

Audit of Contract GC726 with Ecology and Environment, Inc.

Division of Waste Management

Report: A-1718DEP-005

Office of Inspector General

Internal Audit Section

Florida Department of Environmental Protection

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3900 Commonwealth Boulevard, MS 40
Tallahassee, Florida 32399-3000

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Division of Waste Management



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The Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Contract GC726 (Contract) between Ecology and Environment, Inc. (Contractor) and the Florida Department of Environmental Protection Division of Waste Management (Division) Petroleum Restoration Program (PRP). This audit was initiated as a result of the Fiscal Year (FY) 2017-2018 Annual Audit Plan.

Scope and Objectives

The scope of this audit included activities performed under the Contract Task Assignment 001GG (TA001GG) during FY 2016-2017, as well as activities under Task Assignment 001HH (TA001HH) through February 2018. The objectives were to:

- determine the cost justification and support for task funding and the accuracy of paid invoices.
- evaluate management oversight of the Contractor's staffing level, workload, and level of performance under the task assignment.

Methodology

This audit was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors, and under the authority of section 20.055, Florida Statutes (F.S.). Our procedures included review of statutory and Contract requirements, as well as invoices, support documentation, and activities conducted under the Contract task assignments and change orders. We also interviewed Department and Contract staff.

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Background

The Inland Protection Trust Fund was created in 1986 as a funding source for cleanup of sites contaminated by discharges of petroleum and petroleum products from stationary petroleum storage systems. In accordance with section 376.3071, F.S., PRP is established to provide technical oversight, management, and administrative activities necessary to prioritize, assess and cleanup discharges on these sites. According to the PRP Monthly Dashboard Update as of February 2018, the progress made on all identified eligible discharges as well as awaiting rehabilitation is as follows.

February 2018 Status	Discharges	Percentage
Rehabilitated	10,026	52%
Undergoing Rehabilitation	6,550	34%
Awaiting Rehabilitation	2,763	14%
Total Eligible Discharges	19,339	100%

Priority Score (as of February 2018)	Discharges	Percentage
≤ 19	2,399	86.8%
20-29	246	8.9%
30-45	92	3.3%
46-74	20	.7%
≥ 75	6	.2%
Total	2,763	100%

During FY 2017-2018 through the end of February 2018, PRP reported a total of 463 closures. These closures have been obtained through the following means.

Closure Type	Discharges Closed
Low Score Site Initiative (No Further Action/Limited No Further Action)	17
No Further Action / Site Rehabilitation Cleanup Order	432
No Further Action with Condition	11
Cleanup Not Required	3
Total	463

Section 376.3071(g), F.S., requires that PRP be implemented in a manner that reduces costs and improves the efficiency of rehabilitation activities to reduce the significant backlog of contaminated sites eligible for state-funded rehabilitation and corresponding threat to the public health, safety, and welfare, water resources, and the environment. PRP is responsible for the

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technical oversight, management, and administrative activities necessary to prioritize, assess, and cleanup these sites. For this purpose, the PRP is supported by the following Division and contracted staff.

Staffing Source	Number of Funded Positions	Percentage
Division PRP (Executive and Teams 1 through 4)	50	16.6%
Team 5 (Contract)	49	16.3%
Team 6 (Contract)	45	15.0%
Administrative Services (Contract)	11	3.7%
Local Government Programs (Contract)	146	48.5%
Total Positions Funded	301	

Contract GC726 was executed on January 26, 2010, for a five-year term for petroleum contamination site cleanup management services on a task assignment basis. The Contract was amended on December 11, 2014, to provide an additional five-year renewal, and the completion date was changed to January 25, 2020. The Contract incorporates, by reference, the original Solicitation number 2009017C, dated January 16, 2009, and the Contractor's response as part of the Contract.

Under the Scope of Services, the Contractor is tasked with performing all aspects of site cleanup management services in conformance with the same standards of professional conflict required of Department staff. Positions funded under the Contract primarily serve PRP organizationally as Team 6; however, several positions are organizationally embedded within other PRP teams.

The following table represents the current and past five fiscal years' Task Assignment funds and staffing levels.

