



Department of Environmental Protection Office of Inspector General

April 9, 2025

Report A-2425DEP-008

Audit of Agreement RP942 with Holden On Motorsports, LLC.

INTRODUCTION

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Agreement RP942 (Agreement) with Holden On Motorsports, LLC (Contractor). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2024-2025.

AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY

The scope of this audit included requirements, deliverables, task assignments, and payments associated with the Agreement between the Contractor and the Department. This included records from execution of the Agreement, February 6, 2023, to the present and included procurement activities prior to execution of the Agreement. The objectives of the audit were to:

1. Determine if payments under the Agreement were requested and approved in compliance with Agreement requirements, task assignments, and were supported by sufficient documentation.
2. Evaluate the Contractor's compliance with the Agreement and Task Assignments.
3. Evaluate the Department's oversight of Contractor's compliance with the Agreement.

To achieve our audit objectives, our methodology included:

- Reviewing Agreement, task assignment, procurement, and statutory requirements.
- Conducting interviews with Department staff.
- Evaluating Agreement activities, deliverables, and payment documentation.

BACKGROUND

Within the Division of Recreation and Parks (Division) is the Bureau of Natural and Cultural Resources (BNCR) whose primary function is to coordinate and standardize the preservation of the natural resources in Florida State Parks, with emphasis on fire management, natural community restoration, invasive exotic plants, nuisance and exotic animals and imperiled species management. The Division manages lands which are dependent upon frequent fire to maintain natural communities. Prescribed fire and wildfire suppression activities occur within the Florida State Parks. To support this effort, the Division developed its own custom-built wildland fire engines to assist with these tasks.

These engines were developed to allow Division staff to conduct prescribed fires and wildfire suppression.

On February 6, 2023, the Agreement was executed to continue for a duration of 3 years unless terminated or renewed. The Agreement is a no ceiling/rate agreement where the Contractor is paid on a fixed rate unit basis for the fabrication and installation of Department owned fire trucks. According to the Agreement, a unit is equal to one vehicle. The per unit rate for years 1 and 2 was \$92,970 with a per unit increase to \$94,829 during year 3. There are additional rates addressed in the Agreement in the event the contract is renewed for an additional 3 years. All work assignments are authorized by either a Task Assignment or Task Assignment Change Order once fully executed by the Department and the Contractor. As of January 3, 2025, there have been 3 Task Assignments issued under the Agreement in the amount of \$2,231,280 with a total of \$1,301,580 in payments made to the Contractor.

RESULTS OF AUDIT

During the audit, we reviewed documentation and records relating to the Agreement's procurement, the Contractor's completion of deliverables under the requirements of the Agreement and Task Assignments, and the subsequent payment requests. A summary of our review is below.

Scope of Work

According to the Agreement, *The Contractor shall provide all labor, supervision, expertise, equipment, materials, and trailer transport costs (pick-up and delivery) required to complete the fabrication of custom-built fire engine bodies and the installation on the Department-owned [F-450 vehicles]. The program goal is to allow for the construction of 8 custom-built fire engines, completed and installed on the Department-owned [F-450 vehicles]. Thereafter, the current program goal is to fabricate at minimum six (6) fire engines annually per Fiscal Year (July 1 – June 30) during the term of the three (3)-year anticipated contract. The number of engines to be fabricated annually will be addressed in Task Assignments and may be adjusted based on available funding.* The Scope of Work adds up to 19 technical specifications for the Contractor to use in combination with Exhibits F and G to construct the fire engines.

Agreement Deliverables and Task Completion

Under the Agreement, the Contractor was to provide the following deliverables and completion criteria:

- Upon completion of the F-450 custom-build, the Contractor shall transport the Department-owned F-450 vehicles to the [Department Headquarters], or an alternate mutually agreed upon location.
- Upon completion and operational inspection and approval (sign-off) by the Department, the deliverable will be met by Contractor.
- The completion of the fabrication and installation of the custom-built fire engine bodies shall be within one hundred-twenty (120) days from receipt of any fully executed Task Assignment under [The Agreement].

- Upon completion and satisfactory operational inspection by the Department designated Point-of-Contact (POC), tasks will be considered complete.

