

CITY OF WINTER SPRINGS

Prior Audit Follow-Up



Sherrill F. Norman, CPA
Auditor General

City Commissioners, Mayor and City Manager

During the period October 2023 through March 2025, Kevin McCann served as City of Winter Springs Mayor and the following individuals served as City Manager:

Kevin Sweet from 12/16/24

Brian Dunigan (Interim) 11/19/24 until 12/15/24

Phil Hursh (Interim) until 11/18/24

During that period, the following individuals served as City Commissioners:

| | <u>District No.</u> |
|---|---------------------|
| Paul Diaz from 11/18/24 | 1 |
| Matt Benton through 11/17/24 | 1 |
| Victoria Bruce | 2 |
| Sarah Baker from 11/15/24 | 3 |
| Ted Johnson through 11/14/24 (Deputy Mayor through 11/17/24) | 3 |
| Cade Resnick (Deputy Mayor from 11/18/24) | 4 |
| Mark Caruso from 11/18/24 | 5 |
| Rob Elliott through 11/17/24 | 5 |

The Auditor General conducts audit of government entities to provide the Legislature, Florida's citizens, public entity management, and other stakeholders unbiased, timely, and relevant information for use in promoting government accountability and stewardship and improving government operations.

The team leader was Keith Auyang, CPA, and the audit was supervised by Gina M. Bailey, CPA.

Please address inquiries regarding this report to Derek H. Noonan, CPA, Audit Manager, by e-mail at dereknoonan@aud.state.fl.us or by telephone at (850) 412-2864.

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CITY OF WINTER SPRINGS

Prior Audit Follow-Up

SUMMARY

In our operational audit report No. 2024-036 of the City of Winter Springs (City), we noted 8 findings related to various City functions and activities. This operational audit focused on the progress that the City had made in addressing the findings and recommendations in report No. 2024-036.

Our audit disclosed that the City had:

- Corrected 2 findings (Findings 5 and 8).
- Partially corrected 5 findings (Findings 2, 3, 4, 6, and 7).
- Not corrected 1 finding (Finding 1).

BACKGROUND

The City of Winter Springs (City) was originally incorporated in 1959 as the Village of North Orlando. In 1972, the Village of North Orlando was abolished, and the City of Winter Springs was established. The City, located in Seminole County (County), had an estimated population of 39,131 as of April 1, 2024.¹ The City Commission, composed of five elected Commissioners and a separately elected Mayor, govern the City. The Mayor is recognized as the head of City government but does not vote except in cases of a City Commission tie vote.² The City Commission is responsible for enacting ordinances, resolutions, and policies governing the City, as well as appointing the City Manager. The City Manager serves as the Chief Administrative and Executive Officer and is responsible for the administration of all City affairs.

The City provides a full range of services including public safety, sanitation, recreational and cultural activities, public improvements, planning, zoning, highways and streets, and general administrative services. In addition, the City provides water, wastewater, reclaimed and stormwater utilities.³ In October 2019, the City outsourced its water and wastewater utility operations to a contractor (water utility contractor) through execution of a 5-year contract. In October 2024, the City renewed the contract for 1 additional year through September 2025.

¹ *Florida Population Estimates for Counties and Municipalities, April 2024*, Florida Office of Economic and Demographic Research.

² Part 1, *Charter*, Article IV, *Governing Body*, Section 4.01, City of Winter Springs Code of Ordinances, *Composition; qualification of members; and commission districts*.

³ The City has three water treatment plants and two wastewater reclamation facilities, all built in 1972 and 1973.

FINDINGS AND RECOMMENDATIONS

Finding 1: Wastewater System Operations

Previously Reported

The City continues to incur fines and penalties for wastewater treatment violations.

We recommended that the City ensure wastewater reclamation facilities operate in accordance with applicable Florida Department of Environmental Protection (FDEP) rules.

Result of Follow-Up Procedures

The City did not correct this finding. The City continues to violate FDEP rules⁴ at its two sewage treatment facilities, the East and West Wastewater Reclamation Facilities (WRFs). Specifically,

- In December 2023, the FDEP sent a warning letter regarding the West WRF following a September 2023 inspection. The letter identified several operational and recordkeeping violations, including, but not limited to:
 - The City's failure to submit the required 2022 calendar year effluent analysis report which reports whether the West WRF is releasing harmful substances into rivers, lakes, or reuse systems.⁵
 - The City's failure to submit the required 2022 calendar year Annual Reuse Report, which documents how reclaimed wastewater is used.
 - Flow and fecal bacteria exceedances and reporting errors noted in the FDEP's review of Discharge Monitoring Reports (DMR).⁶
- In April 2024, the FDEP sent a warning letter after receiving a notification from the State Watch Office (SWO)⁷ about an unpermitted sewer overflow at the West WRF. The overflow exceeded 1,000 gallons and impacted Howell Creek.
- In January 2025, the FDEP sent a warning letter detailing multiple violations observed during inspections in September 2024 and January 2025 at the East WRF. For example:
 - Excessive wastewater suspended solids⁸ in October, November, and December 2023, and in February, March, May, June, and August 2024.
 - Elevated fecal bacteria levels in November 2023, and in March, April, and May 2024.
 - Nitrate levels exceeding allowed levels in October and December 2023, and in January and February 2024.

⁴ The violations relate to various Florida Department of Environmental Protection (FDEP) rules, including FDEP Rules, Chapters 62-160, 62-600, 62-604, 62-610, 62-620, and 62-640, Florida Administrative Code.

⁵ A reuse system is a setup that cleans wastewater to a safe level and uses it again for useful purposes, like irrigation or industrial processes, instead of discarding it.

⁶ The FDEP requires facilities to submit Discharge Monitoring Reports (DMRs) to record water quality results and ensure wastewater and stormwater discharges meet environmental permit limits.

⁷ The SWO is part of the Florida Division of Emergency Management and supports the FDEP by acting as an emergency communications hub for environmental incidents, including wastewater spills.

