

**Audit of Contract GC130 with
NorthStar Contracting Group, Inc.**

Division of Waste Management

Report: A-1920DEP-011

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of the Administrative Services Contract GC130 (Contract) between the Department's Division of Waste Management (Division) and the NorthStar Contracting Group, Inc. (Contractor). This audit was initiated as a result of the Fiscal Year (FY) 2019-2020 Annual Audit Plan.

Scope and Objectives

The scope of this audit included activities under Task Assignment 3 (TA3) and Task Assignment 4 (TA4) of the Contract beginning July 1, 2018. The objectives were to:

- determine whether the Contractor complied with the Contract and Task Assignments.
- determine whether approved payments were supported as required under the Task Assignments.
- evaluate management oversight of the Contractor's performance under the Contract.

Methodology

This audit was conducted under the authority of Section 20.055, Florida Statutes (F.S.), and in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Our procedures included review of the Contract and Task Assignments, as well as support documentation, associated payments, and deliverables. We also interviewed and obtained information from Division and Contractor staff.

Background

Under Section 376.3071, F.S., the Department is directed to make efficiency and productivity a priority in the administration of the Petroleum Restoration Program (PRP). To this end, the Department uses contracted services to improve PRP's administrative efficiency and

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productivity. On March 23, 2018, the Department entered into the Contract for a term of five years to provide administrative support to the Division on a Task Assignment basis. The Contract Scope of Services includes the following 17 Task areas.

| Task | Scope of Service |
|------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | OCULUS ¹ and Storage Tank Contamination Monitoring (STCM) and/or Environmental Restoration Integrated Cleanup (ERIC) Review and Preparation of Site Manager Summary Report (SMSR) |
| 2 | Contractor Recommendation or Selection Sheet (CSS) Processing and Tracking |
| 3 | Deductible Collection and Tracking for Discharges Eligible under the Abandoned Tank Restoration Program (ATRP) |
| 4 | Deductible Collection and Tracking for discharges eligible under the Petroleum Liability and Restoration Insurance Program (PLRIP) and Drycleaning Solvent Cleanup Program (DSCP) |
| 5 | Petroleum Cleanup Participation Program (PCPP) Limited Contamination Assessment Report (LCAR) Solicitation and Tracking |
| 6 | Department Cleanup Contractor Qualification Processing and Tracking |
| 7 | Site Access Agreement (SAA) Letters |
| 8 | Miscellaneous Correspondence |
| 9 | Processing and Tracking of Cleanup Utility Invoices |
| 10 | Petroleum Contamination Facilities Priority Scoring and Re-scoring |
| 11 | Processing and Tracking Off-Site Contamination Notification Letters |
| 12 | Processing and Tracking of School Contamination Notification Letters |
| 13 | General Document Indexing and Scanning Support |
| 14 | Conditional Closure Application (CCA) Processing and Tracking |
| 15 | General Administrative and Accounting Support |
| 16 | Responding to Public Inquiries |
| 17 | Exit Transition Plan |

Services are based on the number of units completed for all Tasks, with the exception of Task 15. Task 15 activities are based on the number of hours worked by contracted staff. On June 12, 2018, the Division issued TA3 for FY 2018-2019 activities. On May 28, 2019, the Division issued TA4 for FY 2019-2020 activities. Amounts budgeted and reimbursed for TA3 and TA4 were as follows:

¹ OCULUS is the Department's electronic document management system.

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| GC130 TA3 and TA4 Amounts Tasked and Reimbursed | | | |
|--------------------------------------------------------|------------------------|-------------------------------|-----------------------------------|
| Task Assignment/ Change Order (CO) | Date Issued | Description | Task Amount |
| TA3 | 6/12/18 | Original Task | \$1,889,017.72 |
| TA3 CO1 | 10/04/18 | Increased funding for Task 7 | \$54,642.00 |
| TA3 CO2 | 12/07/18 | Increased funding for Task 7 | \$61,686.00 |
| TA3 CO3 | 01/29/19 | Increased funding for Task 15 | \$93,000.00 |
| Total TA3 Amount | | | \$2,098,345.72 |
| Total Reimbursed for TA3 | | | \$1,356,646.90 |
| TA4 | 5/28/19 | Original Task amount | \$1,973,519.22 |
| TA4 CO1 | 7/24/19 | Increased Task 15 PCAP | \$198,000.00 |
| Total TA4 Amount | | | \$2,171,519.22 |
| Total Reimbursed for TA4 | | | \$1,075,552.72² |

