



## Department of Environmental Protection Office of Inspector General

January 21, 2024

Report A-2223DEP-020

### *Audit of Purchase Order B97E48 with Nova Southeastern University*

#### **INTRODUCTION**

The Florida Department of Environmental Protection (Department) Office of Inspector General (OIG) conducted an audit of Purchase Order B97E48 (Purchase Order) with Nova Southeastern University (Vendor). This audit was initiated as a result of the OIG Annual Audit Plan for Fiscal Year 2022-2023.

#### **AUDIT SCOPE, OBJECTIVES, AND METHODOLOGY**

The scope of this audit included the requirements, deliverables, and disbursements associated with the Purchase Order for coral research between the Department and the Vendor from July 2, 2021, to the present.

The objectives of the audit were to:

1. Determine whether deliverables and disbursements were completed in compliance with the requirements in the Purchase Order.
2. Determine whether the Vendor complied with the requirements of the Purchase Order.
3. Determine whether Department oversight over the Vendor's compliance with the Purchase Order was adequate.

To achieve our audit objectives, our methodology included:

- Reviewing applicable statutes, regulations, Department procedures, and other authoritative documents.
- Reviewing the requirements of the Purchase Order, attachments, change orders, and amendments.
- Conducting analyses of Vendor and subcontractor activities and related Purchase Order documents.
- Reviewing associated records and documentation; including, deliverables, invoices, communications, and other supporting documentation.
- Interviewing appropriate Department employees and management regarding the processes and controls used in the duration of the Purchase Order.

#### **BACKGROUND**

Per the Office of Resilience and Coastal Protection's (ORCP) website, the Coral Reef Conservation Program (Program) manages the northern section of Florida's Coral Reef from the St. Lucie Inlet to the northern border of Biscayne National Park known as the Kristin Jacobs Coral Reef Ecosystem Conservation Area. These reefs support a rich and diverse assemblage of stony

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corals, octocorals, macroalgae, sponges and fishes. The Program coordinates research and monitoring, develops management strategies, and promotes partnerships to protect the coral reefs, hardbottom communities, and associated reef resources along Miami-Dade, Broward, Palm Beach, and Martin counties.

On July 2, 2021, the Department entered into the Purchase Order with the Vendor for Coral Propagation: Land-based and Offshore Nursery (Phase III). The total amount of the final Purchase Order, after three change orders, was \$639,933.92. The change orders added two tasks and increased funding by \$58,798.00. The duration of the Purchase Order was set to begin on July 1, 2021, and ended on June 30, 2022. The Purchase Order included seven tasks, further detailed in an attached Scope of Work (SOW). The SOW outlined each task, associated deliverables, due dates, costs, and budgets. The SOW also specified that some tasks were to be completed by the Vendor's subcontractor. The task timeline specified by the Purchase Order is summarized in the table below:

<b>Task</b>	<b>Details of Task</b>	<b>Time Frame/ Due Dates</b>	<b>Task Amount</b>
1	Collection of gametes from corals held at land-based nursery	August 1 - October 30, 2021	\$50,720.00
2	Mixing eggs and sperm from each species for fertilization, rear embryos of each species to larval stage and induce settlement	August 1 - October 30, 2021	\$32,105.00
3	Grow-out of sexual recruits in land-based nursery	August 1, 2021 - June 30, 2022	\$87,070.00
4	Grow-out of coral microfragments at the offshore nursery	July 1, 2021 - June 30, 2022	\$28,361.00
5	Maintenance of systems and feeding of adult corals to preserve genotypes and induce gonad maturation and spawning in captivity	July 1, 2021 - June 30, 2022	\$153,836.00
6.1	Coordinate with FWC <sup>1</sup> to obtain permit(s) for coral collections.	July 1, 2021 - June 15, 2022	\$32,793.89
6.2	Track treatment and health records for each coral held. Perform coral husbandry and water testing. Catalog/documentation of corals in tank. Photographs that document the condition of each colony throughout its time in captivity, submitted electronically.	July 1, 2021 - June 15, 2022	\$161,978.72

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<sup>1</sup> Florida Fish and Wildlife Conservation Commission

