



Department of Environmental Protection Office of Inspector General

March 30, 2026

Report A-2526DEP-006

Audit of Agreement ES008 with On the Hook Marine Services, LLC

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of ES008 (Agreement) with On the Hook Marine Services, LLC (Contractor). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2025-2026.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of the audit included activities, records, and disbursements associated with the Agreement between the Department and the Contractor, from November 23, 2021, to current activities. The objectives of the audit were to:

1. Determine whether the Contractor complied with the requirements of the Agreement, including deliverables and disbursements.
2. Evaluate Department oversight and internal controls over the Contractor's compliance with the Agreement.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Agreement, attachments, and amendments.
- Reviewing appropriate documentation relating to deliverables, invoices, communications, and other supporting documentation.
- Conducting an analysis of Contractor activities related to the Agreement.
- Interviewing appropriate Department employees regarding the processes and controls used in the duration of the Agreement.

BACKGROUND

On September 10, 2021, the Office of Resilience and Coastal Protection (ORCP) made a Request for Proposal seeking qualified vendors for mobile vessel pumpout services in Monroe County. The solicitation sought to establish a contract for services to anchored vessels in five service areas. Services were to be provided by the Department to vessel owners to reduce or eliminate the adverse environmental impacts associated with the illegal discharge of sewage into the waters of the Florida Keys, which is prohibited under

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federal law¹. Services were also to be in conformity with Monroe County Board of County Commissioners Proof of Pumpout Ordinance as authorized by Section 327.60(4), Florida Statutes (F.S.). The Contractor was recommended for the solicitation award on October 19, 2021, after receiving the highest total score.

The Agreement was executed on November 23, 2021, with an original expiration date of June 30, 2022. The Department agreed to pay the Contractor on a fixed unit rate basis up to a maximum of \$1,000,000 for the completion of mobile vessel sewage pumpout services to anchored-out vessels in five service areas throughout waters of the Florida Keys. The original Agreement contained ten deliverables. There have been four amendments executed:

- Amendment 1, executed on March 21, 2022, reduced deliverables to nine, revised the price sheet, and expanded the service area.
- Amendment 2, executed on June 3, 2022, renewed the Contract for three years and set the expiration date to June 30, 2025.
- Amendment 3, executed on September 5, 2023, increased the budget from \$1,000,000 to \$1,650,000.
- Amendment 4, executed on August 2, 2024, increased the budget from \$1,650,000 to \$2,300,000.

During the Agreement timeframe, the Contractor received multiple payments totaling \$1,912,732.

RESULTS OF AUDIT

During the audit, we reviewed documentation related to the Agreement's requirements, the Contractor's completion of deliverables, subsequent payment requests, and management's oversight of the Contractor's compliance with the Agreement. Based on our review, we found the following:

Deliverables

The Agreement requires the *Contractor shall only invoice the Department for deliverables that are completed in accordance with the Scope of Work*. Based on Amendment 1, the Contractor was to provide the following deliverables:

Deliverable No.	Deliverable Title
1	Mobile Vessel Pumpout Service
2	Service Areas (zones)
3	Staffing
4	Registration of Customers
5	Public Education
6	Coordination with the Department, Monroe County staff and FWC
7	Monitoring Devices
8	Daily Pumpout Logs
9	Quarterly Pumpout Report

¹ In 1992, the Clean Vessel Act was signed into law to reduce water pollution by prohibiting vessels from discharging raw sewage into fresh water or coastal saltwater.

We reviewed activities and deliverables completed by the Contractor during the 2024-2025 fiscal year (FY). Based on our review, we determined deliverables 3, 6, and 7 appear to have generally been performed in accordance with Agreement requirements. However, we noted some discrepancies in deliverables 1, 2, 4, 5, 8, and 9 as summarized below:

1. **Mobile Vessel Pumpout Service:** This deliverable required the Contractor *provide approximately 500 pumpouts per month... up to a maximum of one pumpout per week to each individual vessel served*. We determined that the Contractor consistently provided more than 500 pumpouts per month; however, pumpouts were sometimes provided more frequently than once per week to individual vessels. For example, in October 2024, the Contractor visited an individual vessel on October 12, 2024, and October 15, 2024, only three days apart. Further, there were instances where the Contractor would report servicing a vessel twice in one day. This resulted in the Contractor invoicing for two vessels instead of one.