Results

TA3 and TA4 Funding and Costs

Total funding and reimbursed costs per Task in TA3 and TA4 were as follows.

| Task | TA3 Funding and Reimbursements | | TA4 Funding and Reimbursements | |
|--------------|---------------------------------------|-------------------------|---------------------------------------|-------------------------|
| | Funding | Payments | Funding | Payments |
| 1 | \$348,176.40 | (\$106,450.23) | \$122,606.90 | (\$98,410.40) |
| 3 | \$35,292.00 | (\$14,587.36) | \$35,292.00 | (\$4,705.60) |
| 4 | \$23,528.00 | (\$16,116.68) | \$23,528.00 | (\$6,705.48) |
| 5 | \$23,528.00 | (\$705.84) | \$5,882.00 | (\$1,646.96) |
| 6 | \$68,799.60 | (\$66,664.44) | \$68,799.60 | (\$51,995.10) |
| 7 | \$252,768.60 | (\$216,410.51) | \$251,188.00 | (\$75,090.60) |
| 10 | \$49,014.00 | (\$12,043.44) | \$29,175.00 | (\$7,783.89) |
| 11 | \$225,606.60 ³ | (\$67,309.20) | \$164,295.00 | (\$52,944.03) |
| 13 | \$1,800.00 | (\$467.40) | \$1,800.00 | (\$120.60) |
| 14 | \$133,364.52 | (\$36,510.79) | \$81,892.72 | (\$38,308.80) |
| 15 | \$935,968.00 | (\$819,381.01) | \$1,387,060.00 | (\$737,841.26) |
| 17 | \$500.00 | (\$500.00) | - | - |
| Total | \$2,098,345.72 | (\$1,357,146.90) | \$2,171,519.22 | (\$1,075,552.72) |

A significant portion of services funded under TA3 and TA4 was for hourly administrative support staff included under Task 15. Funding for all other services were based on

² Amount represents reimbursement for activities through March 31, 2020.

³ The budgeted amount for TA3 was not consistent with the funding description, as it did not include \$16,999.20 budgeted for Task 11B: Processing and Tracking Follow-up Off-Site Contamination Notification Letters.

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activity. Payments under TA3 totaled 64% of the amount funded for FY 2018-2019. As of March 31, 2020, payments under TA4 totaled 50% of the amount funded for FY 2019-2020. Under TA3 and TA4, the Division did not include funding for the following Tasks under the Contract:

- Task 2: *Contractor Recommendation or Selection Sheet (CSS) Processing and Tracking*
- Task 8: *Miscellaneous Correspondence*
- Task 9: *Processing and Tracking of Cleanup Utility Invoices*
- Task 12: *Processing and Tracking of School Contamination Notification Letters*
- Task 16: *Responding to Public Inquiries*

Based on discussions with Contractor staff, activities associated with Task 9 *Processing and Tracking of Cleanup Utility Invoices* have been assigned to hourly staff funded under Task 15 *General Administrative and Accounting Support*. Activities described under the other Tasks have not been assigned.

We reviewed contractor compliance, payments, deliverables, and PRP management oversight for each of the assigned Tasks under TA3 and TA4. The results of this review are as follows.

Task 1: OCULUS and STCM and/or ERIC Review and Preparation of SMSR

SMSRs are prepared to be used by current or future PRP site managers, or as a final summary report for facilities at which all required cleanup has been completed. During the sampled month of May 2019, the Contractor completed 20 Facility Information Reviews, OCULUS Reviews, and Contamination Locator Maps. Task 1 deliverables require the Contractor to insert information into the correct OCULUS file within ten business days of the reviews. We verified these deliverables were met for all 20 facilities listed on the May 2019 invoice with minor exceptions.

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Tasks 3 and 4: Deductible Solicitation and Tracking for ATRP, PLRIP, and DSCP

As of November 2019, the Division discontinued this process. As a result, these activities were excluded from our testing.

Task 5: PCPP LCAR Solicitation and Tracking

Upon request from PRP management, the Contractor prepares written requests for LCARs from the property owner. According to the Task 5 description, within five business days of a request in writing by the Contract Manager, the Contractor will prepare a written request to send to property owners regarding PCPP LCAR submission. The Task 5 deliverable requires that the Contractor correctly insert into OCULUS any letter or correspondence regarding the LCAR or PCPP referral package within five business days. The May 2019 invoice included costs for three LCAR requests. Each of the request letters was inserted into OCULUS within the required timeframe. However, the requests did not originate from the Contract Manager. Of the three, two letters were not prepared within five business days of their request.