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6.3	Electronic log of AZA <sup>2</sup> and rescue partner calls outlining participation and contribution to the collaborative effort. Monthly logs and check-ins. All logs of DAC <sup>3</sup> , and all other pertinent coral calls and meetings. Write interim review of completed tasks and next steps, summarizing the data collected and the health status of the rescue corals. Write final report.	July 1, 2021 - June 15, 2022	\$24,498.44
6.4	Smooth pavement and expand outdoor space. Build out 6 8'x4' aquarium vat systems including stands, plumbing, and preparation for receiving of corals. Order and install all equipment including chiller, refugium, protein skimmer and power heads.	April 1, 2022 - June 15, 2022	\$46,430.87
7	Co-culture of juvenile <i>M. spinosissimus</i> alongside <i>P. astreoides</i> recruits	April 1, 2022 - June 30, 2022	\$18,390.00
<b>Total:</b>			<b>\$636,184*</b>

\*The total amount for the tasks do not add up to the total amount of the Purchase Order. This is due to an additional charge for Indirect Costs, which is discussed in more detail on page 7 of this report.

## RESULTS OF AUDIT

Our audit included a review of deliverables, invoices and disbursements, special terms and conditions, and Department oversight. The results of our review are summarized below.

### **Task Deliverables**

To determine if the Vendor completed tasks and deliverables in accordance with the requirements of the Purchase Order and State guidance, we reviewed documentation, correspondence, and payment information. Our review noted the Vendor and their subcontractor used a shared Google Drive to submit photos, videos and various other deliverables to the Grant Manager. Due to the use of this Google Drive, we were unable to confirm the timely submission of these deliverables as ORCP no longer had access, aside from viewing the last edited date within the document. A summary of our analysis for each task and its associated deliverables is provided below.

**Tasks 1 & 2:** Tasks 1 and 2 each had separate deliverables, all due on January 30, 2022, along with a draft report covering both tasks. See Tasks 1 and 2 deliverables below.

Task 1: Coral spawning and gamete collection at land-based nursery

- a. Photographs and videos of spawning (if observed).
- b. Table summarizing day and time of spawning, and number of colonies that spawned for each species.
- c. Description of any problems encountered.

Task 2: Fertilization, larval culture and settlement

- a. Photographs and videos of examples of fertilization, larvae, and newly settled corals.
- b. Table summarizing fertilization rates each day for all species.

<sup>2</sup> Association of Zoos and Aquariums

<sup>3</sup> Disease Advisory Committee

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- c. Number of tiles with newly settled corals for each species, along with a description of any problems encountered and recommendations for the future.

Tasks 1 and 2: Deliverables Due - Draft Report including deliverables from Tasks 1-2

Based on our review, deliverables for Tasks 1 and 2 appear to have been provided via the Google Drive or were included in the draft report deliverable. We were unable to verify timeliness with the Google Drive submissions; however, the draft report, submitted via email, was provided more than a month past the due date. Additionally, as required by the SOW, the video deliverables were provided electronically. However, our review found the videos did not acknowledge the financial assistance provided by the State of Florida, as required. In accordance with the SOW, *all deliverables, presentations, and social media posts will acknowledge the financial assistance provided by the State of Florida, as administered by DEP's Coral Protection and Restoration Program.* The videos provided within the report for coral spawning and swimming larvae via social media YouTube link do not acknowledge the financial assistance provided by the State of Florida, as administered by DEP's Coral Protection and Restoration Program.

**Tasks 3, 4, 5, and 7:** Based on the SOW, deliverables for Tasks 3, 4, 5, and 7 were due together with a draft report due June 1, 2022. Each task had various associated deliverables required. Based on our review, the draft report appears to have contained all deliverables required for Tasks 3, 4, 5, and 7. However, it appears the draft report was submitted seven days past its due date.

**Task 6:** In the Vendor's SOW, details for Task 6 were to be completed by a subcontractor under a separate SOW found in an attachment. The subcontractor's SOW for Task 6 contained four sub-tasks. Our review of each is below:

- **Tasks 6.1 and 6.2:** Tasks 6.1 and 6.2 each had separate deliverables due the last day of each month, for a period of ten months (see below).

