



Department of Environmental Protection Office of Inspector General

July 17, 2025

Report A-2425DEP-018

Audit of Purchase Order C299D5 with GHD Services, Inc.

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of the Division of Waste Management (Division) Petroleum Restoration Program (PRP) Purchase Order C299D5 (Purchase Order) with GHD Services, Inc. (Contractor) 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 includes activities and financial records associated with the Purchase Order between the Department and Contractor for technical support services/verification sampling in accordance with the terms of the Environmental Forensic Site Investigation and other Technical Support Services Contract GC908 (Contract) at the R&R Service Center, Facility Identification Number 378510367 (Facility). The scope also included related activities for the Facility.

The objectives of this audit were to:

1. Determine whether the Contractor complied with the requirements of the Purchase Order and Contract, including deliverables and disbursements.
2. Evaluate management oversight of the Purchase Order and Contractor.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, and Department procedures and other authoritative documents.
- Reviewing the requirements of the Contract, Purchase Order, and attachments.
- Reviewing records and documentation, including deliverables, invoices, and supporting documentation.
- Interviewing appropriate Division staff regarding the processes and controls used.

BACKGROUND

The Inland Protection Trust Fund was created under Section 376.3071, Florida Statutes (F.S.), to provide funding for the Department to respond to incidents of inland contamination related to the storage of petroleum and petroleum products. In order to facilitate this, PRP was implemented to oversee state-funded environmental remediation cleanup activities for petroleum-based contamination that poses a threat to the public health, safety and welfare, water resources, and the environment, caused by petroleum storage systems. PRP manages activities and contracts professional services necessary

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to prioritize, assess, and clean up contaminated facilities in accordance with Section 376.3071, F.S. Pursuant to the Contract, the Contractor was selected to provide environmental forensics site investigation and other technical support services, verification assessment, baseline data collection, special case studies, statistics and data evaluation, and tank removal/abandonment activities for PRP.

Per an August 2023 Request for Technical Support Services Memorandum, it was requested that Verification Assessment be performed at the Facility. This request included:

- Verification that soil contamination did not extend beyond the property boundary/paved area.
- Verification that groundwater contamination did not extend beyond the property boundary.
- Evaluation of whether the plume was shrinking or stable.

In order to make these determinations, the Division issued the Purchase Order. At the time the Purchase Order was issued, the planned Scope of Work (SOW) was to be completed in two tasks spanning from October 10, 2023 through April 22, 2024, and totaling \$49,480.19. A third task was added during the Purchase Order upon the completion of the second task. The work to be completed in each task, and the corresponding deliverables, was as follows:

Task	Description	Deliverable
1	Prepare and submit a Health and Safety Plan (HASP), schedule and conduct a pre-drill meeting that is attended by the Contractor and the driller. Following the meeting, submit field notes containing required specifications.	HASP, Pre-Drill Field Notes
2	Acquire necessary permits, begin by collecting and analyzing samples from existing monitoring wells, then advance and collect samples from soil borings, drill new monitoring wells, collect and analyze groundwater samples. Mobilize to oversee the disposal of any Investigation-Derived Waste and/or contact water.	Supplemental Site Assessment Report (SSAR) with Conditional Closure evaluations, permit(s)
3	Install additional monitoring wells and conduct groundwater sampling activities per the Water Sampling Table, obtain an offsite access agreement for the western adjoining property.	SSAR with Conditional Closure evaluations, permit(s)

Upon completion of these tasks and the issuance of five change orders, the total Purchase Order cost was \$43,667.46 and the end date was December 20, 2024.

RESULTS OF AUDIT

During the audit, we reviewed documents and records related to the Contractor's completion of the deliverables, subsequent invoices, payment disbursements, Contract and Purchase Order requirements, Division policies and procedures, and applicable laws and statutes. Based on our review we found the following:

Field Work Notifications

The Purchase Order requires that *The Contractor must provide written notification...of field activities at least seven (7) calendar days prior to the commencement of work to all applicable parties including the FDEP/LP task manager, Inspector..., site operator, site owner, RP [responsible party] and affected off-site property owners.* Our review noted that all field work notification emails were sent timely, as required.

Subcontracted Work

Regarding the use of subcontractors, the Contract directs that the *Contractor shall not subcontract any work under this Contract without the prior written consent of the Department's Contract Manager.* The Contract Manager that provided oversight during this Purchase Order is no longer with the Department. However, we requested a copy of the written consent from the Division, who in turn requested the information from the Contractor. Communications from the Contractor stated subcontractors were included in their original proposal. Based on our review, the Contractor utilized subcontractors; however, documentation of the Contract Manager's prior written consent could not be obtained.

