



Department of Environmental Protection Office of Inspector General

April 7, 2025

Report A-2425DEP-009

Audit of Purchase Order C2DF5B with Bismillah of USA, Inc.

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Purchase Order C2DF5B (Purchase Order) with Bismillah of USA, Inc. (Applicant) 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, issued for covering the costs of the replacement of petroleum storage tanks, integral piping, or ancillary equipment damaged, or subject to damage, by the storage of fuels blended with ethanol or biodiesel. The Purchase Order was issued to the Applicant for Marianna Real Estate, LLC., Facility Identification Number 328944031 (Facility).

The objectives of the audit were to:

1. Determine whether the Applicant complied with the requirements of the Purchase Order, including deliverables and disbursements, and any statutes deemed relevant.
2. Evaluate management oversight of Purchase Order compliance.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, rules, regulations, and internal operating procedures.
- Reviewing the Purchase Order, including the Ethanol/Biodiesel Program applications, pre-invoice deliverable, invoice, and backup documentation.
- Interviewing appropriate Division staff and management regarding the processes and controls used in the procurement and contracting process.

BACKGROUND

Section 376.3071(15), Florida Statutes (F.S.) established that, for each fiscal year, \$10 million of the Inland Protection Trust Fund would be allotted to *fund for the costs of labor and equipment to repair or replace petroleum storage systems that may have been damaged due to the storage of fuels blended with ethanol or biodiesel*. The Division of Waste Management (Division) created the Ethanol/Biodiesel Program within the Permitting and Compliance Assistance Program to administer this funding. In accordance with the statute, the Division established a two-part application process for the petroleum

storage system owner or operator to apply for funding, inclusive of an affidavit and proposed scope of repair from a Certified Pollutant Storage Systems Contractor (PSSC). The Division is tasked with reviewing these applications and issuing purchase orders in an amount reflecting the cost of the application's scope of work (SOW), minus a 25% deductible, that will be paid to the owner/operator once the SOW has been completed in substantial conformity with the purchase order. The statute further specifies that the work authorized in the purchase order must be substantially completed and paid for by the owner/operator within 180 days, and that payment cannot be made for facilities not in compliance with the Department's storage tank rules.

Spill bucket replacement was performed under a previous Ethanol/Biodiesel Program purchase order, during which the PSSC determined that the damage exceeded their original estimate. To address this damage, which included replacement of two submersible turbine pump sumps and two motor assemblies, an application was submitted for additional Ethanol/Biodiesel Program funding, which was accepted on October 10, 2023. They issued the Purchase Order, authorizing that the SOW submitted in the accepted application could be completed. The Purchase Order started on December 4, 2023, and ended on March 28, 2024. It was issued in the amount of \$41,070.85, which reflected a deductible of 25% of the approved SOW total of \$54,761.13. The invoice totaled \$51,606.69, with the Department paying \$38,705.02 after the deductible.

RESULTS OF AUDIT

During the audit, we reviewed documents and records related to the Ethanol/Biodiesel Program applications, the Purchase Order and its requirements, Pre-invoice Deliverable, backup documentation, itemized invoice, disbursement, and applicable laws and statutes. Based on our review we found the following:

Application Submission

To receive funding through the Ethanol/Biodiesel Program, a facility owner/operator must first submit an application to the Division. Section 376.3071(15)(a)1., F.S., outlines specific information that must be included in this application. These requirements include:

- An affidavit from a PSSC attesting to the damage and a proposal for either repair, replacement, or the implementation of preventative measures.
- Inspection reports that document the damage or potential for damage.
- A proposal showing the proposed scope for either repair, replacement, or preventative maintenance from this same PSSC. In the case of repair or replacement, provisions for preventative measures and the adoption of a maintenance plan are required, and
- In instances of the replacement of any storage tanks or piping, a statement from a certified public accountant must be included.¹

Based on our review, three applications were submitted by the PSSC on behalf of the Applicant prior to the issuance of this Purchase Order. Upon reviewing the first two

¹ This SOW does not include the replacement of storage tanks or piping and thus no statement from a certified public accountant was necessary.

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applications, the Division determined additional information was needed and responded with Requests for Additional Information (RAIs) which outlined the issues in the application that needed to be addressed and modified. The third application was accepted by the Division, and this application contained all statutorily required components.

In accordance with Section 376.3071(15)(a)2., F.S., the *department shall review applications for completeness, accuracy, and the reasonableness of costs and scope of work. Within 30 days after receipt of an application, the department must approve or deny the application, propose modification to the application, or request additional information.* The Division's review time of each application is displayed in the table below.

