

**Audit of Contract BS029 with Coastal Technology Corporation  
for Professional Engineering Services**

**Division of Water Resource Management**

**Report: A-1516DEP-037**

**Office of Inspector General**

**Internal Audit Section**

**Florida Department of Environmental Protection**

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The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Contract BS029 (Contract) between the Department and Coastal Technology Corporation (Contractor). This audit was initiated as a result of the Fiscal Year (FY) 2015-2016 Annual Audit Plan.

## **Scope and Objectives**

The scope of this audit included Contract activities associated with Task Assignment 11 and Task Assignment 12 during the period of March 2014 through April 2016. Our objectives were to:

1. determine whether the Contractor submitted deliverables in compliance with the Task Assignments
2. evaluate the Department's level of oversight of Contract and Task Assignment activities

## **Methodology**

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors. Our procedures included interviews with Division and Contractor staff, as well as review of Contract invoices and deliverables.

## **Background**

In December 2009, the Department entered into the Contract, which provides *Professional Engineering Services for the State Beach Management Program on a Task Assignment basis*. The Contract had an initial performance period of five years through

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December 2014; however, the Contract was extended through December 2015 by Amendment 3 to the Contract. Amendment 4 further extended the Contract through December 2017.

The Division of Water Resource Management (Division) manages the Contract. Within the Division, program management is shared between the Beach Field Services Program (BFSP) and Engineering, Hydrology, and Geology Program (EHG). Since the Contract was executed, 14 Task Assignments have been issued. Each of the Contract's Task Assignments include unique scopes of work and are funded through differing sources. The table below shows each Task Assignment, method for payment, amount tasked, and payments.

TASK ASSIGNMENT	METHOD FOR PAYMENT	PERIOD OF PERFORMANCE <sup>1</sup>	TASKED AMOUNT <sup>1</sup>	TOTAL PAYMENTS <sup>2</sup>
1	Fixed Price	3/1/2010 to 12/31/2012	\$ 1,399,000.00	\$ 1,394,782.10
2	Cost Reimbursement	6/2/2010 to 6/30/2012	\$ 19,051.20	\$ 1,701.00
3	Fixed Price	4/28/2011 to 11/30/2016	\$ 406,355.59	\$ 294,817.03
4	Fixed Fee	5/20/2011 to 6/30/2012	\$ 51,209.00	\$ 15,970.00
5	Fixed Price	7/18/2011 to 6/30/2014	\$ 279,332.94	\$ 279,332.92
6	Fixed Price	12/22/2011 to 9/30/2012	\$ 283,314.88	\$ 505,335.13
7	Fixed Price	8/28/2012 to 6/30/2014	\$ 17,348.97	\$ 16,342.08
8	Fixed Price	11/5/2012 to 3/31/2013	\$ 261,164.87	\$ 261,164.87
9	Fixed Price	2/25/2013 to 6/30/2013	\$ 368,651.44	\$ 309,430.64
10	Fixed Price	8/20/2013 to 12/31/2014	\$ 355,245.98	\$ 355,245.98
11	Fixed Price	3/18/2014 to 12/31/2015	\$ 639,971.14	\$ 615,763.06
12	Fixed Price	11/19/2014 to 10/30/2016	\$ 193,431.80	\$ 180,745.93
13	Fixed Price	12/19/2014 to 12/3/2016	\$ 100,000.00	\$ 0.00
14	Fixed Price	11/13/2015 to 2/28/2016	\$ 278,573.72	\$ 54,316.10
<b>Contract Total</b>			<b>\$ 4,652,651.53</b>	<b>\$ 4,284,946.84</b>

<sup>1</sup> Reflects any adjustments caused by Task Assignment Change Orders

<sup>2</sup> Total payments made since Contract execution through March 2016

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### Task Assignment 11

Task Assignment 11 was issued in March 2014 for *professional services in support of formulation of a statewide beaches habitat conservation plan* in BFSP. According to the Scope of Work, the Contractor was tasked with the following:

- development, reformatting, and refinement of the Florida Beaches Habitat Conservation Plan (Plan)
- data collection, analysis, and integration with GIS databases and web applications
- development of Plan implementation framework, funding models, and cost estimates
- maintenance of the Plan's website
- planning, administering, and attending working group and public outreach meetings
- tracking and reporting project progress

Funding for Task Assignment 11 was \$639,971.14. As of March 2016, Task Assignment payments totaled \$615,763.06.

### Task Assignment 12

Task Assignment 12 was issued in November 2014 for *professional services for additional hosting of ROSSI<sup>3</sup> and website upgrades* in EHG. According to the Scope of Work, the Contractor was tasked with the following:

- upgrading, hosting, and maintaining the ROSSI website
- populating the ROSSI website with data from borrow areas
- adding and updating map feature datasets
- updating guidance documents

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<sup>3</sup>Regional Offshore Sand Source Inventory

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- incorporating links in the ROSSI website to Joint Coastal Permits
- project management and reporting

Funding for Task Assignment 12 was \$193,431.80. As of March 2016, Task Assignment payments totaled \$180,745.93.

## Results and Conclusions

### Task Assignment 11 Deliverables

Since execution of Task Assignment 11, the Contractor has submitted 15 invoices totaling \$615,763.06. Of these 15 invoices, we selected a sample of 6 (40%) to review for deliverable requirements. The six selected invoices, totaling \$170,504.47, included 30 deliverables. All were completed during the month in which they were due, and 28 (93%) of the 30 deliverables conformed to the deliverable requirements in Task Assignment 11. For the remaining two (7%) deliverables, we noted the following:

DELIVERABLE DESCRIPTION	COMPENSATION	EXCEPTION
<i>Documentation of attendance at WG<sup>4</sup> meetings/Ph. II</i>	\$1,711.88	The deliverable submitted by the Contractor did not document or demonstrate the Contractor's attendance at the meeting. The documentation provided consisted of related emails between Contracted staff prior to the meeting that did not indicate attendance. The BFSP Administrator; however, confirmed that the Contractor was present at the meeting.
<i>Documentation of attendance at one-day meeting</i>	\$8,640.28	The deliverable submitted by the Contractor consisted of a meeting agenda; however, no date was included on the agenda. Accordingly, the submitted deliverable did not indicate which meeting the Contractor attended. The BFSP Administrator; however, confirmed the date of the <i>one-day meeting</i> and the Contractor's attendance.

