May 4, 2026 Report A-2526DEP-012

Audit of C4670C with HLM Environmental Remediation, 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 C4670C (Purchase Order) with HLM Environmental Remediation, Inc., (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 this audit included activities and financial records associated with the Purchase Order between the Department and the Contractor for source removal at Facility Identification Number 8626537 (Facility).

The objectives of the audit were to:

1. Determine the Contractor's compliance with the Purchase Order, Agency Term Contract GC763 (Contract) and whether the approved payments were supported by required Schedule of Pay Items (SPI) documentation.
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 (IPTF) was created under Section 376.3071, Florida Statutes (F.S.), to provide funding for the Department to respond to incidents of inland petroleum contamination related to the storage of petroleum and petroleum products. PRP is responsible for managing activities necessary to prioritize, assess, and clean up facilities contaminated by discharges of petroleum and petroleum-based products from stationary petroleum storage systems. In accordance with Section 376.3071, F.S., the Department has implemented rules and procedures to administer the PRP through Agency Term Contractors and other contracted professional services.

The Department and the Contractor entered into the Contract in February 2014, to provide petroleum contamination site response action services for the Central Region. The Department shall authorize services under the Contract thorough a task assignment or purchase order.

The Purchase Order was issued on September 17, 2024, to the Contractor to perform a source removal at the Facility. The Purchase Order was for $324,999.96 and all work was to be performed in accordance with the terms of the Contract and the Scope of Work (SOW). The Purchase Order end date was April 14, 2025. A Change Order to the Purchase Order was approved for a due date extension and revised end dates for Task 2 and 3 with no change in monetary amounts. The Period of Service end date was revised to May 12, 2025. A summary of the tasks and corresponding deliverables is below:

Task Deliverables		
Task	**Description**	**Deliverable**
1	• Prepare an updated site-specific Health and Safety Plan (HASP)	Updated HASP
2	• Pre-drill meeting • Permitting • Mobilization • Abandon monitoring wells • Source removal by Large Diameter Auger (LDA) • Proper disposal of waste per approved RAP • Prepare Source Removal Report	<u>Source Removal Report to include:</u> • Well abandonment details • Photo documentation of pre and post source removal site conditions • Disposal manifests • Weight Tickets • Travel Vouchers
3	• Installation of new monitoring well • Dispose of waste properly • Prepare Remedial Action Interim Report	<u>Remedial Action Interim Report to include:</u> • Permits • Soil boring logs • Construction logs • Well construction diagrams • Field notes • Waste manifests • Photo documentation • Updated figures • Conclusions and recommendations

The Contractor received three payments totaling $312,488.10. Contract Amendment 18, effective December 7, 2024, stated that the Contractor (HLM Environmental Remediation) had been acquired by American Environmental Engineering of Florida, Inc., and HLM Environmental Remediation would cease its separate corporate existence. Our review noted that all payments made on the Purchase Order to the Contractor were made after execution of Amendment 18; however, all payments were made in the name of HLM Environmental Remediation.

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:

Scope of Work

The Purchase Order states, *All work must be performed in accordance with the Scope of Work (SOW) and any attachments*. A review of Task 1 and Task 2 deliverables concluded that these Tasks were performed in compliance with the SOW. The Task 3 description includes, *Properly dispose of Investigative Derived Waste (IDW)*, and requires waste manifests be included in the deliverable. The Task 3 final deliverable was a Remedial Action Interim Report. This report stated, *Three drums of IDW were generated and are currently on site*. However, the report also stated, *Although the SOW mentioned waste manifests, no disposal was budgeted for in the SPI*. Based on our review, the Purchase Order's SPI Invoice Rate Sheet did not include an SPI for waste disposal under Task 3. The Site Manager stated that the costs for the generation and disposal of these drums could not be authorized by the Department due to procurement rules. However, documentation provided by the Contractor showed that the IDW drums were disposed of after completion of the Purchase Order.

Field Notes

The Contract states all sampling and analyses performed under this Contract must conform to the requirements of the PRP Field Notes Guidance. Our review determined that some field notes were not completed in accordance with the guidance document, as summarized below.