Document	Submission Date	Determination and Date	Review Time
Application A	April 6, 2023	RAI – May 12, 2023	36 days
Application B	June 30, 2023	RAI – July 18, 2023	18 days
Application C	October 2, 2023	Accepted – October 10, 2023	8 days

The review time for the first application exceeded the allotted time. As a result of a previous audit finding², the Division has since improved their application tracking system.

Pre-invoice Deliverables

The Purchase Order specifies that *Prior to submitting invoice(s), vendor must provide the following:*

- 1) PSSC certification/attestation (including work summary and photos) and proof of payment for work performed, as outlined in original Scope of Work (SOW) submittal.*
- 2) Proof of notification to County inspectors of work to be performed, a minimum of 30-45 days in advance...*

The above listed pre-invoice documentation is hereinafter referred to as the “Pre-invoice Deliverables” and must be received by the Department within 30 days of completion of work.

Our review determined the Pre-invoice Deliverables contained a Certified PSSC Post-Work Certification and appropriate proof of notification to County inspectors. The work summary and photos were also submitted but were missing some required documentation, as discussed in the following section. However, the proof of payment was submitted at the same time as the invoice and not with the Pre-invoice Deliverables as required. The Certified Contractors Form records that the PSSC completed the work on February 20, 2024, but the proof of payment was submitted on March 27, 2024 which was past the 30-day due date.

Backup Documentation

The Purchase Order states that, *Payment is not due to the applicant until:*

- 1. The scope of work authorized by the Department has been completed in substantial conformity with this PO [Purchase Order]...*

² OIG Audit Report A-2324DEP-016.

3. *The itemized invoice and backup documentation are submitted to the Department. Backup documentation shall include, at a minimum, field notes detailing daily site arrival and departure times, vehicles/mobilizations used, pictures of work performed, including before and after of any components repaired or replaced, original receipts for each requested line-item payment, and documentation detailing personnel travel, including hotel receipts.*

Our review determined that the backup documentation did not meet the stated requirements in the Purchase Order. Specifically:

- The field notes did not detail daily site arrival and departure times.
- No documentation of vehicles or mobilizations was provided.
- There are photos that appear to capture the equipment prior to, during, and after the work; however, the location of the photos is not identified and cannot be confirmed as being taken at the Facility. The inability to determine the location of photos due to the absence of captions was noted in a prior OIG audit report.³
- The documentation does not contain any receipts, and thus no line-item payments were supported by backup documentation.
- No documentation detailing personnel travel was included, nor were any hotel receipts provided.

Section 112.061, F.S. requires that *The Department of Financial Services shall furnish a uniform travel voucher form which shall be used by all state officers, employees, and authorized persons when submitting travel expense statements for approval and payment. No travel expense statement shall be approved for payment by the Chief Financial Officer unless made on the form prescribed and furnished by the department.* Travel vouchers were not provided by the Applicant or requested by the Division, and payment was made for travel expenses that did not have supporting documentation. The lack of supporting documentation for travel was noted in a prior OIG audit report.⁴

The lack of backup documentation was discussed with the Division during the audit, after which some additional documentation was provided by the PSSC. However, the additional documentation provided did not meet the Purchase Order requirements for backup documentation, and appeared to support overcharges of some line items and contradictions between different line items. For example:

- We were provided with a truck rental receipt totaling \$610.25 but were charged for \$1,500 dollars for truck rentals, for a total unsupported reimbursement of \$889.75.
- We received hotel receipts totaling \$669.67 but were charged for hotel fees in the amount of \$2,800. Based on the hotel receipts provided, the Division paid \$2,130.33 for unsupported travel costs.
- Based on the PSSC's reported labor hours, one employee worked for ten hours/day on February 5th and 6th, 2024. However, when the documentation was compared to the driving records provided, the employee did not appear to be present onsite either of those days. Using the invoiced rates, the Division paid \$3,200 for unsupported labor hours.

³ OIG Audit Report A-2324DEP-016.

⁴ OIG Audit Report A-2324DEP-016.

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- Based on the PSSC's reported labor hours, one employee worked for ten hours, and a second employee worked for five hours on February 7th, 2024. However, when this documentation was compared to the driving records for that date, over five hours appear to be spent at another contaminated facility in the same town.