During our review, we determined that the Division executed Task Assignments that allowed for the completion of deliverables beyond the 120-day requirement. According to the Agreement, terms *may be amended only by a written agreement between both parties*. A change order may be used when there are, *changes in deliverables due dates that do not change the overall Contract term or increase in the deliverable price or Contract amount*. However, the Division did not execute an amendment or change order to extend the deliverables due dates beyond the 120-day requirement. For example, Task Assignment 2 specified that for 3 vehicles, *Fabrication shall be complete and vehicles delivered to the Department within two hundred-forty (240) days from Task Assignment execution*. Additionally, Task Assignment 1 specified that 8 vehicles *shall be delivered within 120 days from the pick-up date*, instead of the Task Assignment execution date. This Task Assignment also specified that 4 vehicles were due, *not later than March 31, 2024*, which would have been almost a year after the Task Assignment execution date (which was April 5, 2023). Based on discussions with the Division, the pick-up dates were not tracked. Task Assignment 3 was fully executed on September 3, 2024, and specified that fabrication for 10 vehicles *shall be complete and vehicles delivered to the Department by June 15, 2025*, which is nearly 8 months beyond execution of the Task Assignment.

Task Assignment Deliverables

There have been 3 Task Assignments issued under the Agreement. However, no deliverable completion or payment activity had taken place under Task Assignment 3 at the time of our review. Our review of the Contractor's performance under Task Assignments 1 and 2 is below.

Task Assignment 1

Task Assignment 1 was issued to the Contractor on April 13, 2023, for the completion of 8 vehicles. According to the Task Assignment, the cost per unit was \$92,970. Total of all fees in the Task Assignment was not allowed to exceed \$743,760. The Task Assignment required 4 vehicles to be picked up within 30 days of Task Assignment execution and required fabrication to be complete, and the vehicles to be delivered within 120 days from the pickup date. The remaining 4 vehicles were to be picked up anytime, work commence, be completed, and delivered no later than 120 days from the pickup date, and not later than March 31, 2024.

Task Assignment 2

Task Assignment 2 was issued to the Contractor on April 1, 2024, for the completion of 6 vehicles. According to the Task Assignment, the cost per unit was \$92,970. Total of all fees in the Task Assignment was not allowed to exceed \$557,820. The Task Assignment stated all 6 vehicles would be dropped off to the Contractor by the manufacturer. The completion of 3 of the vehicles were set to be delivered within 120 days of Task Assignment execution which is in accordance with the Agreement. However, the remaining 3 vehicles were required to be complete 240 days after Task Assignment execution.

During our review, we requested documentation to confirm the pickup and delivery dates of the vehicles to calculate if the deliverables had been completed timely in accordance with the Task Assignments. However, the Division did not maintain documentation to track when the vehicles were received or delivered by the Contractor. Moreover, the Agreement states *Upon completion and operational inspection and approval (sign-off) by the Department, the deliverable will be met by Contractor.* During the audit, we were provided 4 of the 8 inspection reports for Task Assignment 1 due to the Division not maintaining the documents. All 6 inspection reports required under the Agreement for Task Assignment 2 were provided.

Payments

Written Acceptance of Deliverables

The Contractor has received a total of \$1,301,580 in payments through 4 submitted invoices, consisting of two invoices per Task Assignment. According to the Agreement, *All deliverables must be received and accepted in writing by the Department's Contract Manager before payment and 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.* During the review, we requested documents showing receipt and acceptance of deliverables in writing by the Contract Manager. However, this documentation was not maintained.

Subcontractor Utilization Report

According to the Agreement, *the Contractor shall complete and submit Exhibit B, Subcontractor Utilization Report Form (Subcontractor Report) with each invoice.* Our review found that the Contractor did not provide these documents with each invoice nor prior to receiving payment. During our review, the documentation was completed by and obtained from the Contractor.

Release of Claims Affidavit

The Agreement states *Upon payment for satisfactory completion of any portion of the services performed, the Contractor shall execute and deliver to the Department a release of all claims against the Department arising under, or by virtue of, the services, except claims which are specifically exempted by the Contractor to be set forth therein using Exhibit C, Contractor Affidavit/Release of Claims Form.* The Exhibit C further specifies that *This certification must be completed and signed by the Contractor when requesting final payment for a [Department] authorized Task Assignment. Final payment for a Task Assignment will not be released until this form is accepted by the Department.* Our review found that the Contractor did not provide this document prior to receiving final payment for both Task Assignments. During our review, the documentation was completed by and obtained from the Contractor.