- *All field activities must be properly documented in field books in a manner that is detailed, legible and coherent*. Based on our review, the Contractor reported field activity took place on December 19th and 23rd of 2024; however, there were no field notes provided for those dates.
- *The names of all personnel on-site taking part in the field event, including oversight personnel, construction crew, subcontractors, etc., and also of all other people who enter and leave the facility due to their direct or indirect involvement with the work being performed. For State-funded work, the abbreviation of the applicable labor category (based on qualifications) should be listed behind the name of each field person*. The first field note on October 15, 2024, for the Pre-Drill meeting is missing the qualifications of the noted participants. The remainder of the field notes contain first names only, a reference to the subcontractor's name only, or just a role.
- *The signature of the person maintaining the logbook should be entered at the bottom of each page*. The first field note, dated October 15, 2024, correctly contained a signature at the bottom of the page. However, no signatures were found in the remaining field notes.
- *Information on weather conditions (temperature, whether it is sunny or overcast, etc.) should be recorded on arrival at the facility. Should the weather change throughout the day(s), then those changes also should be recorded in the field notes*. The first field note on October 15, 2024, for the Pre-Drill meeting contains weather conditions at the top of the page. Weather conditions upon arrival for each field day are not found in the remaining field notes.
- *Photographs taken should be documented in the field book (for example, view to North across tank pit/proposed excavation area)*. While photographs were provided with deliverables, photographs taken were not documented in the field notes, as required.

SPI Documentation

Prior to payment, the Contractor is required to submit specific supporting documentation with each deliverable for each invoiced SPI. The basis for establishing which documents are mandatory comes from the list of required documents for each pay item, which is provided by the Division in Attachment B. The Contractor received three payments, two were for Task 2 and one was for Task 3. Our review of the Task 3 invoice showed that required documentation was submitted for all SPIs. However, for payments made for Task 2, we identified some SPIs that were not supported by the required documentation listed in Attachment B as summarized below.

TASK 2 – Payment 1					
SPI	**Description**	**Required Documentation**	**Units Claimed**	**Units not supported**	**Cost not supported**
3-2.	Mobilization, Light Duty Vehicle (car or 1/2 ton truck) - > 100 miles each way	Field notes - documenting vehicle type	3 (per round trip)	2 (per round trip)	$2,050.40

3-4.	Heavy Duty/Stakebed Truck (3/4 ton +) - > 100 miles each way	Field notes - documenting vehicle type	2 (per round trip)	2 (per round trip)	$2,579.60
3-13.a.	LDA Rig and Support Vehicles Mobilization - ≤ 100 miles each way	Field notes - documenting vehicle type	1 (per round trip)	1 (per round trip)	$9,327.00
3-15.	Loader/Backhoe Mobilization - ≤ 100 miles each way	Field notes - documenting vehicle type	1 (per round trip)	1 (per round trip)	$373.22
7-1.	Grout and Abandon Well, 1 to 2 inch diameter	Field notes, well completion report/permit and photo documentation	45 (per foot)	45 (per foot)	$1,122.30
10-13.	Flowable Fill Concrete and Installation	Field notes and volume documentation/supplier load documentation	541.75 (per cubic yard)	19.75 (per cubic yard)	$2,724.91
12-1.	Removal and Loading of Asphalt and/or Concrete - up to 4 inch thickness	Field notes, photo documentation, updated figure w/ areal extent or receipt	450 (per square foot)	450 (per square foot)	$2,439.00
20-6.	Scientist/Technical Specialist (Key)	Field notes and work performed in accordance with Scope	3 (per hour)	3 (per hour)	$360.57
				Total	**$20,977.00**

- The required documentation for SPI 3-2, 3-4, 3-13a, and 3-15 is *field notes documenting the vehicle type*. The SPIs did not have proper field note documentation for specific vehicle type.

- SPI 7-1, Grout and Abandon Well, requires *field notes, well completion report/permit and photo documentation for payment*. Our review determined that a Well Completion Report was not submitted with deliverables, and the field notes do not describe the depth of the well that was abandoned. While the Contractor invoiced for 45 feet, there was no documentation to support the invoiced costs.