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Fiscal Year	Task Assignment Amount	Number of Staff Per Task Assignment
2012-2013	\$3,063,599.33	21
2013-2014	\$2,771,807.33	14
2014-2015	\$3,098,634.61	24
2015-2016	\$5,572,639.30	34
2016-2017	\$6,206,143.73	39
2017-2018	\$6,544,669.92	42

A prior limited review of the Contract was conducted in December 2013 (A-1213DEP-048), which focused on the Division's use, controls, and monitoring of contracted services. The review included a recommendation for the Division to establish consistent and permanent deliverables in monthly summary reports that are specific, quantifiable, measurable, and verifiable for each task assignment. In response, the Division began including a description of the monthly deliverables and criteria for the performance measures in the subsequent task assignments.

Results

Accuracy of Paid Invoices

We reviewed the Contractor's monthly invoices submitted under TA001GG for the months of February and May 2017. Invoiced costs for direct labor were consistent with the labor rates and multipliers specified in the Contract. Hours billed per invoice were supported by staff timesheets. Amounts billed for travel were supported by Department Vouchers for Reimbursement of Travel Expenses and applicable receipts.

Contract Funding for Task Assignments – Rates and Multipliers

Payments under the Contract are based on a combination fee schedule/fixed price/cost reimbursement plus fixed fee basis as outlined in each Task Assignment. Payments are made for total labor costs, which consist of an hourly base labor rate with added multipliers for fringe

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benefits, overhead, General and Administrative (G&A), completion fee, and other direct costs.

Multipliers added to the base labor rates include the following:

Description	Multiplier	Bases of Multiplier Application
Fringe Benefits	33.38%	Direct Labor
Overhead	49.50%	Direct Labor + Fringe
G&A	36.27%	Direct Labor + Fringe Benefits and Overhead
Completion Fee	10%	Direct Labor + Fringe Benefits + Overhead + G&A
Other Direct Costs	5%	Direct Labor

According to Paragraph 8.B.2., of the Contract, *All multipliers used (i.e. fringe benefits, overhead, and/or general and administrative rates) shall be supported by audit. If the Department determines that multipliers charged by the Contractor exceeded the rates supported by audit, the Contractor shall be required to reimburse such funds to the Department within thirty (30) days of written notification.* An audit was not provided by the Contractor for the application of these rates, and access to this information was not allowed for the purposes of audit during our review.

According to Attachment B, Paragraph B.12., of Solicitation 2009017C, contract selection was conducted under the authority of section 287.055, F.S. In accordance with Section 287.055(4), F.S., the Department requested Statements of Qualifications for evaluation and award of the Contract. Section 287.055(5)(a), F.S. states, *The agency shall negotiate a contract with the most qualified firm for professional services at compensation which the agency determines is fair, competitive, and reasonable. In making such determination, the agency shall conduct a detailed analysis of the cost of the professional services required in addition to considering their scope and complexity.* PRP management could not provide documentation to demonstrate that a detailed cost analysis was conducted by PRP during procurement.

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Management Oversight of Scope of Services and Performance Criteria

We reviewed the Scope of Services and Performance Criteria outlined in TA001GG and TA001HH. Based on this review, the Contractor provided a monthly summary of activities in detail as required by the scope of services under TA001GG.

According to Attachment B, Performance Criteria of the Task Assignments, the Contractor’s monthly report is submitted to the Contract Manager for review and comment. This review is part of the Contract Manager’s monthly and quarterly assessment of the Contractor’s performance. The Contract Manager also evaluates monthly timesheets, travel vouchers, and verifies the Contractor has performed at least 10 inspections per month as required.

Prior to the invoice approval, the Contract Manager provides a review letter stating whether the Contractor met established timeframes on a monthly and quarterly basis. The number of deliverables, events, or invoices processed may not exceed required turnaround timeframes for more than 5% of the activities reviewed for the quarter. Retainage of up to 10% may be withheld if the average exceeds 5%. There are no required timeframes with regard to purchase orders; therefore, the Contractor’s process average is evaluated with respect to the average for PRP. Based on quarterly review letters, the Contractor’s performance was as follows:

FY 2016-2017 Quarterly Deliverable Review				
Quarter	Average Deliverable Review Turnaround (Percent Exceeded)	Average Invoice Review Turnaround (Percent Exceeded)	Contractor’s Average Purchase Order Turnaround (Days)	PRP Average Purchase Order Turnaround (Days)
First	1.54%	0.00%	31	32
Second	0.00%	0.00%	31	31
Third	2.49%	2.65%	22	27
Fourth	3.03%	0.00%	23	25
FY 2017-2018 Quarterly Deliverable Review				
First	1.99%	1.08%	31	29
Second	2.16%	3.08%	21	25

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During FY 2016-2017 and the first two quarters of FY 2017-2018, the Contractor's quarterly average was below the allowed percent of error for events with required timeframes. The Contractor also conducted more than the required site inspections. The Contractor's average turnaround time for purchase orders was consistently lower or within the average for PRP, with the exception of one quarter.

According to section 9 of the Contract, the Contract Manager has five working days to inspect and approve services for payment. During FY 2016-2017, each month after invoices and deliverable summaries were received, the Contract Manager notified the Contractor that the review timeframe had been temporarily suspended due to needed corrections. Identified circumstances were related to missing or inconsistent reported information, illegible information, incorrect travel vouchers, deliverables missing from the tracking spreadsheet, and timesheet errors. Once the noted errors were corrected, invoices were approved for payment.

Many of the sites assigned to the Contractor are sites which are part of the Low Scored Site Initiative¹ (LSSI) and Springshed Initiatives². Requirements for participation in LSSI are specified under section 376.3071(12)(b), F.S. These requirements include completion of site assessment and remediation within specific timeframes as well as site funding limits. The Task Assignment Scope of Services and Performance Criteria does not include a performance component to assess the Contractor's oversight of work in adherence to these requirements.

¹ Under section 376.3071(12)(b), F.S., LSSI is a voluntary program intended to bring discharges at low scored sites to closure. A total of \$15,000,000 of annual funding may be used from PRP appropriation for LSSI. Funding for any one site is limited to no more than \$35,000 for assessment, and an additional amount of no more than \$35,000 for limited remediation if the assessment and/or limited remediation will likely result in a determination of "No Further Action".

² PRP implemented springshed initiative to prioritize funding for petroleum discharges located within springshed areas. PRP has identified facilities with petroleum discharges within these areas.

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Contract Workload

We reviewed Contract funding, staffing levels, and site workload. The number of sites assigned to teams fluctuates throughout the year as sites enter and are closed during the remediation process. Since FY 2012-2013, the Department has increased funding under the Contract. The following table includes annual task amounts, number of staff, annual payments, and site workload since FY 2012-2013.

Fiscal Year	Task Assignment Amount	Number of Staff Per Task Assignment	Site Workload included in the June 30 Deliverable
2012-2013	\$3,063,599.33	18	113
2013-2014	\$2,771,807.33	21	204
2014-2015	\$3,098,634.61	15	410
2015-2016	\$5,572,639.30	34	712
2016-2017	\$6,206,143.73	39	894
2017-2018 ³	\$6,544,669.92	42	898

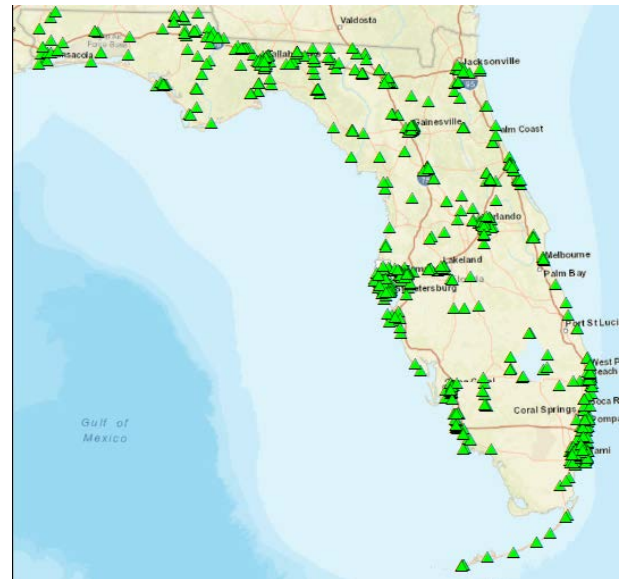
Based on the Contractor's end of the year monthly invoices, documented annual site workload has generally increased. According to the FY 2017-2018 task budget request, the increased funding was due to PRP's lowering the score for site funding eligibility in addition to the expanded funding for LSSI and Springshed sites below funding range. The teams are required to supplement the additional workload and to assist PRP with processing and other priorities to meet procurement allocation objectives. Additional staff have been used to supplement other PRP teams, provide technical support, review of electronic laboratory data, and work on other special projects. The Contractor has a portion of its staff located in West Palm Beach. The Contractor's deliverable for the month of February 2018 included the following sites.