Using the supporting documentation provided during the audit, each line item is represented below:

Line Item	Quantity & Units	Invoiced Cost	Comments
Labor Crew (2 person)	100 [man hours]	\$16,000.00	Documentation provided during the audit did not support this full cost.
Truck Usage Rental Charge	10 [per day]	\$1,500.00	Receipt provided, but the charge only amounts to \$610.25.
Trailer Usage Rental Charge	10 [per day]	\$1,000.00	No receipt(s) provided.
Meals per Day per Person	20 [man days]	\$720.00	No travel vouchers were submitted as required by Section 112.061(11)(b), F.S. As such, per diem cannot be determined.
Lodging per Day per Person (M thru Th)	16 [man days]	\$2,800.00	Receipts provided for 10 of the 16 days invoiced. The total charge only amounts to \$669.67.
Electrical Supplies - Stainless	2 [lot]	\$2,000.00	No receipt(s) provided.
Miscellaneous Fittings – Stainless	2 [lot]	\$2,000.00	No receipt(s) provided.
Bravo Fiberglass 2" Entry Boots #F20-F	4 [each]	\$226.48	Receipt supports the purchase of two units, totaling \$111.95.
Bravo Fiberglass 3/4" Entry Boots #F-07-F	6 [each]	\$339.72	No receipt(s) provided.
Bravo Glue Kits #EP100	20 [each]	\$556.60	No receipt(s) provided.
PCI Glue Kit	2 [each]	\$311.78	No receipt(s) provided.
PCI Fiberglass Sump with WT Lid and Collar	2 [each]	\$5,395.52	No receipt(s) provided.
Red Jacket "Red Armor", 1.5 HP Motor Assembly #4410149 (or FE Petro equal)	2 [each]	\$7,917.28	No receipt(s) provided.
Red Jacket Leak detector #116-058-5/058-5 (or FE Petro equal)	2 [each]	\$412.48	No receipt(s) provided.
2" Ameron Coupler	2 [each]	\$25.26	No receipt(s) provided.
2" Ameron 45	2 [each]	\$82.70	No receipt(s) provided.
Ameron Glue Kits	1 [each]	\$168.87	No receipt(s) provided.
Heavy Equipment – Fuel for Line Item Below	2 [weekly]	\$4,500.00	Receipt provided, totaling \$4,395.08.
Diesel Fuel for Heavy Equipment Listed Above	10 [per day]	\$200.00	No receipt(s) provided.
C&D Disposal with Dumpster	2 [each]	\$1,000.00	Receipt provided, but only one dumpster was utilized, totaling \$850.00.

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4,000 psi Concrete	12 [each]	\$2,100.00	The receipts provided could not be reconciled with this line item, as the units could not be accurately determined.
4 inch Riser – Stainless	2 [each]	\$700.00	No receipt(s) provided.
Mobilization – Labor and Travel Time Only (2 week period)	2 [each]	\$900.00	Based on driving records, two mobilizations occurred.
Shipping	1 [lot]	\$750.00	No receipt(s) provided.
Total		\$51,606.69	
Total less 25% deductible		\$38,705.02	

In response to a previous audit report finding in which the Applicant received payment despite not providing sufficient supporting documentation to demonstrate that the work had been completed, the Division stated that they developed new language that lists required invoicing documentation.⁵ This new language was included in the Purchase Order and requires field notes, vehicle/mobilization documentation, pictures, receipts for each line item, and documentation of personnel travel to be submitted to the Department prior to payment of the Purchase Order. However, our review determined most of these requirements were not met.

Additionally, the Purchase Order stipulates that *Payment is not due to the applicant until...the scope of work authorized by the Department has been completed in substantial conformity with this PO* [Purchase Order]. Our review found that due to the lack of backup documentation, completion of the work could not be verified nor was the work completed in substantial conformity with the Purchase Order, and payment should not have been made.

Payment to the PSSC

The Applicant is responsible for paying the PSSC for the work performed, and in accordance with Section 376.3071(15)(b), F.S., *If an application is approved the department shall issue a purchase order... [and the Purchase Order shall] ...specify that the work authorized in the purchase order must be substantially completed and paid for by the petroleum storage system owner or operator within 180 days after the date of the purchase order.* The Purchase Order includes this specification, as required. The Purchase Order spanned from December 4, 2023 through March 28, 2024, which amounted to 118 days. While it cannot be determined if the work was substantially completed due to the lack of backup documentation, the Applicant made payment to the PSSC on March 26, 2024, within the 180-day requirement.

Deliverable Review and Invoice Submission

Regarding the review of deliverables and invoice submission, the Purchase Order directs that *The Department will have a minimum of five (5) days to review documents submitted by the Applicant prior to making any final determination. Upon approval, vendor may submit their standardized invoice with all costs listed and detail of work performed, including specific dates of work performed. The Applicant must submit an invoice within*

⁵ OIG Audit Report A-2324DEP-016.