The deliverable further outlined, *The Contractor shall perform the service in a reasonable manner, ensuring that 1) sufficient pumpouts are being provided to vessel owners and 2) pumpouts are being performed only as necessary to ensure cost reasonableness (e.g. weekly pumpouts shall not be performed for a vessel that only needs bi-weekly or monthly service)*. Our review found multiple instances of vessel owners reporting monthly or bi-weekly needs for service via their registration forms but received weekly services by the Contractor. For example, a vessel owner reported a 200-gallon tank capacity and monthly needs for their vessel. The Contractor serviced the vessel weekly for the majority of the 2024-25 FY, typically pumping less than 10 gallons each visit.

2. **Service Areas (zones):** This deliverable required the Contractor to *provide services in the geographic zones as outlined in Exhibit F, Pumpout Service Area Map*. We found that the Contractor generally provided services in the geographic zones outlined by Exhibit F. However, our review noted some vessels serviced were not in anchorage locations specified in Exhibit F.
4. **Registration of Customers:** This deliverable required that *Registration forms for participation in the service shall be made available online through a website hosted by the Contractor, which the Contractor shall continuously maintain and ensure is available and accessible to the public at all times*. Additionally, the registration forms must contain certain specific information, such as, the vessel registration number, anchorage location, and anticipated service needs. Our review determined that the Contractor maintains a website which includes a registration form for participation in pumpout services. The registration form was found to contain all requirements as outlined by the Agreement. Our review noted that while the registration form required vessel owners to fill out each line item, sometimes vessel owners would either bypass the requirement or provide incomplete information.

The Agreement further states, *The Contractor shall submit to the Department all registration information as provided on the sample registration form (Exhibit*

H) for each customer registered for service. Upon online registration, the Department shall be provided an auto-generated copy of the completed form via email by the Contractor. We determined the Contractor submitted monthly registration reports to the Department's Contract Manager and these reports included most of the information generated from the registration form. However, ORCP was unable to provide documentation during the audit that demonstrated auto-generated copies of completed forms were sent to the Department via email.

This deliverable also required the Contractor's field personnel to *provide an orange pumpout flag to the vessel owner/operator explaining the requirements for displaying the flag to receive service. Further, The Contractor shall not pumpout a vessel that does not display the orange pumpout flag even if the vessel is registered for routine service.* According to the Contractor, orange pumpout flags are provided to the vessel owner but owners are not always utilizing them when services are needed. Based on follow-up communications with ORCP, it appears that the Contractor was still approaching these vessels and providing service even if the flag was not displayed.

5. **Public Education:** This deliverable required the Contractor to continuously maintain a website in support of the pumpout service and provide public education materials and other instructional materials to the boating community. The Contractor was also required to ensure that these materials were available on its website. Our review found that the Contractor continuously maintained a website supporting the pumpout services. According to the Contractor, when a new vessel is anchored in the service areas, they provide materials explaining their services and local ordinances for vessel waste disposal. However, based on communications with ORCP, the Contractor has not provided copies of these materials when requested. Additionally, we found that the Contractor's website did not include education or other instructional materials as required by the Agreement.
8. **Daily Pumpout Logs:** This deliverable states, *The Contractor shall complete and submit a daily pumpout log for each day of service per pumpout vessel and must be signed by the Pumpout Captain. A sample daily pumpout log is provided by the Department for the Contractor's use as Exhibit G. The log shall include the service area/anchorage area, date of service, vessel location, vessel registration number, vessel name, in/out of state registration, estimated gallons pumped per vessel, and offloading location. The following items shall be totaled at the bottom of each pumpout log: The total number of pumps; The total number of in-state and out-of-state vessels serve; The total estimated volume of sewage pumped; and The total number of offloaded gallons.* Our review determined the Contractor submitted daily pumpout logs for each day of service including all of the requirements except for the total estimated volume of sewage pumped. While we did find each daily log included a signature, it was noted that the signatures remained the same even when pumpout captains were reportedly different. Further, we found that the signature on the logs was identical to the late owner's signature on the original Agreement. According to obituary records, that owner passed away in August 2022.