Task 6: Department Cleanup Contractor Qualification Processing and Tracking

Section 376.3071(6), F.S., requires that each Agency Term Contractor (ATC) performing state funded site assessment and remediation activities certify to the Department that they meet specific qualifications. The Contractor is responsible for reviewing, processing, and updating ATC qualification information and must provide the Contract Manager with a list of qualified ATCs each month. Per the deliverable documentation requirement under the Contract Scope for Task 6, the *Contractor will send a report to the Contract Manager that includes the number of insurance expiration dates tracked during the month, notices sent to cleanup contractor 30 calendar days prior to expiration of any qualifications, correspondence sent to cleanup*

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contractors of any expiration of insurance dates, contractor qualifications form processed, certificate of insurance reviewed and finalized, number of email conversations between Contractor and DEP cleanup contractors, and number of times that information is provided by email from Contractor to interested parties on contractor qualification requirements. This documentation is tracked by the Contractor and uploaded to OCULUS. The monthly Qualified Contractor Report provided to the Contract Manager includes a listing of all ATCs along with insurance expiration dates but does not contain all the required information. Upon the Contractor's request for direction in reporting Task 6 deliverables, the Contract Manager advised that only a list of active contractors was required each month. The Contract Manager also advised that billing for Task 6 is based on the number of active ATCs.

We reviewed a sample of 14 of the 140 ATCs listed on the May 2019 Qualified Contractors Report. Based on our review, insurance documents for several ATCs were entered in OCULUS subsequent to our inquiry. We also noted that insurance expiration notices for eight ATCs were sent less than 30 days prior to expiration.

Task 7: SAA Letters

According to Section 376.3071, F.S., funding is available for response to incidents of inland contamination related to storage of petroleum and petroleum products in order to protect the public health, safety, and welfare and to minimize environmental damage. Funding eligibility does not apply to a site where the Department has been denied site access.

Under Task 7, the Contractor is tasked with sending letters and related correspondence for SAA letters to property owners requesting site access. Task 7 provides funding for letters and related correspondence as follows.

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| Task | Description | Cost |
|------|--------------------------------------------------------------------|----------|
| 7A | Initial SAA Letters | \$122.33 |
| 7B | Follow-up SAA Letters | \$11.74 |
| 7C | Self-Addressed Stamped Envelopes | \$1.65 |
| 7D | Eligibility Rescission Orders | \$37.37 |
| 7E | Processing and Tracking of Certified Mail Return Receipt Requested | \$11.50 |

Task 7 outlines required timeframes for which SAA letters are sent by the Contractor to property owners to gain site access for eligible facilities. Upon request from the Contract Manager or other Department staff, and once efforts have been made to research and properly identify the correct mailing address, the Contractor is to send an initial SAA letter to the property owner requesting access. If after 30 calendar days, an executed SAA or response has not been received, the Contractor is to mail a second follow-up letter. If no response is received within 14 calendar days, a third letter is to be sent via certified mail. Task 7 deliverables require the Contractor to insert information into the correct OCULUS file within five business days of mailing. For the sampled month of May 2019, the contractor was reimbursed for the cost of 53 initial SAA letters (7A) and 42 follow-up letters (7B). We verified these letters were inserted in OCULUS within the required timeframe. However, of the 53 letters billed at the initial rate, 26 were follow-up letters. Based on correspondence with the Contractor and PRP management, there had been discussion and allowance of this modification during the initial months of the Contract. During the audit, PRP management directed the Contractor to discontinue this practice.

We expanded testing to review billing for Task 7 during the month of December 2019. For the sampled month of December 2019, the contractor was reimbursed for the cost of 38 initial SAA letters (7A) and 65 follow-up letters (7B). Of the 38 letters billed at the initial rate, nine were follow-up letters. Further, we noted that of the 65 follow-up letters, 32 were either duplicate initial letters or duplicate follow-up letters sent to the property owner's registered

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agent⁴. While not outlined in the Contract, this additional billing had been allowed by PRP, per correspondence from PRP management.