⁸ Suspended solids are tiny particles that float in water without dissolving. These solids can include sand, algae, and bacteria.

In response to the FDEP warning letters, the City signed a consent order in April 2025 and paid \$51,310 in penalties. In June 2025, the FDEP approved the City's proposal of a mitigation project costing \$695,850.⁹

While the City is ultimately responsible for ensuring that State regulations governing the operation of the City-owned wastewater reclamation facilities are followed and that water quality is protected; the City determined that all violations were operational and caused by errors made by its water utility contractor. In May 2025, the City selected a new water utility contractor to assume operations beginning October 1, 2025, with the City's engineering consultant providing technical support during the transition to ensure regulatory compliance and smooth handover. In its December 2023 meeting, the City Commission approved the scope of work submitted by its engineering consultant for the replacement of the East and West WRFs totaling \$12.9 million, and the engineering consultant outlined the City's plans to upgrade its wastewater treatment system at an estimated construction cost of approximately \$90 million. As further discussed in Finding 2, in December 2023 the engineering consultant was directed to conduct monthly and annual reviews of the water and wastewater facilities managed by the water utility contractor.

In response to our inquiries, City personnel indicated that the water utility contractor had not been sufficiently responsive to resolve the FDEP's concerns, and the City and the water utility contractor have scheduled mediation in late-October to determine the water utility contractor's financial responsibility for the penalties and mitigation project included in the consent order.

Recommendation: We continue to recommend that the City ensure that wastewater reclamation facilities operate in accordance with applicable FDEP rules.

Finding 2: Water Utility Contract Monitoring

Previously Reported

The City should improve its water utility contract monitoring processes.

We recommended that the City develop policies and procedures to more effectively monitor contractor compliance with contract terms and applicable State laws and rules. Such policies and procedures should ensure that contractor performance is evaluated periodically, but no less frequently than annually. In addition, we recommended that the City ensure that its contracted engineer conducts periodic inspections of the water utility contractor's performance in accordance with the water utility contract requirements.

Result of Follow-Up Procedures

The City partially corrected this finding. Although the City did not develop policies and procedures to more effectively monitor contractor compliance with contract terms and applicable State laws and rules,¹⁰

⁹ The upgrade is to enhance the East and West WRF monitoring systems for the 57 lift stations by addressing communication issues at remote sites with simplified monitoring tools, improved operational procedures, and upgrading site communications.

¹⁰ Section 403, Florida Statutes and various FDEP Rules, Chapters 62-160, 62-600, 62-604, 62-610, 62-620, and 62-640, Florida Administrative Code.

during its December 2023 meeting, the City Commission directed its engineering consultant¹¹ to conduct monthly reviews of the operations of its water and wastewater facilities managed by the water utility contractor at a cost of \$146,201.

The engineering consultant's responsibilities included:

- Developing a standardized process for monthly and annual reviews.
- Conducting the 2023 calendar year performance audit included in the City's contract with the water utility contractor¹² and presenting findings to City Council.
- Performing monthly reviews throughout the 2024 calendar year with reports and presentations.
- Compiling a summary of monthly findings for the period January 2023 through July 2024.
- Offering additional support, such as creating compliance plans and performance metrics.

This approach was designed to strengthen regulatory compliance, improve operational performance, and enhance communication between the City and its water utility contractor.

Our review of City records in May 2025 disclosed that the 2023 calendar year annual review, completed in September 2024, identified eight contract noncompliance issues, and the engineering consultant issued a report that included the following five recommendations for the water utility consultant to improve operations:

- Create clear instructions and site-specific training, both to be reviewed annually.
- Ensure that all data sent to regulators and consultants is accurate.
- Manually calculate effluent flows¹³ every 2 weeks and compare the results against meter and SCADA system¹⁴ readings to confirm accuracy, investigate any major differences, and report the results to the City.
- Periodically review water system data to ensure that the wastewater system is working properly by comparing the data to historical data to more promptly identify performance issues.
- Develop a maintenance plan for lift stations, including periodic inspections and prioritization of maintenance for the most critical sites.

Our examination of City records and inquiry of City personnel in August 2025 disclosed that the water utility contractor had not followed any of the five recommendations from the engineering consultant's September 2024 report. As discussed in Finding 1, the water utility contractor continued to violate State laws and rules. As noted above, the City lacked effective policies and procedures for monitoring the water utility contractor.

In addition to the five operations improvement recommendations, the engineering consultant's report recommended that the City should:

¹¹ The City contracted with the engineering consultant in September 2018 with a primary focus on water quality improvements, and the City contracted with the same firm in December 2020 pursuant to the RFQ process for a separate continuing services contract for engineering services.

¹² Defined in the contract as a performance audit of the water utility contractor's performance.

¹³ Effluent flows refer to the movement or discharge of wastewater out of the sewage treatment facility.

¹⁴ SCADA (Supervisory Control and Data Acquisition). It is a type of industrial control system used to monitor data from sensors and equipment such as flow meters, pumps, and valves, allowing operators to remotely control settings and respond to operational issues. The system continuously records historical data for analysis, regulatory compliance, and troubleshooting, while also generating alerts to notify personnel of equipment failures or abnormal conditions that require attention.

- Require future water utility contractor agreements to require monthly reports that includes flow data, any issues or violations, maintenance activities, staffing updates, and any other concerns. In addition, the contract should provide for negotiated compensation changes for water flow increases rather than automatic annual compensation increases. Also, the City should competitively procure and directly pay for certain supplies instead of letting the water utility contractor purchase them.
- Assign a compliance officer to monitor and report on water utility contractor compliance with contract provisions and State rules.
- Hire an outside expert to check and calibrate all flow meters for untreated wastewater and assign City personnel to oversee the work.

