

Audit of Contract WQ150 with Wildwood Consulting, Inc.

Division of Environmental Assessment and Restoration

Report: A-1920DEP-003

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

November 17, 2020

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Tallahassee, Florida 32399-3000

<https://floridadep.gov/>





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The Department of Environmental Protection (Department) Office of Inspector General conducted an audit of Contract WQ150 (Contract) between the Department's Division of Environmental Assessment and Restoration (Division) and Wildwood Consulting, Inc. (Contractor). This audit was initiated as a result of the Fiscal Year (FY) 2019-2020 Annual Audit Plan.

Scope and Objectives

The scope of this audit included activities, financial records, and tasks assignments beginning October 2017. The objectives were to:

- determine whether reimbursed costs were allowable and supported by deliverables as outlined in the Contract and Task Assignments (TA)
- evaluate Division oversight and the Contractor's compliance with the Contract

Methodology

This Audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Our procedures included review of the Contract and Task Assignments, as well as support documentation, associated payments, and deliverables. We also interviewed and obtained information from Division and Contractor Staff.

Background

The Contract was established October 13, 2017, for a five-year term to provide facilitation support for the development and implementation of local retroaction plans such as Basin Management Action Plans (BMAPs), Reasonable Assurance Plans (4b Plans), Pollutant Reduction Plans (4e Plans), Site Specific Alternative Criteria (SSACs), and Class III- Limited

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Petitions. According to the Contract Scope of Work, tasked activities include planning and preparation, meeting management and follow-up, meeting support and management for entities associated with the process, draft documents, 4b Plans, 4e Plans, and Class III limited Petitions.

Ten TAs have been issued for this Contract. Each TA contains a budget which includes estimated hours and expenses associated with the TA Scope of Work and Deliverables. Change Orders have been issued to each TA to provide additional funding and extend completion dates.

TA descriptions and funding as of FY 2019-2020 were as follows.

TA	Description	Tasked Amount
1	Statewide facilitation of local restoration plan efforts in lieu of Total Maximum Daily Loads (TMDLs) and BMAPs/Statewide Support	\$342,502.28
2	Facilitation support for the Northern Everglades TMDLs and BMAPS	\$299,267.33
3	Facilitation support for the Northwest Florida TMDLs and BMAPS	\$380,388.18
4	Facilitation support for the Middle St. Johns River TMDLs and BMAPS	\$420,388.96
5	Facilitation support for the Indian River Lagoon TMDLs and BMAPS	\$194,604.64
6	Facilitation support for the Lower St. Johns River TMDLs and BMAPS	\$206,374.06
7	Facilitation support for the Ocklawaha River TMDLs and BMAPS	\$223,376.21
8	Facilitation support for the Southwest Florida TMDLs and BMAPS	\$338,414.46
9	Facilitation support for the North Central Basin Florida TMDLs and BMAPS	\$347,597.08
10	Facilitation support for the Reasonable Assurance/4e Plans	\$420,608.04
	Total	\$3,173,521.24

Payments are made on a cost reimbursement basis for Contract and engineering subcontract staff hours at rates established under the Contract, as well as travel and related expenses for TA deliverables. Approved payments totaling \$1,432,385.60 were paid to the Contractor as of June 30, 2020.

Results

Required Deliverables and Invoiced Activities

Of the ten TAs established under the Contract, we reviewed costs and deliverables for a sample of six invoices representing three TAs as follows.

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TA	Monthly Invoice	Contract Staff Hours	Contract Staff Cost	Subcontract Staff Hours	Subcontract Staff Cost	Travel Cost	Total
1	March 2019	48.5	\$7,192.62	23.5	\$1,880.00		\$9,072.62
1	December 2019	97.5	\$12,659.20			\$72.98	\$12,732.18
4	January 2020	131.75	\$16,232.98			\$82.50	\$16,315.48
4	February 2020	86	\$9,678.24	5	\$730.00		\$10,408.24
10	May 2019	95.75	\$12,114.65				\$12,114.65
10	September 2019	133	\$18,984.06			\$209.15	\$19,193.21

Based on our review of the sampled invoices, hourly rates billed for contract and subcontract staff were consistent with rates outlined in the Contract's Rate Schedule.