Task	Details of Task	Due Dates	Date Submitted to Department	Task Amount
6.1 & 6.2	Monthly Deliverables for Tasks 6.1, 6.2	Last Day of Each Month (10 months): Jul, Aug, Sept, Oct, Nov, Jan, Feb, Mar, Apr, May	8/6/2021 8/31/2021 10/4/2021 11/3/2021 12/2/2021 2/3/2022 3/2/2022 4/4/2022 6/2/2022 6/4/2022	\$19,477.26/ month x 10 months = \$194,773

Task 6.1 had six deliverables. Based on our review, the following deliverables were not received or were not submitted timely:

- Pictures of progress and reports delivered monthly.
- Updates on permit acquisition.
- Copies of all permit(s) for coral collections.
- Pictures and documentation of all corals collected from the field. Photos should include pre and post relocation into land-based systems.
- Pictures and documentation of all corals placed in the care of the Reef Institute by FWC as transferred from other facilities.

As shown in the table above, the monthly reports were due the last day of each month, but most were submitted past the due date. The SOW requires monthly updates on permit acquisition;

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however, our review found there were only three updates on permit acquisition provided in email format for the months of April and May 2022. Additionally, our review found no copies of permits were submitted to the Department. Communication between the Department and the subcontractor indicated a permit application, dated August 8, 2021, was completed by the subcontractor but a permit was never provided. The SOW also states, *When submitting photo deliverables, a consistent naming convention and organizational structure will be used that includes the date, site name, and any other relevant information.* While photographs were provided, they did not contain the naming conventions required and we were unable to determine for which deliverable the photographs were submitted.

Task 6.2 had four deliverables. Based on our review, all deliverables for Task 6.2 appear to have been received except for the following:

- Photographs that document the condition of each colony throughout its time in captivity, submitted electronically.
- PowerPoint slide(s) with images and notes summarizing the goal of land-based holding.

As stated above, while photographs were provided, they did not contain the naming conventions required and we were unable to determine for which deliverable the photographs were submitted. Additionally, Task 6.2 requires PowerPoint slides with images and notes summarizing the goal of land-based holding. Our review found no PowerPoint slides were provided to the Department for Task 6.2.

- **Task 6.3 Reporting:** Task 6.3 had five deliverables with various due dates. Our review found all deliverables for Task 6.3 were submitted, as required in the SOW. However, most deliverables for Task 6.3 were not provided timely (see table below). The monthly deliverables were provided with the monthly reports submitted for Tasks 6.1 and 6.2 (see table above on page 4, for the dates submitted).

Task #	Details of Task	Due Dates	Date Submitted to Department	Task Amount
6.3	Task 6.3 – Interim Deliverables - Interim Report - Electronic log of AZA and rescue partner calls outlining participation and contribution to the collaborative effort	Interim Deliverables Due Monthly	See Table on Page 4.	\$24,298.44
	Task 6.3 – Final Deliverables -PowerPoint slide(s) with images and a manager-level summary. -Facility tour. - Electronic log of AZA and rescue partner calls outlining participation and contribution to the collaborative effort. -508-compliant Final Report.	Interim Report Due 12/31/2021  6/15/2022	1/4/2022  6/27/2022	

- **Task 6.4 Expand Outdoor Holding Space:** The purpose of Task 6.4 was to add additional vats to an outdoor holding space. Task 6.4 was not an original task within the SOW but was added under a Change Order approved on April 4, 2022. Task 6.4 had three deliverables with various due dates (see table below).

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Task #	Details of Task	Due Dates/ Service Dates	Date Submitted to Department	Task Amount
6.4	<b>Expand Outdoor Holding Space</b> Smooth pavement and expand outdoor space. Build out 6 8'x4' aquarium vat systems including stands, plumbing, and preparation for receiving of corals. Order and install all equipment including chiller, refugium, protein skimmer and power heads.	4/1/2022 – 6/15/2022		
Deliverables Due	Task 6.4: Deliverables Due -Copies of receipts for the supplies -Photos of construction progress	4/30/2022 5/31/2022	6/2/2022 6/4/2022	\$15,476.96/ month
Final Deliverables	Task 6.4: Final Deliverables Due -Copies of receipts for the supplies -Photos of completed aquarium vats	6/15/2022	6/27/2022	\$27,726.18