In response to our inquiries, City personnel indicated in October 2025 that the Director of Public Works and Utilities would serve as the contract compliance officer. In addition, City personnel provided records evidencing that the engineering consultant supervised the calibration of all untreated wastewater flow meters in August 2024. Notwithstanding these efforts, as of October 2025, the City had not implemented policies and procedures to ensure that the engineering consultant recommendations continue to be followed. In addition, the City had not recalibrated the untreated wastewater flow meters since August 2024 and had not established a written schedule for additional recalibrations. City personnel further indicated that “with the new contractor operator beginning October 1, 2025, the City intends to further review our operations with the new contractor and then develop specific procedures and requirements that align with the new team.”

In May 2025, the City competitively selected a new water utility contractor to assume operations beginning October 1, 2025. On September 8, 2025, the contract with the new water utility contractor was finalized, and requires the contractor to:

- Submit monthly reports to the City detailing completed work, any issues encountered, their resolution, and maintenance activities.
- Staff the facility with a licensed Class A¹⁵ Facility Manager and a team of at least 14 qualified personnel, meeting FDEP requirements.¹⁶
- Develop and annually update an emergency response plan, providing additional staff and resources as needed during emergencies.
- Annually negotiate compensation changes with the City.

However, contrary to the engineering consultant’s recommendations, the contract does not require the City to competitively procure and directly pay for supplies as recommended by the City’s engineering consultant. In response to our inquiries as to why this recommendation was not included in the new contract, City personnel indicated that the City reserves the right to negotiate purchases of supplies. Notwithstanding, the absence of a contractual competitive procurement requirement for certain supplies could result in increased costs over time and limit the City’s ability to ensure cost-effective purchasing, thereby exposing the City to potential budgetary inefficiencies.

¹⁵ A Class A license in Florida refers to the highest level of certification for operators of water or wastewater treatment facilities. It qualifies someone to manage and oversee large, complex systems that require advanced technical knowledge and regulatory compliance.

¹⁶ FDEP Rules, Chapter 62-602, Florida Administrative Code.

Recommendation: The City should follow the engineering consultant’s recommendations to develop and implement policies and procedures to more effectively monitor contractor compliance with contract terms and applicable State laws and rules. As part of this effort, the City should take into account the engineering consultant’s recommendation to include a provision in the water utility contractor’s contract that allows the City to competitively procure and directly pay for certain supplies.

Finding 3: Infrastructure Sales Surtax

Previously Reported

The City’s use of consent agendas to revise the project list provided to the public in advance of the voter referendum approving the local government infrastructure sales surtax reduced transparency by depriving the opportunity for public information and discussion. In addition, the City did not provide separate accountability for \$2 million transferred sales surtax moneys to the Water and Sewer Utility Fund for infrastructure projects.

We recommended that the City establish policies and procedures that:

- To provide for City Commission and public discussion, require and ensure that items with significant financial impacts or high public interest, such as the infrastructure sales surtax, be included in the agenda as discussion items, rather than consent agenda items.
- To the extent practical, ensure that sales surtax collections be expended in accordance with public expectations.
- Provide separate accountability for the expenditure of sales surtax collections transferred from the Road Improvements Special Revenue Fund to other City funds.

Result of Follow-Up Procedures

The City partially corrected this finding. Our review of City Commission meeting minutes for the period March 2023 through June 2025 disclosed that the City Commission approved the Capital Projects List during its December 11, 2023, meeting and amended the list during the May 6, 2024, meeting.

At these meetings, public comment was allowed at both the start and the end of the meetings, and the sales surtax allocations, reallocations, and infrastructure sales surtax renewal discussions were included on the meeting agendas as discussion items, which provided transparency and opportunity for public information and participation. However, as of August 2025, the City had not adopted formal policies or procedures to require this practice. In response to our inquiries, the Finance Director explained that routine items are typically placed on the consent agenda, while substantive matters, or those the City Manager believes warrant discussion, are listed as regular agenda items. Further, she indicated that the City Charter provides the foundational authority for how the agenda is prepared and managed. Notwithstanding, the absence of formal policies and procedures for determining which items are placed on the consent agenda or designated for discussion may lead to reduced transparency and limited public input in the future.

Our review of the audited financial statements for the 2022-23 and 2023-24 fiscal years disclosed that the City did not transfer any additional sales surtax collections from the Road Improvements Special Revenue Fund to other City funds. Regarding the \$2 million transferred from the Road Improvements

Special Revenue Fund to the Water and Sewer Utility fund for unspecified purposes,¹⁷ City personnel provided records in September 2025 demonstrating that the \$2 million was used for construction activities during the period April 2021 through August 2023. Our examination of supporting documentation disclosed that the expenses were for emergency plant upgrades to the City's aging wastewater treatment facilities, originally built in the 1970s, and these usages were consistent with State law¹⁸ and the City's approved Capital Projects List.

During the period October 2023 through March 2025, the City spent approximately \$6.3 million from the infrastructure sales surtax. Our examination of records supporting 30 expenditures totaling \$973,790 disclosed 2 expenditures totaling approximately \$103,000 related to hurricane recovery not specifically allowable pursuant to State law,¹⁹ and that were not included in the Capital Projects List. Specifically:

- 1 expenditure for approximately \$79,000 was for consulting and engineering services related to the elevation of five private homes and the acquisition and demolition of three flood-prone private homes.
- 1 expenditure for approximately \$24,000 was for consulting services to obtain Federal reimbursement for hurricane-related recovery efforts.

In response to our inquiries in August 2025, the Finance Manager stated that, due to the severity of Hurricane Ian, the City applied for multiple grant programs to fund recovery projects. These projects were never intended to be fully covered by the sales surtax funds; instead, the surtax provided temporary cash flow until grant reimbursements became available. However, changes in the Federal Emergency Management Agency's (FEMA's) process have delayed several programs, and the City is awaiting approval to proceed. To continue tracking these grants, the City will establish year-end receivables from another fund, such as the General Fund, to ensure proper future reimbursement.