30 days following the Department's approval of the Pre-invoice Deliverables. The Terms and Conditions of the Purchase Order also dictate that The Contractor will be paid upon submission of properly certified invoice(s) to the Agency after delivery and acceptance of commodities or contractual services is confirmed in writing by the Agency.

The PSSC submitted the Pre-invoice Deliverable on March 15, 2024. The Division did not maintain a written record of their review and determination for the Pre-invoice Deliverable. Because of this, it cannot be determined if invoice submission was authorized and invoice submission timeliness cannot be determined. However, the PSSC proceeded to submit a standardized invoice to the Department on March 27, 2024.

Additionally, the Purchase Order specifies that the Applicant must submit the invoice. Section 376.3071(15)(c)1, F.S., contains a similar requirement, stating *Except for maintenance contracts, the applicant may request that the department make payment following completion of the work authorized by the department, in accordance with the terms of the purchase order.* Based on documentation obtained during this audit, the PSSC, not the Applicant, submitted the invoice to the Division, which did not comply with the requirements of Florida Statutes or the Purchase Order.

Consequences of Noncompliance

The Purchase Order states, *Failure to provide all services, or failure to provide services which are satisfactory, in accordance with the requirements of this PO [Purchase Order] and the terms and conditions attached hereto shall result in non-payment or termination of the PO.* Our review determined that not all the requirements specified in the Purchase Order were met by the Applicant; however, the Division authorized payment to the Applicant for the amount stated in the invoice, minus the 25% deductible totaling \$38,705.02. Within this authorization, the Program Administrator stated that *the goods and services have been satisfactorily received and payment is now due.*

CONCLUSION

During the audit, we reviewed documents and records related to the Ethanol/Biodiesel Program Applications, the Purchase Order and its requirements, Pre-invoice Deliverable, backup documentation, itemized invoice, disbursement, and applicable laws and statutes. Based on our review, we determined the Division approved payment to the Applicant even though the Applicant did not always comply with the Purchase Order requirements and required backup documentation was not provided to support the invoice charges. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Backup Documentation and Invoice Submittal – The Applicant received full payment even though backup documentation did not support the amounts charged or meet the requirements of the Purchase Order, and the invoice was not submitted by the Applicant as required.

The Purchase Order specifies that *the applicant shall submit an itemized invoice and backup documentation*. Section 376.3071(15)(c)1, F.S., contains a similar requirement, stating *the applicant may request that the department make payment following completion of the work authorized by the department, in accordance with the terms of the purchase order*. Based on documentation obtained during this audit, the PSSC, not the Applicant, submitted the invoice to the Division, which did not comply with the requirements of Florida Statutes or the Purchase Order. The Purchase Order further specifies that *The Applicant must submit an invoice within 30 days following the Department's approval of the Pre-invoice Deliverables*. The Division did not maintain a written record of their review and determination for the Pre-invoice Deliverable; therefore, we were unable to determine whether the Pre-invoice Deliverables were approved prior to submission of the invoice.

Additionally, our review determined the Purchase Order was paid in full even though the backup documentation did not meet the stated requirements in the Purchase Order. During the audit, the Division obtained some additional backup documentation from the PSSC. Our review of the additional documentation determined that it did not support the amounts charged and paid to the Applicant, and some of the documentation appeared to support overpayments related to travel costs and labor hours.

The Purchase Order states, *Failure to provide all services, or failure to provide services which are satisfactory, in accordance with the requirements of this PO [Purchase Order] and the terms and conditions attached hereto shall result in non-payment or termination of the PO*. Our review determined that not all the requirements specified in the Purchase Order were met by the Applicant; however, the Division authorized payment to the Applicant for the amount stated in the invoice, minus the 25% deductible totaling \$38,705.02. Within this authorization, the Program Administrator stated that *the goods and services have been satisfactorily received and payment is now due*.

Recommendations:

We recommend the Division implement controls over the Ethanol/Biodiesel Program that will strengthen the review process; including ensuring backup documentation is obtained, reviewed, and supports the amounts charged, and that the Division maintains documentation demonstrating approval of deliverables. We also recommend the Division review the payment made under the Purchase Order and seek reimbursement for line items that did not have the required backup documentation.

Management Response:

The Program will identify and request reimbursement for charges that are not adequately justified for payment under this PO [Purchase Order]. Barring any additional information in a response provided by the contractor to the preliminary audit, the Program will discuss

with OGC [Office of General Counsel] and request reimbursement for charges not adequately justified for payment.

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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Office of Ombudsman and Public Services
public.services@floridadep.gov
(850) 245-2118

Candie M. Fuller,
Inspector General