Additional Requirements

The Agreement states *If the Contractor's duties include the use of a commercial vehicle, the Contractor shall maintain automobile liability, bodily injury, and property damage coverage.* The Agreement requires the Contractor to arrange for pick-up, transport, and deliver the vehicles once completed. The Division confirmed that the Contractor picked up and delivered the vehicles under Task Assignment 1 on a commercial transporter.

However, under Task Assignments 2 and 3, the vehicles are delivered to the Contractor by the manufacturer and picked up by Department staff. Ultimately, our review found that the Contractor has not maintained the required commercial vehicle insurance required by the Agreement.

CONCLUSION

During the audit, we reviewed documentation and records relating to the Agreement's procurement, the Contractor's completion of deliverables under the requirements of the Agreement and Task Assignments, and the subsequent payment requests. Based on our review, the Contractor appears to have generally completed the fabrication of the custom-built fire engines under Task Assignments 1 and 2. However, we noted some documentation for deliverables and payments was not maintained by the Division. Our findings and recommendations are listed below.

FINDINGS AND RECOMMENDATIONS

Finding 1: Contractor Performance: The Contractor did not always provide documentation or maintain insurance, as required by the Agreement.
--

Based on our review of Contractor payments and additional requirements under the Agreement, we found the Contractor did not always submit or maintain documentation required under the Agreement. Specifically, the Contractor did not provide the following:

- Subcontractor Utilization Report: Our review determined the Contractor did not provide the Subcontractor Utilization Report Form with each invoice nor prior to receiving payment, as required by the Agreement. During our review, the documentation was completed by and obtained from the Contractor.
- Release of Claims Affidavit: Our review determined the Contractor did not provide this affidavit prior to receiving final payment for both Task Assignments, as required by the Agreement. During our review, the documentation was completed by and obtained from the Contractor.
- Commercial Vehicle Insurance: Our review determined the Contractor has not maintained the commercial vehicle insurance required by the Agreement.

Recommendations:

We recommend the Division implement internal controls to ensure the Contractor maintains required insurance and submits all documentation required for payment of invoices prior to the approval and disbursement of State funds.

Management Response:

The Division has verified the Contractor maintained insurance throughout the entire term of the contract, however, COIs may not have been available due to staff turnover. Insurance verification is attached. The Division will implement internal controls to ensure

that the Contractor submits the required insurance documentation, and submits all documentation required for payment of invoices prior to the approval and disbursement of State funds.

Finding 2: Maintenance of Records: Sufficient documentation was not maintained showing receipt of deliverables, inspection and sign-off of deliverables, or written acceptance of deliverables, as required by the Agreement.

There have been 3 Task Assignments issued under the Agreement. However, no deliverable completion or payment activity had taken place under Task Assignment 3 at the time of our review. Our review of the Contractors performance under Task Assignments 1 and 2 is below.

Timely Receipt of Deliverables

According to the Agreement, *completion of the fabrication and installation of the custom-built fire engine bodies shall be within one hundred-twenty (120) days from receipt of any fully executed Task Assignment under this Contract.* According to the Agreement, these terms could only be changed with an amendment or change order. However, we determined that the Division executed Task Assignments that allowed for the completion of deliverables beyond the 120-day requirement without an amendment or change order.

Inspection and sign-off of deliverables

According to the Agreement, *Upon completion and operational inspection and approval (sign-off) by the Department, the deliverable will be met by Contractor.* Upon request, the Division only provided 10 of the 14 inspection reports required under the Agreement due to lack of retention of the documents.

Acceptance of Deliverables

According to the Agreement, *All deliverables must be received and accepted in writing by the Department's Contract Manager before payment and 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.* During the review, we requested documents showing receipt and acceptance of deliverables in writing by the Contract Manager. However, according to the Division, this documentation was not maintained.

Recommendations:

We recommend the Division implement internal controls to ensure the Contractor complies with the terms of the Agreement and the Division maintains documentation demonstrating the Contractor's compliance and performance in accordance with the Agreement and Task Assignment requirements.

Management Response:

The Division will implement internal controls to ensure that the Contractor complies with the terms of the Agreement and that the Division maintains documentation of the Contractor's compliance and performance in accordance with the Agreement and Task Assignment requirements.

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 Tessa Jordan and supervised by Susan Cureton.

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