However, as of September 2025, City accounting records did not reflect any interfund receivables or payables indicating that the use of infrastructure sales tax moneys for these purposes was intended to be a loan to be reimbursed to the Road Improvements Special Revenue Fund when the City receives FEMA moneys. In addition, our review of City Commission meeting minutes from the period October 2023 to May 2025, did not indicate that the City Commission took any actions of record to designate these infrastructure sales surtax expenditures as interfund loans. However, the Finance Director indicated that the City will post fiscal year-end entries to include an interfund loan. Insofar as State law requires infrastructure surtax funds to be used for long-term capital projects, such as improvements to roads, utilities, and public facilities, the use of the infrastructure sales surtax moneys for storm recovery activities, is contrary to State law.

Recommendation: The City should:

- **Continue its efforts to enhance transparency by establishing policies and procedures to require and ensure that items with significant financial impacts or high public interest,**

¹⁷ As discussed in our report No. 2024-036.

¹⁸ Section 212.055(2)(d)1., Florida Statutes.

¹⁹ Section 212.055(2)(d), Florida Statutes. Infrastructure is defined as fixed capital expenditures for public facilities with a life expectancy of 5 years or more, including associated costs such as land acquisition, design, engineering, and other professional services necessary to make the facilities operational.

such as the infrastructure sales surtax, are included as regular agenda items, rather than consent agenda items.

- Establish policies and procedures to ensure, to the extent practical, that sales surtax collections are expended in accordance with State law and in accordance with public expectations.

Finding 4: Public Records Requests

Previously Reported

Contrary to State law,²⁰ the City did not estimate fees assessed to fulfill public records requests requiring extensive information technology resources or clerical or supervisory assistance based on actual costs. In addition, the City did not always promptly respond to public records requests.

We recommended that the City enhance its policies and procedures to specify a standard time frame for completion of public records requests and to require requestors be notified when delays will occur. Further, we recommended City policies and procedures require supporting documentation be retained to support the calculation of the estimated and actual costs of responding to public records requests requiring extensive effort.

Result of Follow-Up Procedures

The City partially corrected this finding. On December 11, 2023, the Commission adopted a resolution²¹ to revise the City's public records policy. The updated policy allows the records custodian a reasonable amount of time to:

- Determine if requested records exist.
- Locate and retrieve them.
- Review for confidentiality or exemptions.
- Redact sensitive information.
- Scan or copy the records.

However, the policy does not:

- Define a standard time frame for completing requests.
- Require notification to requestors when delays occur.
- Mandate retention of documentation supporting estimated and actual costs for requests involving extensive effort.

During the period of October 2023 through March 2025, the City received 153 public records requests. Our review of 30 selected public records requests disclosed that the City timely²² fulfilled 29 of the requests and did not charge any fees to the requestors. For the other request, received in December 2024, the City determined that extensive information technology resources would be required

²⁰ Section 119.07(4)(d), Florida Statutes.

²¹ City of White Springs Resolution No. 2023-37.

²² Section 119.07, Florida Statutes, does not specify how quickly public records requests must be fulfilled. We used 5 business days as a measure for timeliness and City records justified when a selected request took more than 5 business days to fulfill.

to fulfill the request. Accordingly, the City invoiced the requestor, and the requestor paid, \$196 for the estimated cost to provide the records. In April 2025, our review of City records disclosed that the City Clerk calculated the estimated cost by multiplying the Assistant to the City Clerk’s \$34 hourly pay rate by 5.74 hours of work. However, although we requested in April 2025, the City did not provide a calculation showing the actual time and cost involved. Subsequently, in September 2025, City personnel provided records supporting the \$34 hourly pay rate; however, they indicated that records were unavailable to evidence the number of hours worked to fulfill the records request.

Although 29 of the 30 reviewed public records requests were fulfilled in a timely manner and without fees, absent policies and procedures requiring a defined standard time frame for completing public records requests, notification to requestors when delays occur, and documentation of estimated and actual costs for processing public records requests, City records do not demonstrate City compliance with State law requiring public records be provided upon request and that any amount charged to produce the records was reasonable based on the actual costs incurred.

Recommendation: The City should continue to enhance its policies and procedures to specify a standard time frame for completion of public records requests and to require that the requestor be notified when delays occurred. Further, City policies and procedures should require supporting documentation be retained to support the calculation of actual costs incurred for responding to public records requests requiring extensive effort.

Finding 5: Procurement

Previously Reported

Contrary to City ordinances,²³ the City Manager had not established written uniform purchasing policies and procedures, and the City did not always competitively procure goods and services in accordance with City ordinances.

We recommended that the City Manager establish written uniform purchasing policies and procedures as required by City ordinance. Such policies and procedures should ensure that purchases be made in accordance with City Commission intent, applicable City ordinances be consistently followed, the purchasing process be fair and transparent, and that commodities and services be obtained at the lowest cost consistent with desired quality.

Result of Follow-Up Procedures

The City corrected this finding. The City Commission adopted a resolution²⁴ during its May 8, 2023, meeting that established written policies and procedures requiring that purchases be made in accordance with City Commission intent, applicable City ordinances are consistently followed, the purchasing process is fair and transparent, and that commodities and services are obtained at the lowest cost consistent with desired quality.

We examined City records supporting 31 procurements totaling \$2.4 million selected from the population of expenditures totaling \$14.3 million during the period October 2023 through March 2025. Each of the

²³ Chapter 2, *Administration*, Article VI, *Finance*, Division 2, City of Winter Springs Code of Ordinances – *Purchasing*.

²⁴ City of Winter Springs Resolution No. 2023-20.

procurements exceeded \$50,000²⁵ and were subject to procurement through methods such as invitations to bid (ITB), requests for proposal (RFP), requests for quote (RFQ), and “piggybacking”.²⁶ Our examination disclosed that the City followed its procurement policies.