Deliverables

Three deliverables were submitted during the Purchase Order, all by the required due dates. The Purchase Order specifies that the *Site Manager will review the submitted documentation... [and] will notify the Contractor of acceptance or any deficiencies in the work and/or deliverables. The Contractor will be given an opportunity to remedy deficiencies at no additional cost to the FDEP [Department].* Upon reviewing the submitted documentation, the Site Manager determined that the Tasks 2 and 3 deliverables were incomplete and identified items within the deliverables that needed to be addressed before the work outlined in each task could be completed. The Contractor made the requested changes to both deliverables and resubmitted each by the requested due date. In accordance with the Purchase Order, Site Managers are required to conduct their review of deliverables within timeframes established in the PRP Staff Review Deliverable Turnaround Time guidance. These turnaround times vary based on the type of report being reviewed. The Site Manager complied with the timeframes established in the guidance document when reviewing deliverables.

Schedule of Pay Items (SPI)

Prior to payment, the Contractor is required to submit specific supporting documentation within the deliverable for each invoiced SPI. The basis for establishing which documents are mandatory comes from the list of required documents per each pay item, which is provided by the Division in Attachment B. Based on our review, we identified some SPIs that were invoiced, but not supported by the required documentation listed in Attachment B.

Task 2				
SPI	Description	Required Documentation	Units Claimed	Cost
3-7.	DPT Rig Mobilization - ≤ 100 miles each way	Field notes - documenting vehicle ownership and where it mobilized from	1 [per Round Trip]	\$450.00
			Task 2 Total	\$450.00

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- SPI 3-7: While the field notes record the drill rig on site, they did not include vehicle ownership or mobilization origin.

Task 3				
SPI	Description	Required Documentation	Units Claimed	Cost
3-10.	Drill Rig Mobilization - > 100 miles each way	Field notes - documenting vehicle ownership and where it mobilized from	1 [per Round Trip]	\$1,100.00
5-1.a.1	Split Spoon Sampling - 2 foot (during boring) < 50 feet	Field notes and boring logs	48 [per Spoon]	\$1,344.00
12-6.	Transport and Disposal of Petroleum Impacted Soil (includes drum)	Field notes, photo documentation, waste manifest and disposal facility documentation or receipt	4 [per drum]	\$770.00
Task 3 Total				\$3,214.00

- SPI 3-10: The field notes do record drill rig ownership, but did not include mobilization origin.
- SPI 5-1.a.1: The deliverable did not contain the required documentation to support the invoicing of this pay item, as the boring logs did not record split spoon samples being taken, nor is a mention made in the field notes. The rationale behind using this pay item as stated by the Contractor was that *For drilling scopes, the SPI is built up with either split spoons and HSA [hollow stem auger] boring footage or DPT [direct push technology], whichever is most cost effective for the State. In this case, it was built up with split spoons and HSA boring footage.* Ultimately, this pay item was not supported by the required documentation.
- SPI 12-6: The deliverable did not contain disposal facility documentation.

Invoices

The Contract states that the *Contractor shall submit invoices to the Department within thirty (30) days after the date of the Department's written approval of each interim deliverable or the final deliverable.* Based on our review, all invoices were submitted timely. The Contract additionally specifies that *Department's Contract Manager shall have five (5) business days...to inspect and approve an invoice.* Per the information contained in Ariba on Demand¹, the time periods between the Invoice Received Dates and the Goods/Services Approval Date for the Tasks 1 and 3 invoices exceeded the allowable 5 day time frame by 2 days, as shown in the table below.

Task	Invoice Received Date	Goods/Services Approval Date	Time Elapsed
1	December 13, 2023	December 22, 2023	7 days
2	April 4, 2024	April 9, 2024	2 days
3	November 19, 2024	December 3, 2024	7 days ²

¹ Ariba on Demand (AOD) is the electronic procurement system for the State of Florida.

² This calculation accounts for state office closures on November 27-29, 2024.

Retainage

Regarding retainage, the Contract states that the *Department reserves the right to establish the amount and application of retainage on the Work to a maximum of twenty-five percent (25%). The Purchase Order determines that Retainage shall be withheld in the amount of 10%...from each payment...until completion and approval of all Tasks. The Contractor shall submit a Release of Claims and request for retainage payment with the final invoice.* Based on our review, the required 10% of retainage was withheld in the Purchase Order. The Contractor submitted a Release of Claims in the final invoice and all withheld retainage was paid.