According to Task 7D of the Contract, if all attempts have been made to obtain a SAA, the Contractor is to prepare a funding eligibility rescission order consistent with Sections 376.3071, and 376.305, F.S. Through December 2019, there were no eligibility rescission orders issued or billed. Alternatively, PRP has established a process to issue Site Access Orders (SAOs) under the authority of Sections 403.61, 403.121, and 376.303, F.S. Since processes for administration of SAOs are not specified in the Contract, PRP has allowed the Contractor to track and support the issuance of SAOs through the use of hourly staff as funded under Task 15 *General Administration and Accounting Support* for this function.

Task 10: Petroleum Contaminated Facilities Priority Scoring and Re-Scoring

Task 10A and 10B were not included in TA3 or TA4. The description for Task 10C requires the Contractor to review a list of facilities sampled by the Department of Health (DOH) for duplications within 10 business days and return an edited list to the Contract Manager. Within five business days of approval of the edited list by the Contract Manager, the Contractor is required to submit the list to DOH requesting Potable Well Surveys (PWS) for the facilities listed and maintain a database tracking PWS completed along with associated reports received from DOH. However, the deliverable for Task 10C requires the Contractor to insert PWS received from the DOH in OCULUS within five business days of receipt. During May 2019, the Contractor was reimbursed for 93 PWS tracked and inserted in OCULUS. We verified these PWS were uploaded in OCULUS. However, the documents uploaded to OCULUS did not

⁴ Letters were sent to registered agents as listed per the Florida Department of State Division of Corporations if the property owner was identified as a business.

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include the date received by the Contractor. As a result, we were unable to verify that the documents were uploaded within the required time frame. Based on e-mail correspondence, the deliverable was reviewed and approved for invoice by the Contract Manager.

Task 11: Processing and Tracking Off-Site Contamination Notification Letters

Under the Task 11 description, within five business days of Division approval, the Contractor is required to prepare and send off-site contamination notices and track all noticing activities. However, the deliverable requires that the Contractor submit a monthly notification summary report to the Contract Manager and insert off-site letters and associated documents in OCULUS within ten business days of being sent. For May 2019, the Contractor prepared and mailed 47 off-site contamination notices. We verified the monthly summary report submitted to the Contract Manager. We sampled ten of these notices and verified that all were approved and inserted in OCULUS within the required timeframe.

Task 13: General Document Indexing and Scanning Support

The deliverable for Task 13 required the Contractor to insert scanned documents as requested by the Contract Manager into OCULUS within 15 business days. For May 2019, the contractor was reimbursed for the cost of 37 documents. We sampled documents for three facilities from the May 2019 invoice. Documents for all three were inserted into the correct OCULUS file within the required timeframe.

Task 14: CCA Processing and Tracking

The description for Task 14 requires the Contractor to research and process CCAs consistent with specified timeframes and Division guidance. However, the deliverable for Task 14 requires that the Contractor correctly insert documents associated with CCA applications,

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packages, and recorded deeds into OCULUS within five business days of completion. We reviewed facilities associated with the six applications billed for the month of May 2019 and verified the associated documents were uploaded timely as required.

Task 15: General Administrative and Accounting Support

The description for Task 15 under the Contract Scope of Services states, *On an as-needed basis and when a written request is made by the DEP Contract Manager, the Contractor will provide personnel for general administrative and accounting support for the DWM. The deliverable for Task 15 outlined in the Contract states that the deliverable will be determined when the project is assigned.* Documentation requirements for Task 15 includes an itemized summary report of staff hours and costs for the prior month, as well as signed time logs initialed by supervisors, for each staff reflecting hours worked, location, and the activities performed. The description for Task 15 states, *General Administrative and Accounting Support, up to \$842,968⁵ for TA3 and for TA4, up to \$1,189,060⁶.* While Task 15 represents the largest portion of the tasked costs, neither TA3 nor TA4 included a deliverable and did not include any information regarding the number of budgeted positions, position descriptions, performance expectations, position rates, or hours for Task 15.

Based upon review of monthly invoices, the number of budgeted positions and rates were not consistent with the positions funded. In addition, time logs submitted for each staff did not indicate the activities performed, listing only *Administrative Services* as the project description.

⁵ TA3 Change Order 3 issued January 29, 2019 added \$93,000 in funding for additional staff to assist with Voluntary Cleanup Tax Credits applications.

⁶ TA4 Change Order 1 issued July 29, 2019 added \$198,000 in funding for additional staff to assist with Petroleum Compliance Assistance Program invoicing.