Finding 6: Purchase Cards

Previously Reported

Although the City’s cardholder agreement requires purchase card (P-card) expenditures be pre-approved by supervisory personnel, City records did not demonstrate that pre-approval was obtained. In addition, the City had not established comprehensive P-card policies and procedures to provide effective controls over the accountability and use of the cards.

We recommended that the City establish comprehensive written P-card policies and procedures governing all significant aspects of the P-card program. In addition, we recommended that the City document the required supervisory pre-approval of P-card expenditures specified in the cardholder agreement.

Result of Follow-Up Procedures

The City partially corrected this finding. P-cards are intended for employees who regularly purchase low-cost items such as office supplies, cleaning materials and services such as minor repairs or service calls. Monthly limits are set at \$2,500 for Department Directors and \$1,000 for other employees, with written exceptions up to \$5,000 allowed by the City Manager for specific needs. The program aims to simplify purchases from vendors that accept credit cards. On May 8, 2023, the City Commission adopted a resolution²⁷ establishing comprehensive policies and procedures for the City-issued P-card program. These newly established policies and procedures required written managerial or supervisory pre-approval for purchases over \$250.

From a population of 2,113 P-card transactions totaling \$385,556 during the period of October 2023 through March 2025, we examined records supporting 23 selected P-card transactions individually exceeding \$250 and totaling \$36,083. Our examination disclosed that, although the transactions generally complied with City policies and procedures, contrary to those policies and procedures, none of the transactions had been pre-approved by a manager or supervisor.

Upon inquiry, the Finance Director explained that Finance Department personnel conduct a monthly P-card transaction review, and before approving P-Card transactions, they review the transactions to ensure that receipts are provided, purchases are properly coded, documentation is complete, purchases serve a valid public purpose and include no restricted goods or sales tax. They also verify that transaction descriptions and general ledger codes match the supporting documents, and that post-transaction approval is evidenced by signatures on invoices, order summaries, billing statements, or payment

²⁵ City of Winter Springs, *Purchasing Policy and Procedures*.

²⁶ The piggybacking procurement method allows the City to use an existing competitively procured contract executed by another governmental entity. The contract must cover the same or substantially similar goods or services at equal or lower pricing. It is not permitted when substitutions are made for items or services that were not originally bid, proposed, or evaluated in the awarding process.

²⁷ City of Winter Springs Resolution No. 2023-20.

receipts. Further, any issues, such as missing receipts or personal charges, must be resolved before the City pays the P-card issuer. However, the supervisory pre-approval required by City policies typically happens verbally. Notwithstanding the post-transaction approval and review and purported verbal preapproval, City policies and procedures require documented managerial or supervisory pre-approval for P-card transactions over \$250.

Absent documentary evidence of the required pre-approval for purchases over \$250, City records do not demonstrate that the City complied with its policies and procedures.

Recommendation: The City should document the required supervisory pre-approval of P-card transactions in accordance with its policies and procedures.

Finding 7: Management Turnover

Previously Reported

The City experienced significant turnover in key management positions from April 2019 through February 2023.

To promote efficient operations, deliver high-quality services to residents, and consistently apply City policies and procedures, we recommended that the City continue its efforts to train City Commissioners and develop policies and programs that foster a positive work environment and promote stability in key management positions.

Result of Follow-Up Procedures

The City partially corrected this finding. To retain staff and promote a positive work environment, the City increased compensation for certain positions to remain competitive with other local employers and, during the period October 2023 through April 2024, implemented various employee benefit enhancements, including, for example, flexible paid leave with no postemployment value and an employee referral program to encourage staff to refer candidates for open positions.

During the period October 2023 through March 2025, the City continued to experience turnover in the City Manager position as three individuals served as City Manager or Interim City Manager. Specifically:

- The Director of Public Works served as Interim City Manager during the period February 27, 2023, through November 17, 2024, while also continuing to serve as the Director of Public Works.
- The Director of Operations served as Interim City Manager for the period November 18, 2024, through December 15, 2024, while also continuing to serve as Director of Operations.
- The current City Manager was appointed December 16, 2024.

In response to our inquiry, in September 2025, the City Mayor indicated that hiring a permanent City Manager was delayed due to City Commission disagreements. A contributing factor in the turnover in the City Manager position may have been City Commissioners interference with City staff, which is contrary to City Charter provisions.²⁸

²⁸ Part I, *Charter*, Article IV, *Governing Body*, Section 4.07(c), City of Winter Springs Code of Ordinances – *Interference with Administration*, unless conducting inquiries or investigations under Section 4.11, Mayor and City Commission may not direct City officers or employees who report to the City Manager. However, they may still communicate with these individuals as any other resident would.

In November 2024, the City provided the most recent training program for newly elected Commissioners to help them understand the City Charter, relevant Florida statutes and rules, local ordinances and resolutions, and City policies and procedures. As part of the training, Commissioners were advised that they may not interfere with City Administration. The Mayor and City Commission are prohibited from directing City officers or employees under the City Manager’s supervision, except for inquiries or investigations authorized by Section 4.11²⁹ of the City Charter.

Our review of approximately 4,000 e-mails sent by the Mayor and current and former City Commissioners found that despite the City Commission’s training, City Commissioners continued to contact City personnel directly without copying the City Manager on their requests. Specifically, we identified 23 instances during the period October 2023 through March 2025 where a Commissioner asked City personnel to perform tasks or provide information without notifying the City Manager. This practice may place undue pressure on staff to prioritize City Commissioner requests over their assigned duties and may contribute to turnover in key management positions.

Although the City has taken steps to improve the work environment, significant turnover in key management positions results in the loss of institutional knowledge, impacts the oversight and consistent application of City policies and procedures, and may lead to inefficient operations and reduced service quality.