- SPI 10-13, Flowable Fill Concrete and Installation, requires *field notes, volume documentation/supplier load documentation for payment*. Flowable fill receipts were not documented in the deliverables, but receipts were submitted with Task 2 - Partial Invoice after approval. However, the amount of flowable fill invoiced was 541.75 cubic yards and the summation of all flowable fill receipts submitted was only 522 cubic yards.

- SPI 12-1, Removal and Loading of Asphalt and/or Concrete – up to 4-inch thickness, requires *field notes, photo documentation, updated figure w/areal extent or receipt for payment*. A field note on October 23, 2024, describes the cutting of concrete and asphalt. However, there are no field notes regarding the removal and loading of asphalt and concrete. There are no photos, updated areal figures or receipts to document the areal extent of removal as the invoice billed for 450 square feet (450 units).

- SPI 20-6, Scientist/Technical Specialist (Key), pays an hourly rate and requires *Field Notes and work performed in accordance with Scope for approval*. A (Key) Scientist/Technical Specialist was not specified in any field notes or in the text of the deliverables.

TASK 2 – Payment 2					
SPI	Description	Required Documentation	Units Claimed	Units not supported	Cost not supported
4-1a.	Per Diem - For travel > 1 consecutive day	Field notes documenting personnel and travel times to and from site. Travel Voucher required and quoted rate should be per person per day	20 (per person, per day)	20	$1,600.00
13-1	Asphalt Paving - 2-inch thickness (includes sub-base)	Field notes, photo documentation and updated figure w/ areal extent	450 (per square foot).	450	$5,125.50
				Total	**$6,725.50**

- SPI 4-1a, Per Diem > 1 consecutive day requires *field notes documenting personnel and travel times to and from site with properly completed travel vouchers*. Although the travel vouchers were submitted and appear to be properly prepared, the names of the personnel on the travel vouchers are not found in the field notes submitted. The field notes do not document the travel times to and from the site.

- SPI 13-1, Asphalt Paving – 2-inch thickness, requires *field notes, photo documentation, updated figure w/areal extent or receipt for payment*. The Source Removal Report chronological description states that on December 23, 2024, the Contractor supervised asphalt installation over source removal location. However, there are no field notes regarding asphalt paving in the Task 2 deliverable or in any other Purchase Order document. There are no photos, updated areal figures or receipts to document the areal extent of asphalt paving as the invoice billed for 450 square feet (450 units).

Notification of Field Activities

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*. Our review noted there were no field work notifications found in the documentation. The current Site Manager, who was not the Site Manager during the Purchase Order, stated that fieldwork notifications could not be located for this Purchase Order.

SPI Rates

The Purchase Order states, *All unit rates and extended prices for all line-item costs associated with this project are provided in the SPI [Attachment B to this Purchase Order (PO)] and shall not exceed the rates established in the Contract*. Our review determined that some rates included in the Purchase Order exceeded the rates established in the Contract. Based on communication with the Division, there was an administrative error which involved the utilization of an incorrect spreadsheet resulting in the Purchase Order being executed with incorrect rates for certain line items. The Contractor invoiced for seven SPIs at the higher rates included in the Purchase Order as noted in the table below.

SPI	Units Charged	Contract Rate	Purchase Order Rate	Payment Exceeding Contract Rates
3-2. Mobilization, Light Duty Vehicle	3	$976.50	$1,025.20	**$146.10**
3-4. Heavy Duty/Stakebed Truck	2	$1,228.50	$1,289.80	**$122.60**
3-6. Work Trailer	2	$409.50	$429.90	**$40.80**

7-1. Grout and Abandon Well	45	$23.76	$24.94	**$53.10**
12-1. Removal and Loading of Asphalt and/or Concrete	450	$5.17	$5.42	**$112.50**
3-2. Mobilization, Light Duty Vehicle	1	$976.50	$1,025.20	**$48.70**
5-7. HSA or MR Boring	45	$43.20	$45.36	**$97.20**
			TOTAL	**$621.00**

As the Purchase Order was executed with the higher incorrect rates, no reimbursement was pursued from the Contractor as the error was primarily attributed to the Department. According to the Division, subsequent purchase orders were issued with the correct rates.