Based on our review, there were some receipts provided as deliverables for this task. However, based on a Budget Cost Analysis provided by the Department, we were unable to find receipts for some supplies including vat covers and shade cloths with bungees. After reviewing all documentation, it appears there were no photos of construction progress provided for the month of May 2022, and the photos that were provided did not contain the naming conventions required. In addition to the deliverables, Task 6.4 required the subcontractor to *Order and install all equipment including chiller, refugium, protein skimmer and power heads*. Pursuant to an email communication on June 20, 2022, between the subcontractor and the Department, the *Chiller, Cover for vats, and air compressor* were on backorder and would not be received until after July 1, 2022. Based on documentation reviewed, we were unable to verify whether the equipment and supplies were ordered or installed prior to the Purchase Order end date of June 30, 2022.

**Final Deliverables:** The SOW also included four final deliverables. These deliverables and their review include:

- a) *Interim report summarizing activities from Tasks 1-2 and tasks within subcontract (see attachment 1)*. These deliverables appear to have been two reports, submitted separately by the Vendor (for Tasks 1 and 2) and the subcontractor (Task 6.3). As discussed previously in this report, these reports appear to have been submitted but were not timely.
- b) *Draft final report summarizing activities from Tasks 1-7 including results, outcomes, and recommendations/next steps*. As stated above the draft report was received past the due date.
- c) *PowerPoint slide(s) with images and a manager-level summary (300 words or less) of the main findings of this project and how it contributes to furthering coral reef conservation or disease response goals (minimum of 1 slide, but up to 3)*. Our review found PowerPoint slides were provided for this deliverable.
- d) *Final report submitted to DEP by June 15, 2022. The final report should be a section 508-Compliant PDF*. A PDF report was received by the Department on June 28, 2022, which was thirteen days past the due date. However, our review noted the PDF submitted as the final report was titled Interim Report and dated January 30, 2022. The report appears to include all the required information.



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**Invoices and Disbursements**

According to the SOW, *All final deliverables and invoice(s) will be submitted to DEP by June 15, 2022, or earlier. DEP may take up to two weeks to review deliverables.* Based on our review, the final invoice was submitted on June 23, 2022, which was six days past the due date. In total, four invoices were submitted and processed for payment (see table below).

Invoice Number	Date Payment submitted to MFMP	Tasks listed for payment on invoice	Service Dates	Amount
9120	12/7/2021	Tasks 6.1, 6.2, and 6.3	7/1/21-11/30/21	\$97,386.30
9266	2/2/2022	Tasks 6.1, 6.2, and 6.3	12/1/21-12/31/21	\$12,249.00
9307	3/22/2022	Tasks 1, 2, 6.1, 6.2, and 6.3	7/1/21-1/31/22	\$102,302.26
9611	6/28/2022	Tasks 1-7 (All Tasks)	7/1/21-6/30/22	\$427,996.36
<b>Total:</b>				<b>\$639,933.92</b>

The Purchase Order requires invoices, *To be paid upon completion of services, DEP acceptance, and receipt of itemized invoice.* Our review found none of the four invoices contained itemized amounts per task. Moreover, for Invoice 9307, in the Invoice Reconciliation Comments section of MyFloridaMarketPlace<sup>4</sup> (MFMP), the reviewer noted, *It appears the total amount of invoice cannot be validated by calculation of amounts listed in PO. Please provide clarification on how the amount was reached.* However, our review found that a corrected invoice was not submitted, and the payment was approved. Additionally, as shown in the table above, the same tasks were included on multiple invoices. Without itemization, we could not verify whether a task was paid in full or paid more than once.

Additionally, even though the Purchase Order was paid in full, in the amount of \$639,933.92, the amount listed for all tasks only totaled \$636,184. Our review found the difference, \$3,750, was included in the SOW budget as indirect cost for Task 6. However, because the invoices were not itemized, and the \$3,750 was not specifically listed on any invoice, we were unable to determine when the indirect costs were paid or for which task they were included.