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<sup>4</sup> Plan's Working Group

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### Task Assignment 12 Deliverables

Since execution of Task Assignment 12, the Contractor has submitted 13 invoices totaling \$180,745.93. Of these 13 invoices, we selected a sample of two (15%) to review for deliverable requirements. The two selected invoices, totaling \$91,864.09, included seven deliverables. All were completed the month in which they were due and all conformed to the deliverable requirements in Task Assignment 12.

### Management Oversight

The Contract Manager is responsible for fiscal oversight of Contract and Task Assignment activities. The Contract Manager coordinates with management in BFSP and EHG who provide technical oversight of Contract activities. According to interviews, the Contractor submits invoices and deliverables to the Contract Manager. The Contract Manager reviews each invoice to ensure that invoiced cost items are allowable per the Contract. Prior to processing invoices for payment, the Contract Manager submits deliverables to staff in either BFSP or EHG for their review and approval.

According to interviews, the BFSP Administrator and EHG Administrator review deliverables for accuracy and consistency with the Task Assignment. For Task Assignments involving the Plan, the BFSP Administrator, who serves on the Plan's Working Group, also ensures that each deliverable reflects any guidance or direction provided by the Working Group. In addition, the BFSP Administrator submits each deliverable to the Plan's Statewide Coordinator for their review and approval. Once their review is complete, the BFSP Administrator or EHG Administrator note their approval on the Contractor's invoice and advise

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the Contract Manager that the deliverables associated with the invoice are complete and the invoice can be processed for payment.

We reviewed a sample of invoices submitted by the Contractor for Task Assignment 11 and Task Assignment 12 activities. For each invoice, we reviewed the associated deliverables for documentation of approval by the Contract Manager and the BFSP Administrator (for Task Assignment 11 deliverables) or EHG Administrator (for Task Assignment 12 deliverables). In addition, for Task Assignment 11 deliverables, we reviewed deliverables for documentation of approval by the Plan's Statewide Coordinator.

For Task Assignment 11, we reviewed six invoices comprised of 30 deliverables. Of the 30 deliverables reviewed, all included notations demonstrating approval by the Contract Manager, BFSP Administrator, and the Plan's Statewide Coordinator.

For Task Assignment 12, we reviewed two invoices comprised of seven deliverables. Of the seven deliverables reviewed, all included notations demonstrating approval by the Contract Manager and EHG Administrator. In addition, according to documentation provided by EHG staff and interviews, EHG staff conducted detailed testing of technical deliverables submitted by the Contractor, including a secure direct-upload interface and other updates to the ROSSI website.

#### Contract Labor Rates

Attachment D of the Contract includes labor rates for the contracted and subcontracted staff performing services under the Contract. These rates are used to determine deliverable prices based on estimates of the hours needed to complete the deliverable. To determine if the Contract's labor rates were reasonable, we compared them with average labor rates reported on



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the Department of Transportation's Consultant Wage Rate Averages Report. Based on this comparison, the Contract's labor rates used to determine deliverable prices were generally consistent with average rates reported on the Consultant Wage Rate Averages Report.

Our management comment is contained in the remainder of this report.

## **Management Comment**

Based on our review of deliverables submitted under Task Assignment 11, two of 30 reviewed deliverable documents did not demonstrate the work performed by the Contractor. According to the Scope of Work, two of the deliverables were associated with Contract staff involvement in a *two-hour WebEx meeting* of the Plan's Working Group and a *one-day travel meeting*. For this professional service, the Scope of Work required deliverables consisting of *documentation of attendance at WG meetings/Ph. II* and *documentation of attendance at one-day meeting*. For documentation of attendance at the Working Group meeting, the Contractor provided emails sent among Contract staff prior to the to the Working Group meeting. These emails did not indicate the Contractor's attendance at the meeting, as required by the Scope of Work. For documentation of attendance at the one-day meeting, the Contractor provided a meeting agenda that was not dated and did not document the Contractor's attendance at the meeting, as required by the Scope of Work.

The BFSP Administrator confirmed that the Contractor attended both meetings; however, documentation as required in the Scope of Work was not included in deliverable documentation submitted by the Contractor for payment. Going forward, the Division should ensure that documented deliverables submitted by the Contractor confirm the professional services paid by the Department.

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*To promote accountability, integrity, and efficiency in state government, the OIG completes audits and reviews of agency programs, activities, and functions. Our audit was conducted under the authority of section 20.055, F.S., and in conformance with the International Standards for the Professional Practice of Internal Auditing, published by the Institute of Internal Auditors, and Principles and Standards for Offices of Inspector General, published by the Association of Inspectors General. The audit was conducted by Gabriel Earnest and supervised by Valerie J. Peacock.*

*Please address inquiries regarding this report to the OIG's Audit Director by telephone at (850) 245-3151. Copies of final reports may be viewed and downloaded via the internet at <http://www.dep.state.fl.us/ig/reports.htm>. Copies may also be obtained by telephone (850) 245-3151, by fax (850)245-2994, in person or by mail at Department of Environmental Protection, Office of Inspector General, 3900 Commonwealth Boulevard, Mail Station #41, Tallahassee, FL 32399.*

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