



## **Department of Environmental Protection Office of Inspector General**

June 27, 2025

Report A-2425DEP-010

### ***Audit of Waste Cleanup Pollution Response Contract Activities and Task Assignments***

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Waste Cleanup Pollution Response Contract Activities and Task Assignments. This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of this audit included a review of activities performed under Contract HW685 (Contract) between the Department and WSP USA Inc., formerly known as Golder Associates USA Inc., (Contractor) for support to the Division of Waste Management (Division), Waste Cleanup Program. The scope was further limited to records and activities conducted under Task Assignment SA259 (TA).

The objectives of the audit were to:

1. Determine whether the Contractor complied with the requirements of the Contract and TA;
2. Determine whether deliverables were completed in accordance with the Contract and TA, and whether approved payments were supported by documentation required by the Contract and TA; and
3. Evaluate Division oversight and internal controls over the Contractor's compliance with the Contract and TA.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Contract and TA, attachments, Task Assignment Change Orders, and amendments.
- Reviewing records and documentation; including deliverables, invoices, communications, and other supporting documentation.
- Interviewing appropriate Department employees and management regarding the processes and controls used.

#### **BACKGROUND**

The Contract was a five-year renewable contract between the Department and Contractor to provide support to the Waste Cleanup Program, including, the Waste Site Cleanup Section, Site Investigation Section, Federal Programs Section, and Brownfields and

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CERCLA<sup>1</sup> Site Screening. Under the Contract issued TA, the Contractor was to conduct monitoring well (MW) installation along with groundwater (GW) profiling and sampling activities. The TA was executed on October 12, 2023, at a Fixed Unit Rate totaling \$455,582.11, and with a completion date of June 14, 2024. The TA consisted of three subtasks with two deliverables. There were two change orders issued. The first change order extended the final deliverable due date to June 28, 2024, and the task completion date to June 30, 2024. The second change order reduced the TA amount to \$452,098.36. The Division provided oversight of the TA.

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## **RESULTS OF AUDIT**

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During the audit, we reviewed deliverables, payments, and supporting documentation for the TA. The TA consisted of two deliverables with a cost breakdown of each deliverable, in the TA, as follows: Subtask 1 and 3 (\$22,385.41) and Subtask 2 (\$429,712.95). The Contractor submitted one invoice, which was for the total amount of the TA. Our review of the deliverables and payment is below.

### **Deliverables**

Based on our review, deliverables submitted for Subtasks 1, 2, and 3 appeared to include all required documentation.

### **Invoice and Supporting Documentation**

The Contract states the Department shall pay the Contractor on a Fixed Unit Rate and Cost Reimbursement basis. According to the Contract, reimbursement for costs shall be limited to the following budget categories, as defined in the Reference Guide for State Expenditures:

- Overhead/Indirect/General and Administrative Costs:
  - Fringe Benefits, NA% of Direct Labor Costs
  - Overhead, 172.5% of Direct Labor Costs
  - General and Administrative Costs, NA% of Direct Labor Costs
- Other Direct Costs
- Miscellaneous/Other Expenses, as outlined in Attachment 3
- Travel, in accordance with Section 112, F.S.

According to the Reference Guide for State Expenditures, invoices for Fixed Unit Rate payment type deliverables must identify the deliverable(s) (unit of service), the number of units completed and the cost per unit. Pursuant to the Contract, *All charges for services rendered or for reimbursement of expenses authorized by the Department pursuant to the Scope of Services shall be submitted to the Department in sufficient detail for a proper pre-audit and post-audit to be performed.* The Contract also states, *Invoices for cost reimbursement shall be supported by an itemized listing of expenditures by category (salary, travel expenses, etc.). Supporting documentation must indicate that the item was paid and indicate the date of service.*

Our review determined the deliverables and supporting documentation did not always support the unit rates and/or quantities charged by the Contractor. The original TA and

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<sup>1</sup> CERCLA is an acronym for Comprehensive Environmental Response, Compensation, and Liability Act.

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the TA Change Order included a cost estimate for the work which was itemized by expenses including labor hours, vehicle rental, per diem, hotel costs, subcontractor costs, laboratory costs and equipment costs. The Contractor submitted one invoice for the total amount of the TA Change Order; however, the invoice provided and approved for payment did not include the Fixed Unit Rate requirements and all services were billed at a lump sum fixed price of \$452,098.36. While supporting documentation for the invoice included subcontractor invoices and proof of payment, it did not include an itemization of labor hours, travel expenses, or equipment costs.