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Each time log was signed by both the contracted staff and supervisor, with the exception of the time log for the Contract's Database Analyst.

Exhibit AG of the Contract establishes the minimum education and work experience required for each staff classification. We reviewed qualification documents provided for contract staff included in the May 2019 invoice. Per the documents provided, funded staff met the required qualifications of their positions with the exception of one senior accountant. This position has since been eliminated.

Task 17: Exit Transition Plan

The Task 17 deliverable required that the Contractor provide the Department an Exit Transition Plan within 365 days of contract execution. However, Task 17 was not included in the Contractor's Task Assignments until TA3, which was for the period beginning July 1, 2018. The Contractor submitted the plan June 28, 2019, which was within 365 days of being assigned.

Conclusions

Based on our audit, the Contractor has provided administrative services as outlined under the Contract. However, we noted weaknesses in management oversight and consistency with the Contract in the areas of deliverable documentation, agreed upon processes for SAAs, and funding and deliverables associated with general administrative and accounting support.

Findings and Recommendations

Finding 1: Deliverables and Documentation for Department Cleanup Contractor

Qualification Processing and Tracking

Section 376.3071(6), F.S. sets forth required ATC qualifications. ATCs must maintain these qualifications in order to enter into contracts or perform rehabilitation work. Under Task 6,

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the Contractor is responsible for reviewing, processing, and updating ATC qualification information and must provide the Contract Manager with a list of qualified ATCs each month. Per the deliverable documentation requirement under the Contract Scope for Task 6, the *Contractor will send a report to the Contract Manager that includes the number of insurance expiration dates tracked during the month, notices sent to cleanup contractor 30 calendar days prior to expiration of any qualifications, correspondence sent to cleanup contractors of any expiration of insurance dates, contractor qualifications form processed, certificate or insurance reviewed and finalized, number of email conversations between Contractor and DEP cleanup contractors, and number of times that information is provided by email from Contractor to interested parties on contractor qualification requirements.* The monthly Qualified Contractor Report provided to the Contract Manager includes a listing of all ATCs along with insurance expiration dates but does not contain all the required information. Upon the Contractor's request for direction in reporting Task 6 deliverables, the Contract Manager advised that only a list of active contractors was required each month. The Contract Manager also advised that billing for Task 6 is based on the number of active ATCs.

We reviewed a sample of 14 of the 140 ATCs listed on the May 2019 Qualified Contractors Report. Based on our review, insurance documents for several ATCs were entered in OCULUS subsequent to our inquiry. We also noted that insurance expiration notices for eight ATCs were sent less than 30 days prior to expiration.

Recommendation:

We recommend the Division work with PRP to ensure deliverables and documentation required under the Contract Scope of Services Task 6 are obtained and reviewed by the Contract

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Manager prior to approval for payment. This information should be provided in sufficient detail for the Division to ensure that work is assigned only to ATCs which meet qualification requirements under Section 376.3071, F.S.

Finding 2: Processes and Payments for SAA Letters

Under Task 7, the Contractor is tasked with sending letters and related correspondence for SAA letters to property owners requesting site access. Task 7 provides funding for letters and related correspondence as follows.

| Task | Description | Cost |
|------|--------------------------------------------------------------------|----------|
| 7A | Initial SAA Letters | \$122.33 |
| 7B | Follow-up SAA Letters | \$11.74 |
| 7C | Self-Addressed Stamped Envelopes | \$1.65 |
| 7D | Eligibility Rescission Orders | \$37.37 |
| 7E | Processing and Tracking of Certified Mail Return Receipt Requested | \$11.50 |

Upon request from the Contract Manager or other Department staff, and once efforts have been made to research and properly identify the correct mailing address, the Contractor is to send an initial SAA letter to the property owner requesting access. If after 30 calendar days, an executed SAA or response has not been received, the Contractor is to mail a second follow-up letter. If no response is received within 14 calendar days, a third letter is to be sent via certified mail. For the sampled month of May 2019, the contractor was reimbursed for the cost of 53 initial SAA letters (7A) and 42 follow-up letters (7B). Of the 53 letters billed at the initial rate, 26 were follow-up letters. Based on correspondence with the Contractor and PRP management, there had been discussion and allowance of this modification during the initial months of the Contract.