**Special Terms and Conditions**

Additional requirements specified within the Purchase Order Special Terms and Conditions and SOW included the following:

**E-Verify:** Based on the Special Terms and Conditions, the Vendor was required to enroll in and utilize the U.S. Agency of Homeland Security E-Verify system. The Vendor was also required to add E-Verify language within their subcontracts requiring subcontractors to enroll and utilize the E-Verify system during the Purchase Order term. The Vendor appeared to be enrolled within the system and did include the requirement within their subcontract. However, the subcontractor did not appear to be enrolled within the system. Therefore, leaving the subcontractor unable to utilize the E-Verify system throughout the duration of the Purchase Order, as required.

**Social Media Posts:** According to the Scope of Work for both the Vendor and the subcontractor, *“all deliverables, presentations, and social media posts will acknowledge the financial assistance provided by the State of Florida, as administered by DEP’s Coral Protection and Restoration Program.”* Based on our review, the Vendor posted their deliverable videos for Tasks 1 and 2 on

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<sup>4</sup> MFMP is the State of Florida’s online procurement system.

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the social media site, YouTube, and did not include the required acknowledgment in the postings. Additionally, the subcontractor posted details of the project and portions of its deliverables on both YouTube and Facebook multiple times but did not acknowledge the Department as the provider of financial assistance. We reviewed one post on the subcontractor's Facebook page that did include the required acknowledgment.

**Performance Standards:** Within the Purchase Order Special Terms and Conditions, the standards at which the Contractor (Vendor) shall perform is addressed. This standard states, *The Contractor agrees to perform all tasks and provide deliverables as set forth in the Statement of Work and attachments to the Purchase Order and Coordination shall be maintained by the Contractor with representatives of the Agency, or of other agencies involved in the project on behalf of the Agency.* Based on our review, it appears the Vendor's subcontractor provided deliverables directly to the Department and not through the Vendor. Additionally, the subcontractor corresponded directly with the Department about project progression. Due to the direct correspondence with the Department and the subcontractor, it is unclear if the Vendor was knowledgeable about the late deliverable submissions, missing deliverables, or risks to task completion.

**Generator Installation and Purchase:** Based on the Purchase Order Special Terms and Conditions, *The Contractor unless included in the Statement of Work or other attached documents to the Purchase Order shall not subcontract any work under the Purchase Order without the prior written consent of the Agency. The Contractor is fully responsible for satisfactory completion of all subcontracted work.* In the original SOW for the subcontractor, there was a budget item listed for Task 6.2 for contractual services for *Generator Installation* in the amount of \$4,000. We were unable to obtain an executed contract for the entity that performed the service. We requested from the Department a copy of the subcontract, receipt of installation, and documentation showing payment of the generator installation. In response, we received a copy of an invoice from an electrical company for \$4,650. Additionally, our review noted there was a separate Purchase Order (B9AD55) for \$30,488.70 for the purchase of two generators to be delivered to the address of the Vendor's subcontractor. The equipment purchase was approved and paid by the Department, even though the Department had no formal agreement with the Vendor's subcontractor and we were unable to find any statutory authority that would authorize the purchase of the equipment for the Vendor's subcontractor. Additionally, when searching the Department's Master Property Log in the Financial Information Network (FIN), neither generator appeared to be received as part of the Department's property.

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## **CONCLUSION**

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Based on our review, the Department approved payment to the Vendor even though some deliverables were never submitted, some deliverables were not submitted timely, invoices did not meet the requirements of the Purchase Order, and we were unable to determine whether the project was completed prior to final disbursement. Our findings and recommendations are listed below.



## FINDINGS AND RECOMMENDATIONS

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**Finding 1: Incomplete, Missing, and Late Deliverables – The Vendor received full reimbursement although some deliverables were incomplete, never submitted, or were not submitted timely.**

Our review found all deliverables were submitted past the due date with a range of 2-40 days past due, aside from the August 2021 monthly report for Task 6.1 which included AZA call logs for Task 6.3. Additionally, our review noted the Vendor and their subcontractor used a shared Google Drive to submit photos, videos and various other deliverables to the Grant Manager. Due to the use of this Google Drive and the lack of documentation maintained by the Department, we were unable to confirm timely submission of these deliverables as ORCP no longer had access, aside from viewing the last edited date within the document.