³ For FY 2017-2018, site workload information was obtained from the February 2018 deliverable.

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Site Category	Number	Percentage
LSSI	330	36.7%
LSA	216	24.1%
Score	135	15.0%
Springshed	208	23.2%
SRFA/AC	5	.6%
Voluntary Cleanup	4	.4%
Total Sites	898	

Of the 45 staff included under TA001GG during February 2018, sites were assigned to 22 site managers for an average of 41 sites assigned per staff. The following map⁴ shows the location of the Contractor’s assigned sites according to the February 2018 deliverable.



According to the Contract Manager, site assignments are made between the PRP contracted local programs and team contracts, depending on available staffing. Once the contracted local programs reach workload capacity, sites are assigned to the contracted teams. The cost of staff

provided under the local programs is generally less than staff provided under the Contract. However, additional workload has been assigned to the Contractor due to the flexibility in adjusting staffing levels.

⁴ This map includes facilities from the February 2018 deliverable as indicated on the Department Contamination Locator Map (CLM). The CLM did not have 32 of these sites registered which may have been closed or were undergoing preliminary screening.

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Change Orders

Under TA001GG during FY 2016-2017, four change orders were issued resulting in a net increase of \$103,682.25 per the following table.

Task Assignment/ Change Order	Date	Description	Net Increase/ Decrease of Task Assignment	Total Task Amount with Change Order
TA001GG	6/28/2016	Task period from July 1, 2016 through June 30, 2017 (39 staff tasked at 2,024 hours each: total hours - 78,936)		\$6,206,143.73
TA001GG-1	1/11/2017	Exchange of a full-time Environmental Specialist III to a full-time Environmental Specialist II to assist with LSSI and Low Score Site Assessment (LSSA) Purchase Orders.	-\$18,104.13	\$6,188,039.60
TA001GG-2	1/19/2017	Addition of one (1) full-time Environmental Specialist III and one (1) embedded full-time Environmental Specialist II to assist with PRP's transition to a new internet system.	\$39,343.07	\$6,227,382.67
TA001GG-3	1/27/2017	Addition of one (1) full-time Environmental Specialist II to assist the PRP with Task Assignment reviews, change order reviews, and metrics.	\$45,471.31	6,272,853.98
TA001GG-4	2/20/2017	Transition a temporary position to full-time to provide PRP support for special projects, purchase requisition creation and contract amendments. Reallocation of funds from February's travel to March for employee training purposes.	\$36,972.00	\$6,309,825.98
Total			\$103,682.25	

Of the four change orders, one was to exchange a full-time Environmental Specialist to a lower level Environmental Specialist, two were to add full-time Environmental Specialists, and one was to transition a temporary position to full-time, and reallocate funds from February's travel to March for employee training purposes. Change order TA001GG-4 provided reallocation of funds budgeted for travel in February to March for staff training. According to TA001GG, travel included in the tasked amount is specified for site visits and project coordination. According to Attachment C of the Contract, *the Contractor shall be responsible for ongoing training of their personnel in regard to State law, DEP rules and guidance and preapproval program standard operating procedures.* Change order TA001GG-3 provided funds for an additional full-time Environmental Specialist II to assist the PRP with task assignment reviews, change order reviews, and metrics. According to the Contract Manager, this position supports

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PRP Contracts Team 3 as the liaison for the Polk County local program contract and is responsible for processing local program invoices. Based on invoice review documentation, several of the Contractor's staff assist in the review and approval of local program contract monthly invoices and deliverables. The Contractor and contracted local programs provide PRP the same site management support services. While Contract staff are not the designated Contract Managers for local program contracts, tasking Contract staff duties that are associated with the management oversight review of invoices and deliverables creates a potential conflict, or the appearance there of, that could impact PRP's objective management of the local program contracts.