We expanded testing to review billing for Task 7 during the month of December 2019. For the sampled month of December 2019, the contractor was reimbursed for the cost of 38 initial SAA letters (7A) and 65 follow-up letters (7B). Of the 38 letters billed at the initial rate,

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nine were follow-up letters. Based on our inquiry, the PRP Environmental Administrator directed the Contractor to discontinue billing follow-up letters at the initial rate.

Under the December 2019 invoice, we noted that of the 65 follow-up letters, 32 were either duplicate initial letters or duplicate follow-up letters sent to the property owner's registered agent. While not outlined in the Contract, this additional billing had been allowed by PRP, per correspondence from PRP management.

According to the Contract Scope of Services, *No task shall be assigned to a contractor which would give rise to a conflict or an appearance of a conflict of interest.* During our review of SAA letters included in the May 2019 invoice, we noted that one request to the Contractor to obtain a SAA was initiated directly from contracted staff under a separate contract⁷ held by the Contractor. As such, request for services from the Contractor which are initiated by staff from the same Contractor creates a potential conflict, or the appearance thereof, that could impact the level of work assigned. Once this circumstance was brought to the attention of PRP, the Program Administrator directed the representative from the Contractor's other contract to discontinue initiating SAA service requests.

Recommendation:

Going forward, we recommend the Division work with PRP to ensure the initiation and approved payments for SAA letters and activities are consistent with the Contract Scope of Services for Task 7. Reimbursement for SAA letters should only be approved for letters sent to property owners as specified in the Contract. Any process changes in obtaining SAAs that are agreed upon by the Division should be established in the Contract through formal amendment.

⁷ Contract GC725 for PRP Team 5.

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Finding 3: General Administrative and Accounting Services Funding and Deliverables

The description for Task 15 under the Contract Scope of Services states, *On an as-needed basis and when a written request is made by the DEP Contract Manager, the Contractor will provide personnel for general administrative and accounting support for the DWM.* For Task 15 the Contract states that the deliverable *will be determined when the project is assigned.*

Documentation requirements for Task 15 include an itemized summary report of staff hours and costs for the prior month as well as signed time logs, initialed by supervisors, for each staff reflecting hours worked, location, and the activities performed. The TA3 description for Task 15 stated, *General Administrative and Accounting Support, up to \$842,968* and for TA4, up to \$1,189,060. While Task 15 represents the largest portion of the Contract costs, neither the Contract Scope of Services, nor TA3 and TA4 included a deliverable. It also did not include any information regarding the number of budgeted positions, position descriptions, performance expectations, position rates, or hours.

Based on our inquiry, the Contract Manager provided a spreadsheet which outlined the positions, rates, and hours used to develop the amount budgeted for Task 15 under TA4. A comparison of budgeted information with staffing levels and reimbursed costs as of March 2020 are as follows:

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| TA4 Task 15 Budgeted Staff FY 2019-2020 | | | | | | TA4 Task 15 Actual Staffing Level and Reimbursement (as of March 2020) | | |
|--------------------------------------------------------------------------|---------------|--------------------------|--------------------------|----------------------|-----------------------|---------------------------------------------------------------------------|--------------------|---------------------|
| | Rate per Hour | Hours Budgeted per Staff | Number of Staff Budgeted | Total Hours Budgeted | Budgeted Amount | Number of Staff | Total Hours Billed | Amount Reimbursed |
| Embedded Staff | | | | | | | | |
| Accountant – Staff | \$38.00 | 2,080 | 8 | 16,640 | \$632,320.00 | 8 | 9,564 | \$363,432.00 |
| Program Specialist – Staff | \$43.00 | 2,080 | 1 | 2,080 | \$89,440 | 5 | 4,303.25 | \$185,039.75 |
| Program Specialist – Senior | \$56.00 | 2,080 | 1 | 2,080 | \$116,480.00 | 1 | 206 | \$11,536.00 |
| Administrative Assistant – Senior | 38.00 | | | | | 2 | 767 | \$29,146.00 |
| Contractor Housed Staff | | | | | | | | |
| Administrative Assistant – Senior | \$40.00 | 2,080 | 1 | 2,080 | \$83,200.00 | 1 | 1,383.5 | \$55,340.00 |
| Program Specialist – Senior | \$61.00 | 2,080 | 2 | 4,160 | \$253,760.00 | 1 | 1,390 | \$84,790.00 |
| Database Analyst – Staff | \$52.50 | 264 | 1 | 264 | \$13,860.00 | 1 | 163 | \$8,557.51 |
| Change Order 1 to add Additional Staff Assistance with PCAP ⁸ | | | | | \$198,000.00 | | | |
| Total | | | 17 | 31,464 | \$1,387,060.00 | 17 | 17,776.75 | \$737,841.26 |

While the Contract Manager budgeted 2,080 hours for the majority of staff under Task 15, the Contract does not specify whether or not the rates include holiday and leave payments. According to monthly invoices and time logs, the Contractor has not billed the Department for staff holiday or leave payments.