**Photo/Picture Deliverables:** Tasks 1, 2, 6.1, 6.2, and 6.4 required pictures or photo deliverables. The SOW states, *When submitting photo deliverables, a consistent naming convention and organizational structure will be used that includes the date, site name, and any other relevant information.* While photographs were provided, they did not contain the naming conventions required and we were unable to determine for which task the photographs were submitted.

**Tasks 3, 4, 5, and 7:** Based on the SOW, deliverables for Tasks 3, 4, 5, and 7 were due together with a draft report due June 1, 2022. Each task had various associated deliverables required. Based on our review, the draft report appears to have contained all deliverables required for Tasks 3, 4, 5, and 7. However, it appears the draft report was submitted seven days past its due date.

**Task 6.1:** Task 6.1 had six deliverables. Based on our review, the following deliverables were not received or were not submitted timely:

- Pictures of progress and reports delivered monthly.
- Updates on permit acquisition.
- Copies of all permit(s) for coral collections.
- Pictures and documentation of all corals collected from the field. Photos should include pre and post relocation into land-based systems.
- Pictures and documentation of all corals placed in the care of the Reef Institute by FWC as transferred from other facilities.

Monthly reports were due the last day of each month, but most were submitted past the due date. The SOW requires monthly updates on permit acquisition; however, our review found there were only three updates on permit acquisition provided in email format for the months of April and May 2022. Additionally, our review found no copies of permits were submitted to the Department. Communication between the Department and the subcontractor indicated a permit application, dated August 8, 2021, was completed by the subcontractor but a permit was never provided.

**Task 6.2:** Task 6.2 had four deliverables. Based on our review, all deliverables for Task 6.2 appear to have been received except for the following:

- Photographs that document the condition of each colony throughout its time in captivity, submitted electronically.
- PowerPoint slide(s) with images and notes summarizing the goal of land-based holding.

As stated above, while photographs were provided, they did not contain the naming conventions required and we were unable to determine for which deliverable the photographs were submitted. Additionally, Task 6.2 requires PowerPoint slides with images and notes summarizing the goal of

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land-based holding. Our review found no PowerPoint slides were provided to the Department for Task 6.2.

**Task 6.3:** Task 6.3 had five deliverables with various due dates. Our review found all deliverables for Task 6.3 were submitted, as required in the SOW. However, most deliverables for Task 6.3 were not provided timely.

**Task 6.4:** The purpose of Task 6.4 was to add six additional aquarium vat systems to an outdoor holding space. In addition to the deliverables, Task 6.4 required the subcontractor to *Order and install all equipment including chiller, refugium, protein skimmer and power heads*. Pursuant to an email communication on June 20, 2022, between the subcontractor and the Department, the *Chiller, Cover for vats, and air compressor* were on backorder and would not be received until after July 1, 2022. Based on documentation reviewed, we were unable to verify whether the equipment and supplies were ordered or installed prior to payment or the Purchase Order end date of June 30, 2022. The following additional requirements were listed in the SOW for Task 6.4:

- Copies of receipts for the supplies: Based on our review, there were some receipts provided as deliverables for this task. However, based on a Budget Cost Analysis, provided by the Division, we were unable to find receipts for some supplies including vat covers and shade cloths with bungees. Our review also noted the due date for completion of this task and the Final Deliverables was June 15, 2022. However, in reviewing all receipts, it appears 23 of the 36 supplies needed to perform the build out were ordered from June 2, 2022, through June 14, 2022. During the course of the audit, we were provided receipt for the Echotech lights, solenoid, chiller/heater, Neptune Calcium Controller, and an air pump with hosing.
- Photos of completed aquarium vats: Based on our review photos were provided for the completed aquarium vats under Task 6.3 Final PowerPoint. However, these photos do not confirm there were a total of 6 vats installed with dimensions of 8'x4' having covers installed on each vat. There was also a video facility tour provided within Task 6.3 which shows the outdoor holding area, but it also does not demonstrate all vats received covers as expressed in the SOW. No photos of the completed vats appear to have been provided as a deliverable for Task 6.4 in accordance with the SOW.
- Photos of construction progress: After reviewing all documentation for this deliverable, it appears there were no photos of construction progress provided for the month of May.