E-Verify

Based on Amendment No. 2 of the Contract dated January 4, 2011, and pursuant to State of Florida Executive Orders Nos. 11-02 and 11-116, *the Contractor agrees that it will enroll and participate in the federal E-Verify program for employment verification under the terms provided in the "Memorandum of Understanding" governing the program. The Contractor further agrees to provide to the Department, within thirty (30) days of the effective date of the Amendment, documentation of such enrollment in the form of a copy of the E-Verify "Edit Company Profile Screen," which contains proof of enrollment in the E-Verify Program. We verified E-Verify Employment Eligibility search documentation for 50 of the 51⁵ employees on staff under TA001GG.*

⁵ This number differs from the total funded positions due to staff changes during the task period.

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Contractor Qualifications

Attachment D of the Contract lists the minimum qualifications for classifications of Contract staff. We verified current licenses of all Contract Professional Engineers and Professional Geologists through records maintained by the Department of Business and Professional Regulations. Per request, the Contractor provided staff qualification documentation for all of the staff that worked under TA001GG. Of the 51 employee qualification documents reviewed, five did not provide information sufficient to demonstrate the employee met the required minimum qualifications.

Conclusions

Based on our review, Contract invoices were supported by costs authorized under the Task Assignments and change orders. However, the rates and multipliers used for these costs were not supported by audit and PRP had not documented a detailed cost analysis during the Contract's procurement.

Monthly deliverable summaries provided Contract activity detail as required. Required deliverable and invoice turnaround times were met on a quarterly basis. In addition, with the exception of one quarter, the Contractor's average turnaround time for purchase orders either met or was less than the overall average for PRP. However, monthly invoices and submitted deliverables contained errors, which resulted in delayed invoice payments. Once errors were corrected, invoices were approved for payment.

Annual funding under the Contract has steadily increased as a result of request for additional staff for technical support. Contract staff have been tasked with management oversight duties associated with invoice and deliverable review for the PRP contracted local programs,

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both of which provide PRP the same site management services. Our findings and recommendations are included in the remainder of this report.

Findings and Recommendations

Finding 1: Contract Procurement and Funding Cost Analysis

The Contract, which was awarded on January 26, 2010, was procured under the authority of section 287.055⁶, F.S., through Solicitation 2009017C. According to section 287.055(4)(a), F.S., *For each proposed project, the agency shall evaluate current statements of qualifications and performance data on file with the agency, together with those that may be submitted by other firms regarding the proposed project, and shall conduct discussions with, and may require presentations by, no fewer than three firms regarding their qualifications, approach to the project, and ability to furnish the required services.* Under the solicitation, the Department received responses and statements of qualifications from two firms and awarded contracts to both.

Section 287.055(5)(a), F.S., states, *The agency shall negotiate a contract with the most qualified firm for professional services at compensation which the agency determines is fair, competitive, and reasonable. In making such determination, the agency shall conduct a detailed analysis of the cost of the professional services required in addition to considering their scope and complexity.* Based on information obtained from the Division, a detailed cost analysis was not conducted for the award of this Contract. According to paragraph 8.B.2., of the Contract, *All multipliers used (i.e. fringe benefits, overhead, and/or general administrative rates) shall be supported by audit. If the Department determines that multipliers charged by the Contractor*

⁶ Section 287.055, F.S. 2008

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exceed the rates supported by audit, the Contractor shall be required to reimburse such funds to the Department within thirty (30) days of written notification. The Contractor did not provide an audit of these rates or access to financial information for the purposes of our audit.

Paragraph 8.D., of the Contract states, *all rates contained herein shall be subject to renegotiation on the anniversary date of the Contract each year of the Contract.* Per correspondence with the Contractor, there has been no adjustment in contracted rates since the Contract was executed. Based on our review, the Contract was not awarded in compliance with requirements under section 287.055, F.S., and the agreed-upon multipliers have not been supported by audit as required under the Contract. As a result, the Division has no assurance or support that compensation under the Contract is fair, competitive, or reasonable.