Recommendation: To promote efficient operations, deliver high-quality services to residents, and consistently apply City policies and procedures, the City should continue its efforts to:

- **Foster a positive work environment.**
- **Train City Commissioners to refrain from directing City personnel subject to the City Manager’s direction.**

Finding 8: Anti-Fraud Policy

Previously Reported

The City needed to establish policies and procedures for communicating, investigating, and reporting known or suspected fraud.

We recommended that the City establish a comprehensive policy and procedures for detecting, communicating, and investigating known or suspected fraud.

Result of Follow-Up Procedures

The City corrected this finding. The City Commission adopted a resolution³⁰ on October 9, 2023, implementing an anti-fraud policy that adequately addressed our recommendations.

²⁹ Section 4.11 of the City Charter specifies that the Commission has the authority to investigate City operations and departments.

³⁰ City of Winter Springs Resolution No. 2023-32.

OBJECTIVES, SCOPE, AND METHODOLOGY

Pursuant to Section 11.45(3)(a), Florida Statutes, we conducted an operational audit of the City of Winter Springs (City) and issued our report No. 2024-036 in October 2023. Pursuant to Section 11.45(2)(j), Florida Statutes, the objective of this audit was to perform, no later than 18 months after the release of that report, appropriate follow-up procedures to determine the City's progress in addressing the findings and recommendations contained within report No. 2024-036.

We conducted this follow-up audit from March 2025 through September 2025 in accordance with generally accepted government auditing 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This audit was designed to identify, for those programs, activities, or functions included within the scope of the follow-up audit, weaknesses in management's internal controls, instances of noncompliance with applicable laws, rules, regulations, contracts, grant agreements, and other guidelines; and instances of inefficient or ineffective operational policies, procedures, or practices. The overall objective of this audit was to identify problems so that they may be corrected in such a way as to improve government accountability and efficiency and the stewardship of management. Professional judgment has been used in determining significance and audit risk and in selecting the particular transactions, legal compliance matters, records, and controls considered.

As described in more detail below, for those programs, activities, and functions included within the scope of our follow-up audit, our audit work included, but was not limited to, communicating to management and those charged with governance the scope, objectives, timing, overall methodology, and reporting of our audit; obtaining an understanding of the program, activity, or function; exercising professional judgment in considering significance and audit risk in the design and execution of the research, interviews, tests, analyses, and other procedures included in the audit methodology; obtaining reasonable assurance of the overall sufficiency and appropriateness of the evidence gathered in support of our audit's findings and conclusions; and reporting on the results of the audit as required by governing laws and auditing standards.

Our audit included transactions, as well as events and conditions, occurring during the period October 2023 through March 2025 and selected City actions taken prior and subsequent thereto. Our audit included the examination of pertinent City records and transactions, inquiry of City personnel, observation of procedures in practice, and additional follow-up procedures as appropriate. Unless otherwise indicated in this report, records and transactions were not selected with the intent of projecting the results, although we have presented for perspective, where practicable, information concerning relevant population value or size and quantifications relative to the items selected for examination.

In conducting our audit, we:

- Reviewed applicable laws, rules, City policies and procedures, and other guidelines, and interviewed City personnel to obtain an understanding of the City's processes and requirements and to evaluate whether the City had established effective policies and procedures for selected City functions.

- Examined minutes of City Commission meetings held during the audit period, and the minutes of selected meetings held prior and subsequent to the audit period, to determine the propriety and sufficiency of actions taken related to the programs, activities, and functions included in the scope of this audit.
- Examined City records for the period October 2023 through March 2025 and inquired of City personnel to determine whether any construction or electrical projects with estimated or actual expenditures exceeding the thresholds specified in Section 255.20, Florida Statutes, were performed using City services, employees, and equipment.
- Inquired with City personnel to determine whether the City entered into any contracts under the authority granted by a state of emergency declared or renewed on or after July 1, 2021.
- Evaluated the sufficiency of City actions to comply with consent orders issued by the Florida Department of Environmental Protection.
- Evaluated the sufficiency of City monitoring of its water utility contractor's performance.
- Evaluated the adequacy City policies and procedures to ensure that matters involving significant financial impacts or heightened public interest, including any proposed expenditure of infrastructure sales surtax revenues, are discussed at publicly noticed meetings.
- From the population of 285 sales surtax expenditures incurred during the period October 1, 2023 through March 31, 2025, and totaling approximately \$6.3 million, we examined City records supporting 30 selected expenditures totaling \$973,790 to determine whether the expenditures were allowable pursuant to Section 212.055(2), Florida Statutes, the voter-approved referendum, and Commission-approved uses.
- Analyzed City accounting records to determine whether the City transferred infrastructure sales surtax revenues to other City funds, and if the expenditure of the transferred funds, including the \$2 million transferred to the Water and Sewer Utility Fund discussed in our report No. 2024-036, was separately accounted for and for purposes allowable pursuant to Section 212.055(2), Florida Statutes, the voter-approved referendum, and Commission-approved uses.
- Reviewed City policies and procedures for complying with public records requests, and from a population of 153 public records requests received during the period October 2023 through March 2025, examined supporting records for 30 selected requests to determine whether City personnel promptly processed such requests and that any fees charged to requestors were properly calculated and in accordance with State law.
- Evaluated whether City purchasing policies and procedures were adequate to provide assurance that goods and services were obtained at the lowest cost consistent with desired quality. Additionally, from a population of \$14.3 million of expenditures each exceeding \$50,000 and subject to procurement that occurred during the period of October 2023 through March 2025, we examined records supporting 31 procurements totaling \$2.4 million to determine if the goods or services were competitively selected in accordance with State law, City ordinances, and City policies and procedures.
- Determined whether the City had established comprehensive purchase card (P-Card) policies and procedures. From a population of 2,113 P-card transactions totaling \$385,556, we examined records supporting 23 selected P-card transactions totaling \$36,083 for the period October 2023 through March 2025 for compliance with those policies and procedures.
- Evaluated the sufficiency of City actions to promote stability in key management positions, including, training provided to City Commissioners regarding City Charter provisions that prohibit interfering in City administration.
- Determined whether the City had established comprehensive policies and procedures to detect, communicate, and investigate known or suspected fraud.