Deliverables, timelines, and performance measures are the same for each TA. Each deliverable includes a maximum number of hours allowed for the activity. For the invoices reviewed, costs were billed for the following deliverables.

Deliverable Hours Invoiced				
TA	Month	Deliverable	Hours Allowed Per TA for Deliverable Activity	Invoiced Hours
1	March 2019	Technical Documents	150	.50
		Staff Meetings ¹	20	18.25
		Annual Progress Report	250 per month	53.25
1	December 2019	Meeting Notes	20	7
		Technical Documents	150	.25
		Staff Meetings	20	14.75
		Teleconferences	15	.25
		Meeting Facilitation	100	12.75
		Annual Progress Reports	250 per month	62.5
4	January 2020	Draft Agendas	40	2
		Draft Meeting Presentations	45	6.75
		Meeting Notes	20	2
		Technical Documents	150	28.5
		Staff Meetings	20	5.75
		Teleconferences	15	11
		Memos	150	.75
		Meeting Facilitation	100	29.75
4	February 2020	Annual Progress Report Metrics	250 per month	45.25
		Meeting Notes	20	19.25
		Teleconferences	15	3.75
		Meeting Facilitation	100	.25
		Project Load Reduction Calculation	75 per month	8.25
		Annual Progress Report Metrics	250 per month	58
		Staff Meetings	20	1
Technical Documents	150	.5		

¹ Multiple Staff Meetings were held for the months sampled. The Contractor billed less than the allowed hours for each of these meetings.

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TA	Month	Deliverable	Hours Allowed Per TA for Deliverable Activity	Invoiced Hours
10	May 2019	Meeting Notes	20	7
		Technical Documents	150	8.75
		Staff Meetings	20	2.25
		Teleconferences	15	2
		Project Load Reduction Calculation	75 per month	75.75
10	September 2019	Technical Documents	150	16.25
		Teleconferences	15	6.25
		Meeting Facilitation	100	23.75
		Staff Meetings	20	11
		Draft Meeting Presentation	45	5
		Meeting Notes	20	2.5
		Memos	150	5.75
4c/Reasonable Assurance Plan Development	350 per month	62.5		

Based on our review, invoiced hours associated with the sampled months were within the TA required timeframes, with a minor exception. According to TA deliverables for Project Load Reduction Calculations, *Hours to conduct project load reduction calculations for one stakeholder’s project shall not exceed 75 hours per month.* The Contractor invoiced the Department 75.75 hours for a Project Load Reduction Calculation for the May 2019 invoice under TA10. According to the Division’s Contract Manager, the discrepancy was an oversight.

We compared required TA deliverables and performance measures to support documentation for activities represented by invoiced time during the sampled months. Based on our review of activities for the deliverables in the six invoices, the Contractor provided necessary documentation and correspondence to support each required deliverable and performance measure, with the exception of 14 of the 43 Staff Meetings and seven of the 36 Teleconferences conducted during the sampled months.

Agreement Requirements and Management Oversight

According to Section 10 of the Contract, the *Contractor shall pay all subcontractors and vendors under this Contract within seven (7) working days from the date of receipt of payment from the Department.* Of the six invoices reviewed, there were two instances in which a

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subcontractor was used, in March 2019 TA1 and February 2020 TA4. According to Section seven of the contract, *If subcontractors are used, the Contractor shall complete and submit Attachment H, Subcontractor Utilization Report Form (Subcontractor Report) with each invoice.* We verified documentation demonstrating that the Contractor made payments to subcontractors within seven working days, and the Contractor completed the form for both invoices as required.

Section 23 of the Contract states that the *Contractor shall secure and maintain, or provide evidence of self-insurance, and require any subcontractors, if authorized under this Contract, to secure and maintain the following types of insurance in the specified amounts during the life of the Contract and any renewals.* We verified that the Contractor had maintained the required insurance.

According to Section 11 of the Contract, the Department's Contract Manager shall have five business days to inspect and approve an invoice. According to Section 215.422(1), F.S., *Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies otherwise.* Based on our review of the invoices sampled, the Division's Contract Manager did not approve the sampled invoices within five business days of receipt, as required by the Contract and Section 215.422, F.S.