Contractor Performance Evaluation (CPE)

In accordance with Rule 62-772.300(6), Florida Administrative Code (F.A.C.), Contractor performance on state-funded petroleum cleanup projects shall be evaluated after each Purchase Order. The Site Manager completed the CPE once the final invoice had been submitted. Additionally, Rule 62-772.300(6), F.A.C., states that the evaluation should include input from the responsible party and/or site owner; however, the Site Manager stated that no owner survey was required. According to the Division, the decision not to solicit an owner survey was based on provisions in the Site Access Agreement, executed between the Department and site owner. The executed Site Access Agreement dictates that *Access shall be allowed for the Department (including its employees...and contractors performing work for the Department under an environmental forensics site investigation contract...)*. Because the Department's Site Access Agreement extends permissions to Contractors performing work under this Contract, the need for the Contractor to work directly with the responsible party/site owner was reduced. Due to this limited contact, the Site Manager deemed an owner survey was not necessary for this Purchase Order.

Purchase Order Language

Our review noted inaccurate and inconsistent language within the Purchase Order. This included references to both an Agency Term Contract (ATC) and this Contract as well as use of the terms Task Manager and Site Manager.

ATC/Contract: While many of PRP's purchase orders are issued to Contractors under an ATC, this Purchase Order was issued through the Contract and the Purchase Order specifies that *All work shall be performed in accordance with the terms of the Environmental Forensics Site Investigations and Other Technical Support Services Contract (EFSI&OTSSC).*³ However, the SOW states multiple times that the work shall be performed in accordance with the ATC or performed as specified in the ATC, despite no ATC associated with the Purchase Order.

Site Manager/Task Manager: The Purchase Order denotes responsibilities to a Task Manager; however, it also makes references to a Site Manager. For example, the Performance Measures section of the SOW instructs that *The FDEP/LP Site Manager will review the submitted documentation to confirm that all work was performed in accordance with the Specifications referenced above. The FDEP/LP Task Manager will notify the Contractor of acceptance or any deficiencies in the work and/or deliverables.* When asked about the difference between a Task Manager and Site Manager, Division staff stated

³ This is the Contract the Purchase Order was issued under.

that a Task Manager is the same as a Site Manager, regardless of how it is referenced. The use of both Task Manager and Site Manager may provide confusion regarding oversight responsibilities.

CONCLUSION

During the audit, we reviewed documents and records related to the Contractor's completion of the deliverables, subsequent invoices, payment disbursements, Contract and Purchase Order requirements, Division policies and procedures, and applicable laws and statutes. Based on our review we found that the Contractor generally completed the SOW in the Purchase Order. However, our review noted some areas where internal controls and oversight could be strengthened. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: SPI Documentation – The Contractor received payment for pay items that were not supported by the required documentation.
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Prior to payment, the Contractor was required to submit specific supporting documentation within the deliverable for each invoiced SPI. Based on our review, we identified some SPIs that were invoiced, totaling \$3,664, but were not supported by the required documentation. A summary of our review is below.

Task 2:

- SPI 3-7: While the field notes record the drill rig on site, they did not include vehicle ownership or mobilization origin.

Task 3

- SPI 3-10: The field notes do record drill rig ownership, but did not include mobilization origin.
- SPI 5-1.a.1: The deliverable did not contain the required documentation to support the invoicing of this pay item, as the boring logs did not record split spoon samples being taken, nor is a mention made in the field notes.
- SPI 12-6: The deliverable did not contain disposal facility documentation.

Recommendations:

We recommend the Division work with PRP and review payments made for unsupported SPI costs and request reimbursement for the SPI costs where documentation was not provided.

Management Response:

PRP agrees and requested reimbursement in the amount of \$3,664.00 from the contractor on June 18, 2025, for costs associated with pay items 3-7, 3-10, 5-1.a.1, and 12-6. Additionally, PRP conducted training on July 2, 2025, and July 8, 2025, to remind site managers and contractors of the documentation requirements associated with SPI

line items and the process of reviewing and verifying each line item prior to invoice approval and payment.

Finding 2: Department Written Consent – The Division was unable to provide documentation demonstrating prior written consent for the use of subcontractors.

The Contract states that the *Contractor shall not subcontract any work under this Contract without the prior written consent of the Department's Contract Manager*. The Contract Manager that provided oversight during this Purchase Order is no longer with the Department. However, we requested a copy of the written consent from the Division, who in turn requested the information from the Contractor. Communications from the Contractor stated subcontractors were included in their original proposal. Based on our review, the Contractor utilized subcontractors; however, documentation of the Contract Manager's prior written consent could not be obtained.

Recommendations:

We recommend the Division work with PRP to ensure that prior written consent from the Department's Contract Manager is obtained as required, and that such documentation is maintained in the files.

Management Response:

PRP agrees and conducted training for all forensic site managers and contractors on July 2, 2025, and July 8, 2025, to review and discuss the specific requirements associated with the use of subcontractors. In addition, PRP established a designated file location for each forensic contract to store approved subcontractor lists and written consent from the DEP contract manager to document PRP approval of subcontractors.

STATEMENT OF ACCORDANCE

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 § 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 Shelby Bremigan and supervised by Susan Cureton.

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