on how to work on more specific tasks. As new tasks are introduced to the new hires, they are then trained by the Grant Manager on how to accomplish them.

Testing

We conducted interviews with GA staff and management, and completed the Grant Policy Training, to gain an understanding of the grant process. We examined all GA policies and procedures. We conducted interviews and process walkthroughs with GA staff to determine knowledge and current practices. We were then provided with a list of all grants that had been processed and/or monitored by Grants Administration. After reviewing the list, we determined that the total grant population within the scope of this audit was 414; of those, 63% were closed grants and 37% were active grants. We utilized a statistically selected sample calculation that gave us a sample size of 59 grants. We randomly selected and reviewed 37 closed grants and 22 active grants. We queried the Okaloosa County document storage and management system (OnBase) and Okaloosa County financial accounting system (Central Square Finance Pro 5.2 or Fin Pro 5.2), to obtain all grant documents and activity. Our testing of the grants involved a review of the original grant agreement, any subsequent amendment to the original agreement, the workflow, reports, and spending of funds through OnBase and Fin Pro 5.2, to verify compliance with the grant agreement, the Matrix, and the applicable State and Federal regulations and requirements. The statistically selected sample provides a 90% confidence level that the results will fall within + or - 10% of the true value of the entire population.

Conclusion

GA has been understaffed for approximately 2 years. During that time GA has been able to pursue needed grant funding and provide the management over grant awards to Okaloosa County. During our examination of the 59 grants, we concluded that GA had successfully completed all award stages (the pre-award, award, post award, and closeout stage) and adhered to all applicable Federal and State regulations for each grant. However, we identified missing documentation, late reports, and other issues that reflect operational and control risks.

Of the 59 grants reviewed:

- 9 grants (15%) were missing the Pre-Application Risk Assessment and the Project Data Collection Form in OnBase.
- 4 grants (7%) were missing the Grant Agreement in OnBase.
- 3 grants (5%) were missing reports in OnBase.
- 3 grants (5%) contain reports that were filed late. One of the late filings was a reimbursement request, which was denied by the grantor due to the late submission, this caused Okaloosa County to lose \$12,516.85 in retainage.
- 2 grants (3%) were missing the Sub-Recipient Risk Assessment in OnBase.
- 1 grant (2%) contained errors for a reimbursement request. These errors should have caused the cost to have been unallowable; however, the error was not identified by GA or the grantor.
- 1 grant (2%) was found to have an outstanding report that was due in November of 2024. This has since been corrected and was submitted on 02/05/2025.

With the exception of two grants, GA had the necessary documentation for all missing items in OnBase. However, GA's procedures were not followed in uploading this documentation to OnBase.

For the remaining two grants, the department did not initially have the documentation. After being made aware of this, GA requested and received the documentation from the Grantor on 02/05/2025.

In 2022, GA purchased a software system (SmartSimple), however this system has not yet been implemented. SmartSimple is a cloud-based grant management system that should enable GA to:

- Streamline their application and reporting processes with online application and reporting through the platform.
- Collaborate with other departments, with the potential of having different user permissions that can allow sharing comments, documents, and feedback in within the platform.
- Track who, what, and when changes occur inside the platform within the grant lifecycle with the use of an audit trail.
- Create automated and customizable workflows.
- Enhance compliance monitoring by utilizing tools within the platform that track compliance with Federal and State regulations and requirements.
- Have automated reminders and alerts to track deadlines, progress, or required actions, reducing the risk of missed steps.

GA staff began inputting data into the system in 2023 with the last input being in August 2023. The minimal staffing that GA has did not afford GA the time or resources to incorporate SmartSimple while also completing grant activities. GA is hoping to begin inputting data into SmartSimple in February of 2025 and begin fully utilizing SmartSimple by the end of fiscal year 2025. If utilized, the SmartSimple software could have a significant positive impact on both the operational and control risks with the GA department.

Recommendations

During the audit it was found that Grant Administration does not retain training documentation. We recommend that Grant Administration establish a formal process for retaining and documenting employee training records. This will help ensure compliance, improve accountability, and enhance Grant Administration's ability to demonstrate the department's commitment to employee development and regulatory adherence. It is important that this process be aligned with the Grant Administration's operational needs and resources, and that it be reviewed periodically to ensure continued effectiveness and compliance with applicable standards and regulations.