Based upon review of monthly invoices, the number of budgeted positions and rates were not consistent with the positions funded. In addition, time logs submitted for each staff did not indicate the activities performed, listing only *Administrative Services* as the project description. Each time log was signed by both the contracted staff and supervisor, with the exception of the time log for the Contract’s Database Analyst⁹.

Based on interviews with Division and Contract staff, the activities assigned to Contract administrative staff generally support the Division’s accounting and administrative functions. One contracted hourly staff member performs the work outlined in the Contract under Scope of Services Task 9 *Processing and Tracking of Cleanup Utility Invoices*. Funding for Task 9 was

⁸ Change Order 1 did not specify the positions, number of staff, or rates budgeted.

⁹ The Database Analyst serves at the Contractor’s representative and staff supervisor.

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not included under TA3 and TA4. As such, the Contractor does not provide the Contract Manager with documentation of deliverables that would be expected for activities funded under Task 9. According to the PRP Program Administrator, the current process was changed to better control the tracking of PRP utility payments. However, without the formal establishment of positions, position descriptions, and performance expectations, the Division lacks accountability for activities and services provided by Contract staff under Task 15. Since the funded positions and budgeted hours were not formally established in TA3 or TA4, the Division also lacks assurance that the staffing levels and allocated funding is consistent with the needs of the Division's accounting and administrative functions.

Recommendation:

Given the circumstances noted regarding the Division's oversight of Task 15, we recommend the following:

- The Division should establish required deliverables under Task 15 to reflect Contract staff performance expectations consistent with the accounting and administrative needs of the Division.
- Any necessary changes associated with activity-based tasks, such as those outlined under Task 9 *Processing and Tracking of Cleanup Utility Invoices*, should be documented and adopted through formal amendment.
- As with other activity-based Tasks, Task Assignments for Task 15 should include detailed information regarding the number and type of budgeted positions, rates, and budgeted hours.

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- While the Contract and Task Assignments do not address the allowance of payment for holiday and leave hours, the Division should work with Contract management to establish clear and accurate budget expectations.
- Any changes in funded positions should be formally documented and adopted through approved Task Assignment change orders.
- The Division should work with Contract management to ensure time logs in support of approved invoices contain required documentation of the specific activities performed. All time logs should include documentation of approval.

Management Comment

Task Descriptions, Deliverables, and Documentation

Required deliverables and documentation are not consistent with Task direction under the description for several Tasks listed in the Contract Scope of Services. Whereas Task descriptions outline specific actions to be taken at the direction of Division or Contract management, the associated Task deliverables and required documentation do not include demonstration of these requirements. The deliverables included with most of the activity-based Tasks generally require the Contractor to upload documents in OCULUS within set timeframes of completion.

Deliverables also normally include tracking or summary reports provided on a monthly basis.

During the course of the audit, we verified that the Contractor generally met the deliverable and documentation requirements for uploading documents in OCULUS within the required timeframes. The Contractor also maintained required tracking spreadsheets. However, due to the limited availability of information documenting Task processes, requirements listed under Task descriptions could not consistently be verified. Of the activities with available

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information reviewed during the sampled month of May 2019, requirements were not always met within the specified timeframes. Upon inquiry, the Contract Manager indicated that there had not been a concern with the Contractor's adherence to the timing requirements stated in the Task descriptions. Due to the limited nature of deliverables specified in the Contract, the Division lacks assurance that activities and processes described in Scope of Services Tasks are being followed consistently.

Paragraph 17 of the Contract states that *no payment will be made for deliverables deemed unsatisfactory by the Department*. Based on our review of invoices paid during the audit period, all of the submitted deliverables had been approved for payment. There were no payments withheld due to unsatisfactory performance. The Division would benefit from a detailed review of Contract Scope of Services Task Assignment descriptions and required deliverables to ensure performance expectations are reflected in the Contractor's required deliverables. Any changes necessary to better align Task Assignment deliverables with expected performance should be established in the Contract through formal amendment.

