



Department of Environmental Protection Office of Inspector General

February 12, 2025

Report A-2425DEP-007

Audit of Purchase Order C2C2F2 with Ecotech Environmental Services for Site Assessment

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) Agency Term Contract GC801 (ATC) and Purchase Order C2C2F2 (Purchase Order) with Ecotech Environmental Services (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 the audit included activities and financial records associated with the Purchase Order for site assessment at the G-BAR Service Mart #301 (Facility 8507817).

The objectives of the audit were to:

1. Determine whether the approved payments were supported by documentation as required by the Schedule of Pay Items (SPI) and deliverable completion;
2. Determine whether the Contractor complied with the requirements of the Purchase Order and the ATC; and,
3. Evaluate management oversight of the Purchase Order, Facility, and Contractor.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, and internal operating procedures.
- Reviewing the ATC with amendments and Purchase Order, including invoices, deliverables, and supporting documentation.
- Interviewing Division Staff and management regarding the processes and controls used in the procurement and contracting process.

BACKGROUND

The Inland Protection Trust Fund (IPTF) 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. PRP manages activities necessary to prioritize, assess, and cleanup facilities contaminated by discharges of petroleum and petroleum-based products from stationary petroleum storage systems. PRP employs professionals in various fields to provide technical support as needed. In accordance with Section 376.3071, F.S., the Department has implemented

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rules and procedures to administer the PRP through Agency Term Contractors and other contracted professional services. The PRP oversees environmental remediation cleanup programs and initiatives. The sites and/or facilities are assigned Site Managers to manage all aspects of oversight for work performed. The Division utilizes Site Managers' Standard Operating Procedures (SOP) guides to assist Site Managers and other program staff with navigating PRP sites through the cleanup and closure process. In addition, PRP requires the use of Storage Tank Contamination Monitoring (STCM)¹ and OCULUS² databases to store and allow access to both Department and contractor personnel.

Agency Term Contractors perform the majority of remediation cleanup activities and are preapproved and vetted. The Agency Term Contractors can be assigned cleanup sites under several methods including bidding, direct assignment, appointment, and referral. As an Agency Term Contractor, the Contractor received the Purchase Order as a direct assignment.

The Purchase Order was issued on November 14, 2023, for \$264,094, to perform a site assessment at the Facility in Escambia County, Florida. The Purchase Order had two tasks, and the final invoice was paid on June 10, 2024, with payments for the Purchase Order totaling \$255,010.40.

RESULTS OF AUDIT

During the audit, we reviewed documentation and records related to the Contractor's completion of the Purchase Order's tasks, change orders, deliverables, and payments. Based on our review we found the following:

Deliverables and Schedule of Pay Items (SPI)

Deliverables – Using the Purchase Order's Statement of Work (SOW), we identified two deliverables and their due dates. We reviewed the OCULUS database for change orders, deliverables, approval letters, responses, and other supporting documentation to determine when the documents were received, reviewed, and approved. Both deliverables were received, reviewed, and approved within the SOW's timeframes as adjusted by Change Order 1.

SPI – Though the Purchase Order had two tasks, there were three invoices submitted and paid. Using the invoiced list of pay items, we verified the required supporting documentation was received prior to the date the invoice was paid.

Change Orders

Two Change Orders were approved for the Purchase Order. Change Order 1 requested additional time (90 days) to coordinate drilling activities with Contractor personnel, subcontractors, and Cordova Mall representatives. Change Order 2 requested additional

¹ The STCM database is used to maintain data associated with the registration of petroleum facilities, the petroleum cleanup efforts and state funds spent on cleanup; and track historical compliance information.

² The OCULUS database is PRP's electronic document management system for site files.

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funds for travel Per Diem and Mobilization. Change Order 2 increased funding by \$13,785 and was issued prior to work being performed.

Rates

The amounts paid were authorized and consistent with the ATC's rates. Five of the SPI negotiated item prices were found in Amendment 12 of the ATC. The remaining twenty of the SPI negotiated item prices were located in Amendment 14 of the ATC. The Site Manager used the negotiated rates when creating the Purchase Order.

eQuote

Chapter 62-772.400(3), Florida Administrative Code (F.A.C.), states that if the total cost of a purchase order exceeds \$325,000, the Department will request quotes from Agency Term Contractors for the work. According to PRP SOP 25, in accordance with the Contractor Assignment Process, eQuotes are required when the purchase order cost for the next SOW is \$325,000 or greater (not including the contingent funding allowance). The Purchase Order was issued for \$264,094 with a contingent funding allowance of \$5,000. As such, it was not procured by an eQuote.

Retainage

The retainage amount was established at 5% in the Purchase Order's SOW. We reviewed and verified that the 5% retainage was withheld from each invoice and paid to the Contractor in the final invoice as required.

Site Inspection

SOP Chapter 12 states in part, *Site Managers shall complete a site inspection form for every site visit they make.* Site inspections were documented on May 8, May 9, and May 10, 2023, and reports were filed in the electronic database. This occurred prior to work beginning on the Purchase Order and there were no other inspections filed through January 2025.

Contractor Performance Evaluation (CPE)

The Site Manager's Guide, paragraph 19.1, states the CPEs should be completed by the Site Manager at the end of each Purchase Order. The CPE was completed within 30 days of the date of final invoice. The owner/responsible party was given the opportunity to provide input. The evaluation was uploaded to both the OCULUS and STCM databases as required.

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SubContracted Work

The Contract, paragraph 19.B. states in part, *Contractor shall not subcontract any work under this Contract, with the exception of those subcontractors identified on page 1 of this Contract, without the prior written consent of Department's Contract Manager. Subcontractors and vendors providing goods or services using the contract fixed price schedule in the Schedule of Pay Item (SPI) were initially identified by the Contractor as part of their "Team" in the original Agency Term Contract (ATC). The ATC Subcontractor List is posted and updated with subsequent approved changes on the Petroleum Restoration Program (PRP) Agency Term Contracts webpage. Section 19 of the ATC contract sets forth the process for a Contractor to request changes to the subcontractor list.*

Under this Purchase Order, four (4) subcontractors provided services/commodities for remediation activities and were reported on the Revised Subcontractor Utilization Report Form for Commodities/Services. A comparison of the reported subcontractors to the Contractor's Authorized Subcontractor listing found one subcontractor was approved. Two of the other subcontractors appear to be the same subcontractor with name variations. In addition, when discussed with the Site Manager, he indicated that the subcontractor had merged with a subcontractor which was approved. The remaining subcontractor was not approved.

As a result of a previous audit finding³ regarding use of unapproved subcontractors, PRP provided additional training for Site Managers on the requirements for all subcontractors to be listed on the Contractor's approved subcontractor list or included on the subcontractor quote form. Further, PRP agreed that internal controls should be strengthened and will include specific consequences for the use of unapproved subcontractors in any future contracts.

CONCLUSION

During the audit, we reviewed documentation and records related to the Contractor's completion of the Purchase Order's tasks, change orders, deliverables, and payments. Based on our review, the Contractor complied with the Purchase Order.

³ The finding was previously addressed by the Division in the OIG Audit Report A-2324DEP-008.

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STATEMENT OF ACCORDANCE

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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 Randal C. Stewart and supervised by Susan Cureton.

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