The current sub-recipient risk assessment process does not require a completion date, the name of the person who completed the risk assessment, or additional details or clarifications regarding the risk assessment responses. We recommend that the department implement:

- A process to document the date of completion and the name of the individual completing the risk assessment. This will enhance accountability and tracking changes over time.
- A standardized method for providing additional details or clarifications regarding risk assessment answers, including any assumptions or justifications for specific ratings.

These improvements will help provide greater transparency, ensure clarity in the risk evaluation process, and enable a more effective and accountable approach to risk management.

Findings

Finding 1: Operational Risk is Increased Due to Reliance on a Single Key Manager for Knowledge and Responsibilities Across 3 Major Grant Types.

Condition: The Grants Manager is the only employee in Grants Administration with knowledge of the RESTORE, Triumph, and Transit grants.

Criteria: Critical responsibilities should be shared across a team, with employees cross-trained in key functions to ensure continuity in the event of an absence.

Cause: There is currently no cross-training being conducted, nor is there a plan to mitigate the key-man risk affecting Grant Administration.

Effect: The sudden absence, departure, or loss of the Grant Manager, who possesses the institutional knowledge of these grants, could cause a significant operational disruption within Grant Administration and other Okaloosa County departments that rely on these grants.

Recommendation: Grant Administration should establish and maintain a robust risk management framework that addresses key-man risk. This includes ensuring that no single individual holds sole responsibility for critical functions or institutional knowledge. Knowledge transfer mechanisms, such as documentation and regular training, should be implemented to reduce the risk of relying on a single individual.

Finding 2: Grants Administration has No Formal Policy or Procedure to Track Grant Tasks and Activity.

Condition: Grant Administration does not have a policy or procedure for tracking grant activities (reporting, compliance, monitoring, etc.).

Criteria: The department should have formal procedures or policies in place to ensure that employees' grant tasks and activities are tracked and managed effectively.

Cause: Grant Administration Staff are encouraged to find their own way of tracking grants that work best for each employee individually. Currently, all staff are utilizing different informal practices to track grant activity.

Effect: When a staff member is absent or leaves, their work does not simply stop. Someone else must be reassigned to complete their assigned grants. Without formalized procedures for tracking grant tasks and activities, and with staff using different methods, there is a risk that tasks could go unfinished, work could be duplicated, and critical tasks might be overlooked because replacement staff are unaware of where to find updated information.

Recommendation: Implement formal procedures and a standardized approach to tracking tasks and grant activities, that all Grant Administration personnel must utilize.

Finding 3: Procedures Followed by Staff Did Not Fully Align with the Documented Procedures Outlined in the Grants Administration Internal Procedures Matrix.

Condition: We sampled 5 of Grant Administration's processes, as outlined in the Grant Administration Internal Procedures Matrix, and conducted process walkthroughs for each. During these walkthroughs, it was observed that the procedures being followed were incomplete and did not fully align with the documented procedures.

Criteria: The department should ensure that all staff consistently follow the documented procedures outlined in the Grants Administration Internal Procedures Matrix.

Cause: The deviations between the procedures followed by staff and the documented procedures outlined in the Grant Administration Internal Procedures Matrix may be due to a lack of comprehensive training and awareness among staff regarding the detailed procedures. Additionally, there may be insufficient oversight or monitoring to ensure staff are consistently adhering to the documented processes.

Effect: During the evaluation of the sampled grants, 28.8% contain at least one error. It was determined that the grants containing errors were assigned to 5 different staff members. When staff do not fully follow the documented procedures, it increases the risk of errors in processing grants, delays or denial of funding, and potential compliance issues with grant requirements. This can lead to inefficiencies, including inaccurate reporting, and make it difficult to ensure that grants are being administered according to the appropriate guidelines. Additionally, the deviations in the procedures used could complicate performance monitoring and training for new staff members, which could impact overall department effectiveness.

Recommendation: It is recommended that Grant Administration implement regular training sessions or other ongoing efforts to ensure all staff are fully aware of and adhere to the procedures documented in the Grant Administration Internal Procedures Matrix. Additionally, a system should be established to ensure that the Grant Administration Internal Procedures Matrix is updated with the most current procedures and that staff are notified of each update.

Finding 4: Insufficient Staffing is Impacting the Department's Operations.