Subcontractors

The Contract states, the *Contractor shall not subcontract any work under this Contract, with the exception of those subcontractors authorized by the Department, without the prior written consent of Department's Contract Manager*. Our review determined five subcontractors were utilized by the Contractor but not on the approved Department list. Additionally, we found one subcontractor that was not on the approved list was listed in the field notes as performing work but was not included on the Subcontractor Utilization Report. This subcontractor was not reported on any Task Invoice Subcontractor Utilization Report, nor was this subcontractor reported on the Payment of Subcontractors Summary Form in the Final Invoice.

Retainage

Regarding retainage, the Purchase Order states that *the Department will retain 5% of the total amount of each payment made. Contractor may submit a request for release of retainage upon completion, and DEP approval of, all work performed under this purchase order*. The Contractor shall submit a Release of Claims and request for retainage payment with the final invoice. Based on our review, the required 5% 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)

Regarding contractor performance, the Contract states that the *Department shall evaluate, with input from the responsible party and/or site owner, Contractor's performance, at least after completion of each Work Assignment under this Restated Contract pursuant to Chapter 62-772, F.A.C. Contractor performance shall be considered prior to Work Assignment, renewal of this Contract, and release of retainage*. Based on our review, an evaluation of the Contractor was completed with an opportunity for the site owner to comment.

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 controls could be strengthened. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Field Notes – Field notes submitted with some deliverables did not contain all the information required by the Contract and PRP guidance documents.

The Contract states all sampling and analyses performed under this Contract must conform to the requirements of the PRP Field Notes Guidance. Our review determined that some field notes were not completed in accordance with the PRP guidance document, as summarized below.

- *All field activities must be properly documented in field books in a manner that is detailed, legible and coherent*. Based on our review, the Contractor reported field activity took place on December 19th and 23rd of 2024; however, there were no field notes provided for those dates.
- *The names of all personnel on-site taking part in the field event, including oversight personnel, construction crew, subcontractors, etc., and also of all other people who enter and leave the facility due to their direct or indirect involvement with the work being performed. For State-funded work, the abbreviation of the applicable labor category (based on qualifications) should be listed behind the name of each field person*. The first field note on October 15, 2024, for the Pre-Drill meeting is missing the qualifications of the noted participants. The remainder of the field notes contain first names only, a reference to the subcontractor's name only, or just a role.
- *The signature of the person maintaining the logbook should be entered at the bottom of each page*. The first field note, dated October 15, 2024, correctly contained a signature at the bottom of the page. However, no signatures were found in the remaining field notes.
- *Information on weather conditions (temperature, whether it is sunny or overcast, etc.) should be recorded on arrival at the facility. Should the weather change throughout the day(s), then those changes also should be recorded in the field notes*. The first field note on October 15, 2024, for the Pre-Drill meeting contains weather conditions at the top of the page. Weather conditions upon arrival for each field day are not found in the remaining field notes.
- *Photographs taken should be documented in the field book (for example, view to North across tank pit/ proposed excavation area)*. While photographs were provided with deliverables, photographs taken were not documented in the field notes, as required.

Recommendation:
We recommend the Division work with PRP and Site Managers to ensure field notes are adequately reviewed and contain all components required by the Contract and PRP guidance documents.

Management's Response:
The PRP agrees and reminded all site managers in the April 2, 2026, teleconference, to ensure the appropriate information is provided per program guidance prior to issuing approval. PRP followed up with notes from the teleconference which were distributed to all site managers.

Finding 2: SPI Documentation – The Contractor received payment for some pay items that were not supported by the required documentation.