#### Direct Labor Hours

According to the Contract, direct labor hourly rate ranges were established for various classification of positions. The Contractor's original cost estimate in the TA included 976 labor hours at various hourly rates, for a total of \$38,535.33 in estimated costs for direct labor. The Change Order included 1006 labor hours but reduced the cost estimate for direct labor to a total of \$37,828.68 due to *using cheaper staff, and several of the subs coming in under budget*, according to communications from the Contractor. As the invoice did not provide a breakdown of labor costs and no supporting documentation was provided, we were unable to verify whether the direct labor rates charged were accurate or whether they matched the cost estimate.

According to the Division, the Department reviews Contractor notices and submissions of field activities to ensure the Scope of Work is being implemented in accordance with the negotiated level of effort and the master agreement. We reviewed the Contractor's field notes and compared the labor hours provided in the TA cost estimate to the details captured within the field notes. However, we were unable to match the hours provided in the TA's cost estimate to the field notes. Additionally, the Contract authorized cost reimbursement for Overhead in the amount of 172.50% of direct labor costs. As we could not verify the amount charged for direct labor, we were also unable to determine the Overhead charges reimbursed.

#### Travel Expenses – Per Diem and Hotel

Per the Contract, reimbursement for travel costs should be made in accordance with Section 112, F.S., which states reimbursement for travel requires a uniform travel voucher to be used when submitting travel expense statements for approval and payment. The TA Change Order included a cost estimate of \$10,416 for per diem and hotel. Our review determined the Contractor did not submit any travel vouchers or other supporting documentation to show dates of travel, traveler name, hotel receipts, or other required information. Additionally, as the invoice did not provide a breakdown of travel expenses and no supporting documentation was provided, we were unable to verify whether travel expenses reimbursed to the Contractor were accurate and in accordance with the Contract and TA.

During our review, we were advised by the Division that the *program permitted the daily meal allowance but does not permit per diem. These costs were not reimbursed through travel vouchers but provided fixed rate cost that was negotiated within the original task assignment. The rates were established within the task assignment and paid for upon receipt and approval of deliverables associated with the work product.* Additionally, the Contract states *the Department and Contractor reserve the right to negotiate Task Assignments covering performance of those required services only if there is established*

*pricing in the Contract and such services do not expand the Scope of Services.* While the TA was issued as a Fixed Unit Rate price and did not include cost reimbursement, there was no established pricing found within the Contract for per diem, meals, or hotel costs.

#### Travel Expenses – Vehicle Rental

The TA Change Order included a cost estimate for vehicle rental in the amount of \$3,360. As per Section 112.061, F.S., requests for travel reimbursement payment are to include applicable transportation receipts for common carrier travel, such as receipts for auto rental are required when such expenses are claimed. As detailed in the Contract, “Vehicle Rental Rates” were provided for daily, weekly, and monthly use. The invoice did not provide a breakdown of vehicle rental expenses, and no supporting documentation was provided. However, our review determined that the Contractor utilized their company owned vehicles to mobilize to the site and did not actually rent vehicles. According to the Division, the word “Rental” was carried over from the previous contract. Based on the Contractor’s usage of their company owned vehicles and the inability to provide receipts for auto rentals, we were unable to verify whether the vehicle rental expenses reimbursed to the Contractor were accurate or made in accordance with the Contract and TA.

#### Equipment Costs

According to the Contract, equipment rates were established for various items. The TA Change Order included a cost estimate of \$11,950 for equipment charges. The cost estimate includes costs for personal protection (\$2,590) and other equipment (\$7,880). As the invoice did not provide a breakdown of equipment costs and no supporting documentation was provided, we were unable to verify whether the rates charged were accurate and made in accordance with the Contract and TA.