- Communicated on an interim basis with applicable officials to ensure the timely resolution of issues involving controls and noncompliance.
- Performed various other auditing procedures, including analytical procedures, as necessary, to accomplish the objectives of the audit.
- Prepared and submitted for management response the findings and recommendations that are included in this report and which describe the matters requiring corrective actions. Management's response is included in this report under the heading **MANAGEMENT'S RESPONSE**.

AUTHORITY

Pursuant to the provisions of Section 11.45, Florida Statutes, I have directed that this report be prepared to present the results of our operational audit.



Sherrill F. Norman, CPA
Auditor General

MANAGEMENT'S RESPONSE



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Kevin McCann
MAYOR

Kevin A. Sweet, MPA, ICMA-CM
CITY MANAGER

November 20, 2025

Honorable Sherrill F. Norman, CPA
Auditor General
State of Florida
Claude Denson Pepper Building, Suite G74
111 West Madison Street
Tallahassee, Florida 32399-1450

Re: City of Winter Springs Prior Audit Follow – Up Response

Dear Auditor General Norman,

Thank you for your letter dated October 22, 2025, enclosing a list of eight (8) Preliminary and Tentative Audit findings and recommendations resulting from the operational audit of the City of Winter Springs conducted by your office.

Upon a thorough evaluation of the findings and recommendations, we appreciate the opportunity afforded to the city to submit the enclosed written management response in accordance with section 11.45(4)(d), Florida Statutes.

The City of Winter Springs genuinely appreciates the work conducted by the Auditor General's Office and the professional way the audit team communicated and worked with City staff. During the review process, City staff, the City's contracted consultants, and City Attorney have expended a substantial amount of time responding to inquiries and requests for records from the audit team. We believe the experience gained from engaging in the operational audit and implementing your recommendations will help the City further strengthen its policies and procedures and improve operations for the benefit of the citizens of Winter Springs.

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City of Winter Springs Prior Audit Follow – Up Response

November 20, 2025

Please do not hesitate to contact us if you have any questions or require additional information.

Respectfully,



Kevin McCann
Mayor, City of Winter Springs



Kevin A. Sweet
City Manager, City of Winter Springs

Enclosure

- c: Paul Diaz, Commissioner District 1, City of Winter Springs
- Victoria Bruce, Commissioner District 2, City of Winter Springs
- Sarah Baker, Commissioner District 3, City of Winter Springs
- Cade Resnick, Deputy Mayor/Commissioner, District 4, City of Winter Springs
- Mark Caruso, Commissioner District 5, City of Winter Springs
- Anthony A. Garganese, Esq., Garganese, Weiss, D'Agresta & Salzman, P.A.
- Christian Gowan, City Clerk, City of Winter Springs
- Holly Queen, Finance Director, City of Winter Springs
- Clete Saunier, Public Works Director, City of Winter Springs
- File

City of Winter Springs' Response to the Florida Auditor General's Preliminary and Tentative Findings.

Finding 1 – Wastewater System Operations

Recommendation: We continue to recommend that the City should ensure that wastewater reclamation facilities are operating in accordance with applicable FDEP rules.

Management Response:

Management is committed to operating the City's wastewater reclamation facilities with licensed operators in accordance with applicable FDEP rules. The City will continue to fully cooperate and work with the FDEP, which is the state agency delegated with exclusive jurisdiction to oversee wastewater reclamation facilities pursuant to chapter 403, Florida Statutes.

All the regulatory notices and violations noted within Finding #1 of the "Preliminary and Tentative Audit Findings" are related to wastewater operations and the City of Winter Springs' (City) previous contract operator. Per the contract between the City and its previous operator, the operator was responsible for submitting required regulatory reports and documents accurately and on time, as well as operating the facilities in a manner intended to avoid sewer overflows or wastewater exceedances. Although the City ultimately incurred regulatory fines and penalties, because the wastewater facility permits are issued in the City's name, these penalties arose from actions or conditions occurring during the period in which the facilities were under the previous operator's management.

To support continued improvement and regulatory compliance, the City engaged a new contractor. Since October 1, 2025, a new operator has assumed operation of the City's wastewater and potable water facilities. Communication and operation have vastly improved, and the City is confident that compliance will continue to be a priority with improvements made. However, as the Auditor General's office is aware, the City's wastewater facilities have surpassed their useful life and require replacement. The City has contracts established for design and construction for over \$100 million for the two wastewater facilities. This project is the City's utmost priority, as we are aware of the need to replace these plants and the implications of not doing so. The City has recently obtained a permit from FDEP to construct the East WRF and has also received loan approval from State Revolving Funds (SRF) through FDEP. This continued funding is critical for the City's ability to replace and construct both wastewater treatment plants.

While the City's goal is to prevent any FDEP violations, there is always risk of noncontrollable and unintended causes that could result in non-compliance, as is the case with any Utility. These could include natural disasters, outside contractor construction issues (i.e., hitting a wastewater pipeline), unexpected equipment failures, etc.

Additionally, it's important to note that the East WRF Warning Letter published January 2025 requires resolution between the City and FDEP, and future response is anticipated.

The City remains committed and, with its new operator, has experienced significantly improved operational transparency and communication. The City has reached out to FDEP to arrange a meeting to introduce its new operator and emphasize its commitment to compliance and communication.

Finding 2 – Water Utility Contract Monitoring

Recommendation: The City should follow the engineering consultant’s recommendations to develop and implement policies and procedures to more effectively monitor contractor compliance with contract terms and applicable State laws and rules. As part of this effort, the City should take into account the engineering consultant’s recommendation to include a provision in the water utility contractor’s contract that allows the City to competitively procure and directly pay for certain supplies.

