

# Department of Agriculture and Consumer Services



Status Report  
OPPAGA Report No. 15-09

May 10, 2016

Office of Inspector General  
Ron Russo, Inspector General

**Florida Department of Agriculture and Consumer Services**  
**Adam H. Putnam, Commissioner**



# Department of Agriculture and Consumer Services Office of Inspector General

## External Audit Status Report

April 2016

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### Natural Gas Rebate Recipients Are Satisfied; Improved Economic Benefits Data Is Needed

#### AT A GLANCE

The Inspector General is required by s. 20.055(5)(h), Florida Statutes, to report to the Commissioner of Agriculture on the status of corrective actions taken on reports published by the Auditor General or the Office of Program Policy Analysis and Government Accountability (OPPAGA). The OPPAGA's report titled, Natural Gas Rebate Recipients Are Satisfied; Improved Economic Benefits Data Is Needed, dated November 2015, contained two findings for the Florida Department of Agriculture and Consumer Services (department) and one finding for the Florida Legislature. The status of corrective actions, as reported by the Office of Energy's management, is summarized in this report.

#### FINDINGS DETAIL

Excerpts of the OPPAGA's findings are contained in this report.

*Stakeholders and rebate recipients are generally satisfied, but have concerns about application procedures*

**Finding:** Rebate recipients questioned the requirement for separate applications for each vehicle, as provided in department rules. In addition, program rules did not allow applicants to merely correct deficiencies in their applications, but instead required them to restart the application process. Lastly, commercial recipients

expressed frustration that the program returns unused funds to the treasury. Commercial applicants reported that they wanted to compete for these unexpended funds and obtain rebates for additional vehicles.

**Status:** Closed

The application evaluation criteria and procedures were not revised by the OOE. As stated in the department's response, the procedures were developed considering the input from stakeholders and the public. The requirement that each vehicle be represented on a separate application was intended to help recipients. If applicants were to submit one application for multiple vehicles, any error or omission would render the entire application incomplete, thus rejecting all vehicles. In addition, if applicants were allowed to submit documentation to correct applications, it would create a scenario in which applicants had an incentive to submit incomplete applications in order to simply secure a place in line and submit correct documentation later. Lastly, the commercial sector has not fully utilized their allocation of program funds in either program year. In addition, if program funds were to be re-allocated, it would benefit relatively few commercial applicants as they are already receiving the \$250,000 program rebate limit.

***The rebate program would benefit from a more comprehensive application and review process, improved information gathering, and enhanced monitoring***

**Finding:** The Natural Gas Fuel Fleet Vehicle Rebate Program staff reviewed applications for eligibility and completeness, but did not assess the accuracy and validity of the economic benefit information provided by applicants. In addition, while rebate approval includes several levels of review, the process could be enhanced by a more thorough process, such as comprehensive checklists or evaluation forms to guide and document consistent decisions.

Also, in the absence of standard measures for program economic benefits, applicants provided inconsistent and sometimes inaccurate information. For example, applicants varied widely in how they measured total investment. Some applicants measured total investment only in terms of the purchase price or the fuel savings per natural gas vehicle. Other applicants broadly interpreted total investment to include multi-year purchases of multiple vehicles as well as the costs of fueling stations and maintenance shop upgrades.

Lastly, typical natural gas program monitoring activities include scheduled visits to recipient sites to photograph vehicles, check VINs, and determine whether natural gas equipment is installed on vehicles with those VINs. While the program has a written monitoring policy that includes such activities, in practice, program staff uses a more limited approach, occasionally contacting rebate recipients and conducting a site review of vehicles when in the field for other purposes.

*Benefits from a more comprehensive application and review process*

**Status: Closed**

As stated in the department's response, the OOE does not concur with OPPAGA's

assertion that the program lacks a comprehensive application review process. In order to provide assurance that only eligible entities receive rebates, all processes, procedures, and forms were designed and developed specifically for the program based on the requirements of the statute, rule and in accordance with financial administrative standards for state funds.

*Enhanced Economic Benefit Information*

**Status: In Process**

The OOE is currently working with the department's economic advisor to identify measurements that could enhance the economic benefit data, and is considering holding meetings with stakeholders (applicants) and the Florida Natural Gas Association during the rulemaking period to discuss potential measurement alternatives.

*Enhanced monitoring*

**Status: Closed**

As stated in the department's response, the OOE does not concur with OPPAGA's finding that there is no formalized monitoring process for the rebate program. Monitoring is conducted through on-site inspections on a sample of the approved rebates to verify the Vehicle Identification Number (VIN), the conversion kit ID number, and other information contained in the application. The site visits are documented via the completion of an internal checklist.

***The Legislature could consider options to improve the rebate program***

**Finding:** Funding for the Natural Gas Fuel Fleet Vehicle Rebate Program expires at the end of Fiscal Year 2017-2018. Should the Legislature decide to appropriate additional funding for the program, it could consider the costs and benefits of several options to improve the program.

- **Option 1: Develop an electronic application submission process.** Allowing applicants to submit applications electronically could reduce paperwork burdens and accelerate application processing, which may encourage additional entities to seek rebates. This option would require a statutory change because state law currently requires applications to be hand-delivered or delivered by certified mail.
- **Option 2: Require uniform economic benefit information reporting.** State law requires FDACS to gather economic benefit information from rebate applications, the content of which is adopted in administrative rule. As a result, any substantive application changes would require rule revisions.
- **Option 3: Follow a more formal recipient monitoring process.** Although state law does not require it to formally monitor natural gas rebate recipients, the program has established a written monitoring policy. However, in practice, the program utilizes a more limited approach, visiting recipients when staff is in the field for other purposes. As a baseline approach, FDACS could consider regularly inspecting a sample of commercial and governmental vehicles.

**Status: Closed**

As stated in the department's initial response, the OOE evaluated the options recommended by OPPAGA and determined most options to be either infeasible or impractical to implement. However, the OOE revised the online application form to allow applicants to complete the form electronically and mail the application package to the OOE.

\*\*\*\*\*End of Report\*\*\*\*\*

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This status report was conducted in conformance with the applicable standards for the General Principles and Standards for Offices of Inspector General, the International Standards for the Professional Practice of Internal Auditing, and Information Systems Auditing Standards as published by the Association of Inspectors General, the Institute of Internal Auditors and the Information Systems Audit and Control Association, respectively.

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