#### Laboratory Analysis

The Contractor was approved to use the Department’s laboratory and one other subcontractor laboratory. However, the Contractor’s deliverable showed that laboratory analysis was performed by the Department’s laboratory and two different laboratory subcontractors. The Contractor’s invoice did not include the laboratory invoice, proof of payment to the lab, nor was the subcontractor listed on the Subcontractor Utilization Report Form, which all are Contract requirements needed for invoicing purposes. Based on discussions with the Division, we were informed that two samples were sent to the unapproved laboratory for analysis, due to the Department’s laboratory being closed for an extended period. However, lab analysis results for the two samples were found within a lab report associated with a different TA. While the lab analysis was conducted for this TA, the Division confirmed that the costs were invoiced under a separate TA.

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## **CONCLUSION**

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During the audit, we reviewed deliverables, payments, and supporting documentation provided by the Division to determine compliance with the TA and Contract. Based on our review it appears the Contractor generally completed the deliverables specified in the TA and Contract. However, our review determined supporting documentation was not provided to support the unit rates and quantities charged by the Contractor. Our findings and recommendations are listed below.

## **FINDINGS AND RECOMMENDATIONS**

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**Finding 1: Invoice Supporting Documentation – The invoice approved for payment did not contain supporting documentation in sufficient detail for a proper pre-audit and post-audit, as required by the Contract.**

The Contract states the Department shall pay the Contractor on a Fixed Unit Rate and Cost Reimbursement basis. According to the Reference Guide for State Expenditures, invoices for Fixed Unit Rate payment type deliverables must identify the deliverable(s) (unit of service), the number of units completed and the cost per unit. Pursuant to the Contract, *All charges for services rendered or for reimbursement of expenses authorized by the Department pursuant to the Scope of Services shall be submitted to the Department in sufficient detail for a proper pre-audit and post-audit to be performed.* The Contract also states, *Invoices for cost reimbursement shall be supported by an itemized listing of expenditures by category (salary, travel expenses, etc.). Supporting documentation must indicate that the item was paid and indicate the date of service.*

Our review determined the deliverables and supporting documentation did not always support the unit rates and/or quantities charged by the Contractor. The original TA and the TA Change Order included a cost estimate for the work which was itemized by expenses including labor hours, vehicle rental, per diem, hotel costs, subcontractor costs, laboratory costs and equipment costs. The Contractor submitted one invoice for the total amount of the TA Change Order; however, the invoice provided and approved for payment did not include the Fixed Unit Rate requirements and all services were billed at a lump sum fixed price of \$452,098.36. While supporting documentation for the invoice included subcontractor invoices and proof of payment, it did not include an itemization of labor hours, travel expenses, or equipment costs.

### **Recommendation:**

We recommend the Division implement internal controls that will strengthen the payment approval process and ensure all charges for services rendered are submitted in sufficient detail for a proper pre-audit and post-audit; including, invoices are itemized by reimbursement amounts being requested, and supporting documentation is obtained that supports the itemized invoiced amounts.

### **Management's Response:**

Fixed unit rates for laboratory, equipment, and labor are provided in the master contract agreements for the Waste Cleanup Program (WCP) Pollution Response Action Contracts. These fixed unit rates are provided within site-specific task assignments and actual costs are verified through the review and approval of task assignment deliverables prior to payment of invoices. To strengthen the payment approval process, fixed unit rates, which are documented within the final cost estimating form, will now be included with each invoice. This form will provide itemized amounts for the unit rates in accordance with the task assignment and final approved deliverables. In addition, the WCP will make the following changes to the invoicing process:

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Correction to the Invoicing Template - the WCP will make updates to the invoicing template form to clarify that the contracts are paid through either Fixed Unit Rate or Cost Reimbursement.

Cost Reimbursement - all invoices that are for Cost Reimbursement (including travel) will be submitted along with required receipts e.g., paid utility invoices and hotel receipts. Invoices associated with travel reimbursement will include a Travel Reimbursement Form that will include all itemized costs. The form will be submitted and signed by the contractor.

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**STATEMENT OF ACCORDANCE**

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**Statement of Accordance**

The Mission of the OIG is to promote accountability, integrity, and efficiency by providing quality audits, investigations, management reviews, and technical assistance.

This work product was prepared pursuant to Section 20.055, Florida Statutes, in accordance with the *Principles and Standards for Offices of Inspectors General* as published by the Association of Inspectors General and the *International Standards for the Professional Practice of Internal Auditing*, as published by the Institute of Internal Auditors, Inc. The audit was conducted by Natasha Toth and supervised by Susan Cureton.

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