Condition: Grant Administration has not been fully staffed since August of 2023.

Criteria: The department should maintain sufficient staffing levels to effectively carry out its operations and meet its objectives.

Cause: GA has had a recent issue with employee turnover, losing 3 employees in the last year. GA staff attributed the hiring issues to the job announcement needing to have updated job descriptions, pay, and education requirements.

Effect: This issue can cause reduced operational efficiency and effectiveness, while also increasing employee burnout. As of 09/27/2024, the Grants Manager was assigned 158 grants (66 grants were re-assigned from the vacant positions) and the Grant Accountant was assigned 46 grants (1 grant was re-assigned from the vacant positions).

Recommendation: It is recommended that the department maintain appropriate staffing levels to ensure operational effectiveness and employee engagement.

Mitigating Factor: Grant Administration is already addressing this issue. The job announcements were updated, and the Grant Accountant positions were posted on 11/21/2024 and closed on 12/04/2024. The department has already completed the interview and offer stages of the hiring process for 2 vacant positions, both of which will be staffed on 02/17/2025. The final position was re-posted on 02/06/2025.

Management Response

As to finding 1: We concur. With filling the two vacant Grant Accountant positions and additional Grant Accountant position, the awards will be redistributed incorporating more than one person knowledgeable of each grant. One Grant Accountant will be assigned responsibility of an award. That Grant Accountant will train another Grant Accountant as their backup. The Program Manager

and their staff will be responsible for preparing the information; the Grant Accountant will verify, reconcile and submit the information to the grantor; and the Grants & RESTORE Manager will monitor the information and complete electronic drawdowns as needed. This separation of duties will reduce the risk of relying on a single individual.

As to finding 2: We concur. The Grants Management System has been designed and basic information imported for 515 grants. The current mission of the office is to populate the current grants. The Program Manager/Grant Accountant Training is being designed and the initial class will be conducted within two weeks. Two to three target grant types will be activated first with training for those Program Managers. The other grant types will be brought on in groups with the goal of June 30 for the remaining.

As to finding 3: We concur. The grant process is in transition to the grants management system in the SmartSimple platform. With this transition, the Board of County Commissioners' Grants Policy is incorporated in a series of workflows between the Grant Accountant and the Program Manager. The operational and control risks identified in this report have been addressed, respectively:

Regarding the nine grants missing the Pre-application Risk Assessment and Project Data Collection Form in OnBase, some were found in Minute Traq and/or the Grants network folders. In SmartSimple, the first step to beginning ANY grant will be completing the Pre-application(award) Risk Assessment. In addition, the fields of the Project Data Collection Form must be entered prior to saving the request.

The three Florida Department of Environmental Protection (FDEP) grant agreements, which predated the transfer of grant from the Clerk of Court to the Board of County Commissioners, have been received. The grant department is not created in OnBase to enable upload to that system. However, all available documentation (Agreements and Reporting) will be uploaded to SmartSimple. The fourth grant agreement is the Local Housing Assistance Plan (LHAP) for 2022-2025 has been uploaded to each allocation year 712350, 712354 and 712450. In addition, the LHAP 2019-2022 Revision of 11.2024, has been uploaded to each allocation year 712050, 712151 and 712250.

One report has been filed with FDEP. We are working with the FDEP Program Manager on the two remaining 5-year reporting forms.

One report was generated by another Constitutional Officer. Email information shows the Program Manager was working with the grantor to submit the report. It was submitted after the original due date.

For the grant which ended prior to the retainage reimbursement request, the Program Manager and Grant Accountant have added procedures to avoid a repeat situation.

SmartSimple contains a Report Scheduler. Deliverables, Reporting and Reimbursement due dates may be entered by award requirements. These appear on the Grant Accountant's Home under My Grants. Clicking on the reminder sends the user to the specific grant and task.

The two Sub-Recipient Risk Assessments were completed. The form has been uploaded to each Document type - Miscellaneous Support (Other).

The FDEP reimbursement request letter was inadvertently copied from the previous year. Amounts were changed but the language should have been edited. The amount was paid in full.

Overall, SmartSimple will reduce the discrepancies noted in this review. In addition, inevitably the process will be altered for that environment. The Grants Administration Internal Procedures Matrix will be updated accordingly.

As to finding 4: We concur.