Recommendation:

We recommend the Division renegotiate rates under the Contract. This negotiation should incorporate review of the Contractor's multipliers which are supported by audit as required under the Contract, as well as a detailed cost analysis to support any adjustment. Based on this cost analysis, if the Division determines that multipliers charged by the Contractor exceed the rates supported by audit, we recommend the Division request reimbursement for the amounts in excess as required under the Contract.

Finding 2: Deliverables and Management Oversight

The Contractor is tasked on the basis of a combination of fee schedule/fixed price/cost reimbursement plus fixed fee as outlined in each Task Assignment. Successful completion of required activities specified in the Task Assignment Scope of Services and Performance Criteria are not directly tied to these costs. According to the TA001GG Performance Criteria, *Tracking the performance of mission critical topics performed by Ecology and Environment will be on a*

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monthly basis. This information will be used to assess the effectiveness of Ecology and Environment work processes, review times for technical reports, work order or task assignment generation, and processing of invoices. During FY 2016-2017, the Contract Manager notified the Contractor that the monthly invoice review timeframe had been temporarily suspended due to needed corrections each month. Areas identified included inconsistencies in reported information, illegible information, incorrect travel vouchers, missing deliverables from the tracking spreadsheet, and timesheet errors. Once the noted errors were corrected, invoices were approved for payment.

The majority of PRP sites eligible for LSSI are assigned to either the Contractor or the other contracted team. Management of these sites is described in the Scope of Services. However, there are no performance metrics to assess the Contractor's effective oversight of work in adherence to LSSI statutory requirements. In contrast to the Division's current local program contracts, there are no performance incentives tied to efficient site management. Financial consequences contained in the Performance Criteria only apply to PRP required document turnaround timeframes. In addition, there are no required performance standards or metrics related to the technical support functions for which staff have been increasingly added.

Recommendation:

We recommend the Division revise the Scope of Services and Performance Criteria. This revision should incorporate performance metrics, incentives, and retainage specific to the Contractor's expectations to promote accountability for efficient site cleanup and effective performance in all areas of the Contractor's responsibility.

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Finding 3: Contractor Staffing and Workload

Contract staff have been added to supplement other PRP teams and provide technical support. Change order TA001GG-3 provided funds for an additional full-time Environmental Specialist II to assist the PRP with task assignment reviews, change order reviews, and metrics. This staff member, as well as other staff under the Contract are responsible for the review of local program contract invoices and deliverables. The Contractor and contracted local programs provide PRP the same site management support services. Tasking Contract staff duties associated with the management oversight of local program contracts creates a potential conflict, or the appearance there of, that could impact PRP's objective management of the local program contracts.

Additionally, a portion of staff working under the Contract are located in the Contractor's Offices in West Palm Beach. The Division also has a local program contract that provides site management services in the area. In general, the cost for site management staff provided under the Contract exceeds the cost of staff provided under the Division's local program contracts.

Recommendation:

We recommend the Division review Contract staff activities and take steps to ensure PRP does not engage these staff in a management oversight capacity of contracts which share competing interests. The Division should also review workloads to determine whether the level of Contract staff is necessary to meet the current needs of PRP. Based on this analysis, the Division should seek to meet resource needs in the most cost effective manner.

Finding 4: Travel Cost Related to Staff Training

According to Attachment C of the Contract, *the Contractor shall be responsible for ongoing training of their personnel in regard to State law, DEP rules and guidance and*

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preapproval program standard operating procedures. Change order TA001GG-4 provided reallocation of funds budgeted for travel in February to March for staff training. Under TA001GG, budgeted travel is designated for site visits and project coordination. There was no other documented support for the use of travel funds for training as an exception to the Contract.

Recommendation:

Going forward, we recommend the Division discontinue funding and the issuance of change orders which allow Task Assignment funds to be used for activities that are the Contractor's responsibility under the Contract.

Finding 5: Contract Staff Qualifications

The Contract specifies minimum qualifications for classifications of staff in Attachment D, *Rate Schedule* of the Contract. The Contractor provided qualification documentation for 51 employees working under TA001GG. Of the 51 employee qualification documents reviewed, five did not provide information sufficient to demonstrate the employee met the position's required minimum qualifications.

Recommendation:

We recommend the Division review the documented qualifications of current staff funded under the Contract to ensure staff serving in funded positions meet the required minimum qualifications. For the staff in which the Contractor can not provide qualification documentation that meets the category required minimums, the Division should take appropriate steps to ensure the Contractor provides staff with documented qualifications that meet the position minimum requirements.