Conclusions

Based on our review, the Contractor has operated in compliance with the Contract. Reimbursed costs were allowable and supported by deliverables as outlined in the Contract and TAs with the exception of documentation for some Staff Meetings and Teleconferences. In addition, invoices had not been approved within five business days, as required by the Contract and Section 215.422, F.S.

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Findings and Recommendations

Finding 1: Verification of Deliverables

According to required TA deliverables for Staff Meetings, *brief staff meeting notes will be provided to DEP's Contract Manager or by a person authorized in Exhibit I no later than 3 days after meeting is held. Staff meeting notes should describe the date and time of the meeting and a brief description of any key action items.* The TA performance measure for Staff Meetings requires that *Department staff will review staff meetings and provide comment/revision as needed to ensure work performed in accordance with scope.* Under the sampled invoices, the Contractor invoiced 53 hours representing 43 Staff Meetings. Of the 43 Staff Meetings, the Contractor did not provide documentation supporting 14, as required under the TA. According to the Contract Manager, the required documentation for Staff Meetings could not be located.

According to TA deliverables for Teleconferences, *following any teleconference with DEP and/or stakeholders, a brief e-mail that lists the items discussed will be sent to the person who assigned the work as authorized under Exhibit I. The e-mail will list the meeting purpose and any action items or major decisions from the meeting.* The TA Teleconference Performance Measure requires that *Department staff will review teleconferences and provide comment/revision as needed to ensure work performed in accordance with the scope.* Under the sampled invoices the Contractor invoiced for 23.25 hours representing 36 Teleconferences. Of the 36 Teleconferences, the Contractor did not provide documentation supporting seven as required. According to the Contract Manager, the required Teleconference documentation could not be located.

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Recommendation:

Going forward, we recommend the Division ensure documentation of Staff Meetings and Teleconferences are received from the Contractor consistent with TA deliverable requirements prior to invoice approval.

Finding 2: Timeliness of Invoice Approval

According to Section 11 of the Contract, the Department's Contract Manager shall have five business days to inspect and approve an invoice. According to Section 215.422(1), F.S., *Approval and inspection of goods or services shall take no longer than 5 working days unless the bid specifications, purchase order, or contract specifies otherwise.* Based on our review of the invoices sampled, the Division's Contract Manager did not approve the invoices within five business days of receipt, as required by the Contract and Section 215.422, F.S. The Contract Manager indicated that once invoices are received, the hours invoiced are reviewed by Division coordinators for accuracy prior to approval. This process normally exceeds five days.

Recommendation:

We recommend the Division ensure invoices are approved within the timeframe required under the Contract and Section 215.422, F.S.

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To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of Section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Lawrence Pickle and supervised by Valerie J. Peacock.

Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #40, Tallahassee, FL 32399.

*Valerie J. Peacock,
Director of Auditing*

*Candie M. Fuller,
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Memorandum

TO: Valerie Peacock, Audit Director, Office of Inspector General

THROUGH: Julie Espy, Director, Division of Environmental Assessment and Restoration

FROM: Kevin Coyne, Program Administrator,
Division of Environmental Assessment and Restoration

SUBJECT: Response to Audit of Contract WQ150 (Preliminary Report A-1920DEP-003)

DATE: October 27, 2020

Please consider this memo as an acknowledgement of receipt of the audit report your office provided for Contract WQ150 (Preliminary Report A-1920DEP-003) as required per section 20.055, Florida Statutes.

After reviewing the recommendations outlined in the audit report, we see two key areas for consideration and potential correction during the renewal phase of this contract. First, the finding that some records of meetings were missing. We may revise the requirement to provide a documented follow up for brief meetings like short phone calls and ensure that we do a better job of maintaining follow up records as required by the contract. Second, the need to expedite the processing and approval of invoices. In consultation with both the Office of General Counsel and Finance and Accounting staff, we will explore ways to speed up this process while ensuring accurate review and approval of individual invoices is completed. Any revisions to this process will be captured during the renewal process for this specific contract.

We do appreciate the audit and recommendations outlined in the preliminary report. We continue to review and revise our approaches to contract management and having this detailed analysis and perspective will only make our contract management efforts better.