The deliverable further outlines, *If a vessel requests service but no sewage is pumped, this service shall not be included in the total number of pumps and will not be compensated for payment.* Our review of daily reports found that the Contractor included vessel requests for service where no sewage was pumped. These zero gallon pumpouts were later included in the total number of pumpouts invoiced. For example, the previously mentioned vessel with a 200-gallon tank capacity that was serviced weekly was reported to have zero gallons pumped during three visits in November 2024. These pumpouts were then included in the invoice for that month. Additionally, the Contractor reported in each of the 12 monthly deliverable summaries reviewed that *Daily pumpout logs are included in the submission package. Zero gallon pumps are included only if the vessel owner displays the flag indicating a pumpout service request and On The Hook is unable to retrieve sewage. When this happens, On The Hook notifies the vessel owner and lowers/pins the orange flag.*

9. **Quarterly Pumpout Report:** This deliverable states, *The Contractor shall submit a signed quarterly pumpout report containing each service area as well as a summary of all service areas provided under this Contract.* Based on communications with ORCP, the Contractor did not submit quarterly pumpout reports as required by the Agreement.

Verification of Services

During the audit, we selected 53 vessel owners to contact directly and inquire if services were received by the Contractor free of cost and on the dates reported. We received 24 responses with 22 indicating that services were received on the dates reported. One vessel owner was unable to verify dates, and one reported that they sold their boat last year. The sold vessel was reported to have been serviced 25 times between January and June 2025; however, we were unable to locate a completed registration form for the new vessel owner. As stated by the Agreement, a registration form must be signed by the vessel owner expressly authorizing the Contractor to pumpout the participating vessel and to board the participating vessel to facilitate performance of a pumpout.

Waste Disposal Plan

According to the Agreement's Scope of Work, *A detailed waste offloading/disposal plan shall be used that includes detailed information on anticipated offloading locations, operational details, and disposal methods.* Based on our review, ORCP was not able to provide a copy or verify whether a disposal plan was provided by the Contractor.

Written Acceptance of Deliverables

According to the Agreement, *All deliverables must be received and accepted in writing by the Department's Contract Manager before payment. If the Department's Contract Manager does not accept the deliverables within 30 days of receipt, they will be deemed rejected.* Our review determined the Department's Contract Manager did not always provide written acceptance of deliverables prior to processing payment.

Disbursements

The Contractor received payments totaling \$1,912,732 for services provided under the Agreement. Due to the number of payments made, our review was limited to payments made during the 2024-2025 FY.

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Payment Process

According to the Agreement, the *Contractor shall submit invoices to the Department within thirty (30) days after the date of the Department's written acceptance of each interim deliverable or the final deliverable specified in the Scope of Work. Invoices and the appropriate documentation shall be submitted via email to the Department's Contract Manager.* As previously stated, the Department's Contract Manager did not always provide written acceptance of deliverables, and our review determined that invoices and deliverables were submitted to the Department's Contract Manager via email at the same time. The Agreement further outlines, *A final payment request should be submitted to the Department no later than sixty (60) calendar days following the completion date of the Contract to ensure the availability of funds for payment. However, all work performed pursuant to the Scope of Work must be performed on or before the completion date of the Contract.* The Contractor submitted their final payment request on July 3, 2025, 3 calendar days following the Agreement's expiration of June 30, 2025.

Fixed Unit Rate Requirements

According to the Agreement, the *Contractor's fixed price per pumpout is an all-inclusive rate to provide the services as specified in the Scope of Work.* The fixed prices are as seen in the table below:

Service Area (zone)	Fixed Price per Pumpout
Key West	\$53.50
Stock Island	\$53.50
Marathon	\$53.50
Lower Keys	\$72.50
Islamorada	\$53.50
Key Largo	\$53.50

Based on our review, we determined the Contractor followed the fixed price per pumpout rates for each service area as required by the Agreement.

Additional Requirements

Insurance

The Agreement requires the Grantee to provide proof of, as well as maintain, adequate general liability insurance, commercial automobile insurance, and worker's compensation insurance coverage upon execution of the Agreement. Based on communications with ORCP, we were unable to determine if insurance coverage was provided by the Contractor upon execution of the Agreement. Upon our request for verification during the audit, ORCP requested proof of insurance documentation from the Contractor. Based on the documentation provided we were only able to confirm that sufficient general liability insurance coverage was maintained during the entire time of the Agreement. However, we noted that proof of commercial automobile insurance and worker's compensation insurance coverage was later provided showing the Contractor maintains these coverages for their new agreement with the Department.

E-Verify Program for Employment Verification

The Agreement states, the *Contractor is required to use the U.S. Department of Homeland Security's E-Verify system to verify the employment eligibility of all employees used by the Contractor under this Contract, pursuant to Section 448.095, F.S.* During our

review, we requested documentation demonstrating the Contractor used the E-Verify system to verify employment eligibility. Based on the account documentation provided, we were unable to confirm that it was used in accordance with the Agreement.