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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 LeAnne Landrum and Robert Gay 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*



Florida Department of Environmental Protection

Bob Martinez Center
2600 Blair Stone Road
Tallahassee, Florida 32399-2400

Rick Scott
Governor

Carlos Lopez-Cantera
Lt. Governor

Noah Valenstein
Secretary

Memorandum

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

FROM: F. Joseph Ullo, Jr., P.E., Director *F. J. Ullo* for
Division of Waste Management

SUBJECT: Response to Audit Report A-1718DEP-005
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DATE: July 17, 2018

The following is in response to the audit of Contract GC726 with Ecology and Environment, Inc. (Team 6) conducted by the Office of Inspector General (OIG).

Finding 1: Contract Procurement and Funding Cost Analysis

Recommendation:

We recommend that the Division conduct a detailed cost analysis of all multipliers in accordance with Section 287.055, F.S. as a basis for determining whether the compensation under the Contract is fair, competitive, and reasonable, and as a basis for adjusting the multipliers for the final two years of the Contract. We also recommend that the Division obtain audits of the multipliers from the Contractor. If the Division determines that multipliers charged by the Contractor exceed the rates supported by audit, we recommend that the Division request reimbursement for the amounts in excess as required under the Contract.

Petroleum Restoration Program (PRP) Response:

PRP is in the process of developing procedures to conduct a detailed cost analysis of all multipliers. In addition, the Division has requested that the Contractor provide an independent audit of recent costs and multipliers. PRP had a meeting with Ecology & Environment Inc. on 7/11/2018 to confirm and discuss required audit items and clarify questions. The Division has executed a 90-day task assignment under the contract to allow needed work to continue until PRP has obtained and reviewed an audit of the recent costs and multipliers from Team 6.

Finding 2: Deliverables and Management Oversight

Recommendation:

We recommend the Division revise the Scope of Services and Performance Criteria. This revision should incorporate performance metrics, incentives, and retainage specific to the Contractor's expectations to promote accountability for efficient site cleanup and effective performance in all areas of the Contractor's responsibility.

PRP Response:

The current contract expires January 25, 2020. A new contract will be developed for the period starting January 26, 2020. The new contract will take into consideration the findings of this audit and will contain performance metrics, incentives and retainage specific to the Scope of Work required under the contract. PRP is currently drafting and developing the new contract solicitation. PRP plans to post the solicitation in January 2019. Because of this short timeframe, the Division will not seek to amend the current contract.

Finding 3: Contractor Staffing and Workload

Recommendation:

We recommend the Division review Contract staff activities and take steps to ensure PRP does not engage these staff in a management oversight capacity of contracts which share competing interests. The Division should also review workloads to determine whether the level of Contract staff is necessary to meet the current needs of PRP. Based on this analysis, the Division should seek to meet resource needs in the most cost effective manner.

PRP Response:

The Division is currently in the process of hiring a DEP staff person to take over the duties of the Team 6 individual who is currently in a management oversight capacity of the local program contracts.

In addition, the Division will carefully review the workloads of Team 5, Team 6 and local programs to ensure that the Division is meeting resource needs in the most cost-effective manner.

Finding 4: Travel Cost Related to Staff Training

Recommendation:

Going forward, we recommend the Division discontinue funding and the issuance of change orders which allow Task Assignment funds to be used for activities that are the Contractor's responsibility under the Contract.

RPP Response:

The Division will discontinue funding any travel change orders or other change orders for activities that are the Contractor's responsibility under the Contract.

Finding 5: Contract Staff Qualifications

Recommendation:

We recommend the Division review the documented qualification of current staff funded under the Contract to ensure staff serving in funded positions meet the required minimum qualifications. For the staff in which the Contractor cannot provide qualification documentation that meets the category required minimums, the Division should take appropriate steps to ensure the Contractor provides staff with documented qualifications that meet the position minimum requirements.

RPP Response:

The Division has requested from the Contractor any additional information which is relevant to showing that Team 6 staff have met the required minimum qualifications. If the additional information provided is not sufficient, the Division will consider requesting that the staff in question be replaced.