Management Response:

The City will continue to take into account the recommendations from its engineering consultant related to monitoring the performance of the operator under the contract. As explained in the response to Finding #1 above, the City ended its contract with its previous operator on September 30, 2025. While the City and its engineering consultant sought increased oversight and collaboration with the previous operator, communication challenges arose, and by late 2024 the operator’s management was no longer participating in compliance review meetings with the City and its engineering consultant. The City implemented additional policies and procedures to support contract compliance; however, these efforts did not result in the level of engagement needed to achieve the desired improvements.

Since transitioning to a new operator, the City has already seen improvements in operational coordination and communication. For example, calibration of all meters at the wastewater facilities by a third-party calibration company was scheduled within the first two weeks of the new operator assuming operational responsibility for the utility.

Additionally, as mentioned within Finding #2, the City has designated the Director of Public Works and Utilities to be the operator Compliance Officer. He has been regularly communicating with the operators, in addition to attending weekly Operator Transition & Compliance meetings since the first week of October. The City’s consultant engineer also attends these meetings and continues to provide oversight and monthly review of data prior to submission to FDEP.

In comparison to the previous operator’s contract, the new operator’s contract is structured based on an “open book” policy for transparency which requires the new contract operator to provide backup information and pricing for any purchases made to ensure that prices for supplies are competitive and reasonable.

The contract between the City and its new operator revolves around staffing the wastewater and potable water facilities. While staffing is the primary cost, additional purchases made under the contract include chemicals for treatment, in addition to equipment repairs and maintenance items.

Chemicals are crucial for water and wastewater treatment, and more than just price must be considered when selecting a chemical vendor (i.e., quality, liability, service, etc.). Furthermore, WRF equipment is often specific to a vendor and must be sole-sourced when replaced.

It's important to note that capital improvement projects are not included under this contract. Those projects would be competitively procured, in compliance with the City's procurement policy.

Finding 3 – Infrastructure Sales Surtax

Recommendation: The City Should:

- **Continue its efforts to enhance transparency by establishing policies and procedures to require and ensure that items with significant financial impacts or high public interest, such as the infrastructure sales surtax, are included as regular agenda items, rather than consent agenda items.**
- **Establish policies and procedures to ensure, to the extent practical, that sales surtax collections are expended in accordance with State law and in accordance with expectations.**

Management Response:

Management appreciates the recommendation and remains committed to continue expending infrastructure sales tax funds in a publicly transparent manner and in accordance with the law, the public referendum and the 2014 Interlocal Agreement approved by Seminole County, the seven Seminole County cities and School District.

As stated in the preliminary report, the City Charter provides the foundational authority for how the agenda is prepared and managed. The City Commission's current rules of procedure provide two public input opportunities for the public to comment on any item on the agenda, including items in the consent agenda. One of these opportunities is before the consent agenda is voted on by the Commission. Additionally, each Commissioner is provided the opportunity to briefly discuss or comment on a consent agenda item before the consent agenda is voted upon or pull an item from the consent agenda for placements as a regular item for more detailed discussion and a separate vote.

In response to the expenditures found during the follow up audit, as stated in the report Hurricane Ian had a severe impact on the community and prior management was diligently working to recover and assist the residents in an expeditious manner. The items found were for grant programs that have since been put on hold during a change in Federal programs. It was never the intention of the City to leave these expenditures within the Infrastructure Surtax Fund, but to use this fund as cashflow while awaiting reimbursement from the grant programs. To bring the fund back into compliance with State Law and the Interlocal agreement, the City moved these expenses to the General Fund. Once the City receives reimbursement from these programs the proceeds will be placed back in the General Fund.

No budget amendment was necessary for this re-class, therefore no agenda item would specify this movement. The savings were available in the General Fund because of reduced annual budgetary expenditures due to employment vacancies during the Fiscal 2024-2025 year.

Finding 4 – Public Records

Recommendation: The City should continue to enhance its policies and procedures to specify a standard time frame for completion of public records requests and to require that the requestor be notified when delays occurred. Further, City policies and procedures should require supporting documentation be retained to support the calculation of actual costs incurred for responding to public records requests requiring extensive effort.

Management Response:

Again, management understands the importance of responding to public records requests as required by law. As stated in the preliminary report, the City updated its public records policy with resolution 2023-37. However, management notes that a “standard time frame” for a completion of public records is not required by law. The Public Records Act does not contain a specific time limit for compliance with public records requests because the time required to a particular request will vary depending on the nature of the request, volume of documents sought, location of documents, review time required for possible exemptions and redactions, payment of deposits, and other circumstances legally justifying a delay. An average number of business days taken to respond to public records requests received during a certain period does not indicate a lack of transparency when the nature of those requests are also not considered.

In response to the recommendation regarding retention of supporting estimated and actual costs for requests involving extensive effort, the City is currently preparing internal procedures to ensure the proper data is collected and retained.

Finding 5 – Procurement

Recommendation: The City corrected this finding.

Finding 6 – Purchase Cards

Recommendation: The City should document the required supervisory pre-approval of P-card transactions in accordance with its policies and procedures.

Management Response:

Management is in agreement with this recommendation and has created a new internal procedure and form to ensure pre-approval of a purchasing card expenditure in a consistent manner.

Finding 7 – Management Turnover

Recommendation: To promote efficient operations, deliver high-quality services to residents, and consistently apply City policies and procedures, the City should continue its efforts to:

- **Foster a positive work environment,**
- **Train City Commissioners to refrain from directing City personnel subject to the City Manager's direction.**

Management Response:

Management is in agreement with the recommendation. Management remains committed to promoting efficient operations and delivering high-quality services to residents. As noted in the preliminary report the City has partially corrected the previous finding by implementing various employee benefit enhancements. Additionally, the City has provided Commissioners with training directly through the internal onboarding process and through external training classes through the Florida League of Cities.

Finding 8 – Anti-Fraud Policy

Recommendation: The City corrected this finding.