CONCLUSION

During the audit, we reviewed documentation related to the Agreement's requirements, the Contractor's completion of deliverables, subsequent payment requests, and management's oversight of the Contractor's compliance with the Agreement. Based on our review, we found that the Contractor did not comply with all requirements of the Agreement. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Mobile Vessel Pumpout Services: The Contractor did not always conduct services in accordance with the Agreement.
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The Agreement requires that the *Contractor shall only invoice the Department for deliverables that are completed in accordance with the Scope of Work*. Based on our review, we noted the Contractor billed the Department for services that were provided more frequently than allowed, were outside the service areas, provided for vessels that did not have a service flag raised, and for zero-gallon pumpouts. See summary below:

Mobile Vessel Pumpout Service:

- The Contractor was required to provide *up to a maximum of one pumpout per week to each individual vessel served*. We determined that the Contractor charged the Department for services provided more frequently than allowed.
- The *Contractor shall perform the service in a reasonable manner, ensuring that... weekly pumpouts shall not be performed for a vessel that only needs bi-weekly or monthly service*. Our review found multiple instances of vessel owners reporting monthly or bi-weekly needs for service via their registration forms but the Contractor charged the Department for weekly services.

Service Areas (zones):

- The Contractor was required to *provide services in the geographic zones as outlined in Exhibit F, Pumpout Service Area Map*. While the Contractor generally provided services in authorized areas, our review noted some vessels serviced were not in anchorage locations specified in the Agreement.

Pumpout Flags:

- The *Contractor shall not pumpout a vessel that does not display the orange pumpout flag even if the vessel is registered for routine service*. According to the Contractor, orange pumpout flags are provided to the vessel owner but owners are not always utilizing them when services are needed. Based on our review, the Contractor was providing services to some vessels even if the flag was not displayed.

Zero Gallon Pumpout:

- The Agreement states, *If a vessel requests service but no sewage is pumped, this service shall not be included in the total number of pumps and will not be compensated for payment.* Our review of daily reports found that the Contractor included vessel requests for service where no sewage was pumped. These zero gallon pumpouts were later included in the total number of pumpouts invoiced.

Recommendations:

We recommend ORCP implement internal controls and work with the Contractor to ensure they are compliant with all requirements of the Agreement. We also recommend ORCP review payments made to the Contractor for invoices that included services outside the scope of work and seek reimbursement for any unallowable costs.

Management's Response:

Recommendation: We recommend ORCP implement internal controls and work with the Contractor to ensure they are compliant with all requirements of the Agreement.

ORCP concurs with this recommendation and acknowledges the need to enhance oversight and monitoring of contractor activities. While the contractor generally met the intended service delivery objectives of the agreement, ORCP recognizes the need for improvements to ensure full and consistent compliance with Scope of Work requirements, particularly regarding service frequency, service location, and documentation of service requests, and to reinforce documentation consistency and strengthen monitoring controls.

ORCP will implement additional internal review procedures for contractor service logs, invoices, and supporting documentation to ensure compliance with agreement requirements. This will include:

- Monitoring pumpout frequency to ensure compliance with weekly service limitations
- Reinforcing adherence to designated service areas, by verifying GPS mapping.
- Strengthening verification of pumpout flag requirements, including consideration of photographic documentation where feasible
- Ensuring zero-gallon pumpout attempts are clearly documented and excluded from invoiced totals. Contract Manager will review to ensure 0 gallon pumpouts are not reimbursed.

ORCP will also coordinate with the contractor to clarify expectations and reinforce compliance requirements. Full implementation is planned for December 31, 2026

Recommendation: We recommend ORCP review payments made to the Contractor for invoices that included services outside the scope of work and seek reimbursement of any unallowable costs.

ORCP concurs with this recommendation. ORCP will conduct a targeted review of contractor pumpout reports identified by OIG and associated invoices to evaluate

compliance with agreement requirements and determine whether any costs were unallowable. This review will include:

- Identifying transactions associated with the issue categories noted in the audit, including service frequency, service location, pumpout flag requirements, and zero-gallon pumpouts
- Reviewing supporting documentation, including pumpout logs, invoices, and available registration or service records
- Validating whether identified instances meet the allowability criteria outlined in the Scope of Work
- Quantifying any costs determined to be unallowable, where applicable and seek reimbursement, claw back, or other financial consequences allowable under the Contract for ES008.