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 Linda Powell and Sarah Beal 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 <https://floridadep.gov/oig/internal-audit/content/final-audit-reports>. 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.

*Valerie J. Peacock,
Director of Auditing*

*Candie M. Fuller,
Inspector General*



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Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

Memorandum

TO: Valerie J. Peacock, Director of Auditing
Office of Inspector General

FROM: Tim Bahr, Director *TD Bahr*
Division of Waste Management

SUBJECT: Response to Audit Report A-1920DEP-011
Audit of Contract GC130 with Northstar Contracting Group, Inc.

DATE: May 27, 2020

The following is in response to the audit of Contract GC130 with Northstar Contracting Group, Inc. conducted by the Office of Inspector General (OIG).

Finding 1: Deliverables and Documentation for Department Cleanup Contractor Qualification Processing and Tracking

Recommendation:

We recommend the Division work with PRP to ensure deliverables and documentation under the Contract Scope of Services Task 6 are obtained and reviewed by the Contract Manger prior to approval for payment. This information should be provided in sufficient detail for the Division to ensure that work is assigned only to ATCs which meet qualification requirements under Section 376.4071, F.S.

Petroleum Restoration Program (PRP) Response:

PRP will ensure that the Contractor submits monthly a report that includes the number of insurance expiration dates tracked during the month, notices sent to cleanup contractor 30 calendar days prior to expiration of any qualifications, correspondence sent to cleanup contractors of any expiration of insurance dates, contractor qualifications forms processed, certificates or insurance reviewed and finalized, number of email conversations between Contractor and DEP cleanup contractors, and number of times that information is provided by request.

Finding 2: Processes and Payments for SAA Letters

Recommendation:

Going forward, we recommend the Division work with PRP to ensure the initiation and approved payments for SAA letters and activities are consistent with the Contract Scope of Services for Task 7. Reimbursement for SSA letters should only be approved for letters sent to property owners as specified in the Contract. Any process changes in obtaining SAAs that are agreed upon by the Division should be established in the Contract through formal amendment.

PRP Response:

On April 6, 2020, PRP notified the Contractor via email that they should discontinue billing 3rd letters sent for site access as initial site access letters, except for situations where the contractor had no prior involvement with the site access attempts, and instead bill them as follow up site access letters. The PRP is preparing an amendment which will clarify the Task 7 subtasks and payments.

Finding 3: General Administrative and Accounting Services Funding and Deliverables

Recommendation:

Given the circumstance noted regarding the Division's oversight of Task 15, we recommend the following:

- The Division should establish required deliverables under Task 15 to reflect Contract staff performance expectations consistent with the accounting and administrative needs of the Division.
PRP Response: By July 31, 2020, the Division will establish required deliverables under Task 15 to reflect contracted staff performance.
- Any necessary changes associated with activity-based tasks, such as those outlined under Task 9 *Processing and Tracking of Cleanup Utility Invoices*, should be documented and adopted through formal amendment.
PRP Response: PRP is preparing an amendment which will remove Task 9 from the contract as this work is being performed under Task 15. Please see first bullet point response above for planned deliverables for Task 15.
- As with other activity-based Tasks, Task Assignments for Task 15 should include detailed information regarding the number and type of budgeted positions, rates, and budgeted hours.
PRP Response: Going forward, Task Assignments will contain detailed information regarding the number and type of budgeted positions, rates and budgeted hours.
- While the Contract and Task Assignments do not address the allowance of payment for holiday and leave hours, the Division should work with the Contract management to establish clear and accurate budget expectations.

PRP Response: Holiday leave will no longer be included in task assignments. The Division will continue to work with PRP leadership and the Contract Manager to establish clear and accurate budget expectations.

- Any changes in funded positions should be formally documented and adopted through approved Task Assignment change orders.

PRP Response: PRP will ensure that any changes in funded positions are formally documented and adopted through approved Task Assignment change orders.

- The Division should work with Contract management to ensure time logs in support of approved invoices contain required documentation of the specific activities performed. All time logs should include documentation of approval.

PRP Response: PRP will ensure that the Contractor submit a monthly summary report that details hours and costs for each staff including hours worked, location, and activities performed. In addition, PRP will ensure that the PRP Contract Manager approves time logs that are for hours submitted from the Northstar Contract Manager (i.e. staff database analyst).