Prior to payment, the Contractor is required to submit specific supporting documentation with each deliverable for each invoiced SPI. The basis for establishing which documents are mandatory comes from the list of required documents for each pay item, which is provided by the Division in Attachment B. Our review identified some SPIs that were included on invoices but were not supported by the required documentation totaling $27,702.50. Specifically, we noted the following:

- SPIs 3-2, 3-4, 3-13a, and 3-15 required *field notes documenting the vehicle type*. The SPIs did not have proper field note documentation for specific vehicle type.
- SPI 7-1, Grout and Abandon Well, requires *field notes, well completion report/permit and photo documentation for payment*. Our review determined that a Well Completion Report was not submitted with deliverables, and the field notes do not describe the depth of the well that was abandoned. While the Contractor invoiced for 45 feet, there was no documentation to support the invoiced costs.
- SPI 10-13, Flowable Fill Concrete and Installation, requires *field notes, volume documentation/supplier load documentation for payment*. Flowable fill receipts were not documented in the deliverables, but receipts were submitted with Task 2 - Partial Invoice after approval. However, the amount of flowable fill invoiced was 541.75 cubic yards and the summation of all flowable fill receipts submitted was only 522 cubic yards.
- SPI 12-1, Removal and Loading of Asphalt and/or Concrete – up to 4-inch thickness, requires *field notes, photo documentation, updated figure w/areal extent or receipt for payment*. A field note on October 23, 2024, describes the cutting of concrete and asphalt. However, there are no field notes regarding the removal and loading of asphalt and concrete. There are no photos, updated areal figures or receipts to document the areal extent of removal as the invoice billed for 450 square feet (450 units).
- SPI 20-6, Scientist/Technical Specialist (Key), pays an hourly rate and requires *Field Notes and work performed in accordance with Scope for approval*. A (Key) Scientist/Technical Specialist was not specified in any field notes or in the text of the deliverables.
- SPI 4-1a, Per Diem > 1 consecutive day requires *field notes documenting personnel and travel times to and from site with properly completed travel vouchers*. Although the travel vouchers were submitted and appear to be properly prepared, the names of the personnel on the travel vouchers are not found in the field notes submitted. The field notes do not document the travel times to and from the site.
- SPI 13-1, Asphalt Paving – 2-inch thickness, requires *field notes, photo documentation, updated figure w/areal extent or receipt for payment*. The Source Removal Report chronological description states that on December 23, 2024, the Contractor supervised asphalt installation over source removal location. However, there are no field notes regarding asphalt paving in the Task 2 deliverable or in any other Purchase Order document. There are no photos, updated areal figures or receipts to document the areal extent of asphalt paving as the invoice billed for 450 square feet (450 units).

Recommendation:
We recommend the Division work with PRP to review payments made for the unsupported SPI costs, and request reimbursement for those costs where required documentation was not provided.

Management's Response:
The PRP agrees and requested reimbursement from the contractor for $27,702.50 for items listed under pages 4 and 5 of the report on April 24, 2026. In addition, PRP reminded all site managers in the April 2, 2026, teleconference, to review SPI required documentation for all line items prior to issuing approval. PRP followed up with notes from the teleconference which were distributed to all site managers. PRP also met individually with the site management team's supervisor on April 27, 2026, to emphasize the importance of verifying that all field notes meet the required documentation standards for payment prior to granting approval.

Finding 3: Subcontractors – The Contractor utilized some subcontractors that were not approved by the Department, and some were not reported on the required Subcontractor Utilization Form.

The Contract states, the *Contractor shall not subcontract any work under this Contract, with the exception of those subcontractors authorized by the Department, without the prior written consent of Department's Contract Manager*. Our review determined five subcontractors were utilized by the Contractor but not on the approved Department list. Additionally, we found another subcontractor, that was not on the approved list, was listed in the field notes as performing work but was not included on the Subcontractor Utilization Report. This subcontractor was not reported on any Task Invoice Subcontractor Utilization Report, nor was this subcontractor reported on the Payment of Subcontractors Summary Form in the Final Invoice.

Recommendation:
We recommend the Division work with PRP, Site Managers, and Agency Term Contractors regarding the requirements of subcontractor utilization, approval, and reporting and ensure compliance.

Management's Response:
The PRP agrees and reminded all site managers in the April 2, 2026, teleconference, to confirm all subcontractors used under a Purchase Order are listed under the approved subcontractor list for that contractor. PRP followed up with notes from the teleconference which were distributed to all site managers. In addition, PRP included language in the new Agency Term Contracts stating that any work performed by a subcontractor without prior written consent from the Department's Contract Manager will not be paid.

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 Erica Mitchell 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:

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

Candie M. Fuller,
Inspector General