ORCP will coordinate with the contractor to verify findings and obtain clarification or supporting documentation as needed. If unallowable costs are confirmed, ORCP will coordinate with the contractor, OIG, Finance and Accounting (DEP) and any other appropriate Department offices to determine and implement the appropriate resolution in accordance with Department procedures. Full implementation is planned for December 31, 202

Finding 2: Deliverables: Some deliverables did not include all required information, were not submitted, or did not have written acceptance as required by the Agreement.
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Our review noted some deliverables did not include all required information or were not submitted. Additionally, deliverables did not always receive written acceptance as required by the Agreement. See summary below:

Registration of Customers:

- Online registration forms contained all required fields; however, we noted in some instances the vessel owners either bypassed the required information field or provided incomplete information.
- The Contractor submitted monthly registration reports to the Department; however, copies of the auto-generated completed forms were not provided as required by the Agreement.

Public Education:

The Contractor was required to provide public education materials and other instructional materials to the boating community and also ensure these materials were available on their website. According to the Contractor, when a new vessel is anchored in the service areas, they provide materials explaining their services and local ordinances for vessel waste disposal. However, based on communications with ORCP, the Contractor has not provided copies of the public education materials to the Department, nor were the materials available on the Contractor's website.

Daily Pumpout Log Signatures:

The Contractor was required to submit a daily pumpout log that must be signed by the Pumpout Captain. While the daily logs included a signature, it was noted that the signatures remained the same even when pumpout captains were reportedly different. Further, we found that the signature on the logs was identical to the late owner's signature on the original Agreement. According to obituary records, that owner passed away in August 2022.

Quarterly Pumpout Report:

The Contractor did not submit quarterly pumpout reports as required by the Agreement.

Waste Disposal Plan

According to the Agreement's Scope of Work, *A detailed waste offloading/disposal plan shall be used that includes detailed information on anticipated offloading locations, operational details, and disposal methods.* During our review, ORCP was not able to provide a copy or verify whether a disposal plan was provided by the Contractor.

Written Acceptance of Deliverables

According to the Agreement, *All deliverables must be received and accepted in writing by the Department's Contract Manager before payment. If the Department's Contract Manager does not accept the deliverables within 30 days of receipt, they will be deemed rejected.* Our review found that the Department's Contract Manager did not always provide written acceptance of deliverables prior to processing payment.

Recommendations:

We recommend ORCP implement internal controls and provide training to Contract Managers to ensure that written acceptance of deliverables is provided to the Contractor prior to payment, and deliverables are complete, and meet the requirements of the Agreement prior to processing payment. We also recommend ORCP ensure such documentation is maintained in the contract files.

Management's Response:

Recommendation: We recommend ORCP implement internal controls and provide training to Contract Managers to ensure written acceptance of deliverables is provided prior to payment.

ORCP concurs with this recommendation and acknowledges that formal written acceptance documentation was not consistently retained. ORCP will implement enhanced internal procedures to ensure that deliverables are reviewed, approved, and formally accepted prior to payment authorization. This will include:

- Establishing a standardized process requiring written acceptance of deliverables before invoice approval
- Developing or utilizing a checklist to verify that all required deliverables and supporting documentation have been received and reviewed
- Ensuring that acceptance documentation is retained within the official contract file in accordance with Department procedures

- Providing guidance and training to Contract Managers on deliverable review, approval, and documentation requirements
- Implementing periodic internal checks to confirm that acceptance documentation is consistently completed and maintained

Full implementation is planned for December 31, 2026

Recommendation: We recommend ORCP ensure documentation of required deliverables is maintained in the contract files.

ORCP concurs with this recommendation. ORCP will enhance internal file management procedures to ensure that all required deliverable and supporting documentation are consistently submitted, reviewed, and retained within the official contract file. This will include:

- Reviewing existing contract file management practices to identify gaps in documentation retention
- Establishing standardized file organization and documentation requirements for all contracts
- Verifying that all required deliverables, including reports, education materials, and supporting documentation, are received and maintained in accordance with agreement requirements
- Coordinating with the contractor, as needed, to obtain any missing or incomplete deliverables
- Implementing periodic internal reviews to confirm that contract files are complete, organized, and audit-ready

Full implementation is planned for December 31, 2026

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 audit was conducted pursuant to Section 20.055, F.S., and in accordance with *Government Auditing Standards*, as published by the United States Government Accountability Office, and *Principles and Standards for Offices of Inspectors General*, as published by the Association of Inspectors General. The audit was conducted by Alexis Keller and supervised by Susan Cureton.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

This report and other reports prepared by the OIG can be obtained through the Department's website at <https://floridadep.gov/oig> or by contacting:

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