**Recommendations:**

- 1.1 We recommend ORCP provide training to contract managers to ensure deliverables are submitted, complete, and meet the requirements of the Purchase Order prior to approving payment, and also to ensure documentation of receipt and approval of deliverables is adequately maintained.
- 1.2 We recommend ORCP review the deliverables and payments made under this Purchase Order, determine whether or not the Vendor was paid for work not completed, and seek reimbursement for any amount determined to be owed to the Department.

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**Management Response:**

**1.1 Planned corrective action:** The Coral Protection and Restoration (CPR) Program has developed a training for all Contract Managers that outlines roles, responsibilities, and expectations. Training outlines the need for regular communication, adherence to agreement due dates, evaluation of deliverables for completeness and format, and documentation of approval prior to authorization for payment. The training materials have been updated with recommendations from this audit. All new staff and new Contract Managers will receive this training going forward. The Scope of Work template has been updated to include specific financial consequences for late and incomplete deliverables.

**Date of anticipated implementation:** December 13, 2023

**1.2 Planned corrective action:** Staff will be conducting a site visit to audit the project and document which components were completed consistent with the intent of the purchase order. The program will seek reimbursement for deliverables that cannot be verified.

Future purchase orders will be developed to ensure that they contain the specificity and clarity for deliverables needed to verify intent of the project. Updated training materials include protocols to ensure that all deliverables are: 1) unique files and are properly named, 2) clearly organized by task and/or sub-task and 3) labelled according to the requirements set forth in the Scope of Work. The Exhibit A Progress Report template has also been updated with more detailed guidance on documenting progress reports and deliverables associated with each task.

**Date of anticipated implementation:** June 15, 2024.

**Finding 2: Insufficient Invoice Detail – All invoices submitted for payment did not contain itemized details as required by the terms of the Purchase Order.**

The Purchase Order requires invoices, *To be paid upon completion of services, DEP acceptance, and receipt of itemized invoice*. In total, four invoices were submitted and processed for payment (see table below).

Invoice Number	Date Payment Submitted to MFMP	Tasks Listed for Payment on Invoice	Service Dates	Amount
9120	12/7/2021	Tasks 6.1, 6.2, and 6.3	7/1/21-11/30/21	\$97,386.30
9266	2/2/2022	Tasks 6.1, 6.2, and 6.3	12/1/21-12/31/21	\$12,249.00
9307	3/22/2022	Tasks 1, 2, 6.1, 6.2, and 6.3	7/1/21-1/31/22	\$102,302.26
9611	6/28/2022	Tasks 1-7 (All Tasks)	7/1/21-6/30/22	\$427,996.36
<b>Total:</b>				<b>\$639,933.92</b>

Our review found none of the four invoices contained itemized amounts per task. Moreover, for Invoice 9307, in the Invoice Reconciliation Comments section of MFMP, the reviewer noted, *It appears the total amount of invoice cannot be validated by calculation of amounts listed in PO. Please provide clarification on how the amount was reached*. However, our review found that a corrected invoice was not submitted, and the payment was approved. Additionally, as shown in

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the table above, the same tasks were included on multiple invoices. Without itemization, we could not verify whether a task was paid in full or paid more than once. For example, see excerpt below for the final Invoice 9611 for \$427,996.36:

Prime Contract No. B97E48	
<b>Final Deliverables:</b>	\$ 427,996.36
Task 1: Coral spawning and gamete collection at land-based nursery	
Task 2: Fertilization and Mass-scale larval culture and settlement	
Task 3: Grow-out of sexual recruits in land-based nursery	
Task 4: Grow-out of microfragments at the offshore nursery	
Task 5: Preserve coral genotypes of disease impacted species and induce gonad maturation and spawning in captivity	
Task 6.1: Coral Collection and Acquisition	
Task 6.2: Maintenance of corals and water quality. Coral growth monitoring	
Task 6.3: Reporting	
Task 6.4: Expand Outdoor Holding Space	
Task 7: Co-culture of coral recruits w/herbivorous inverts	
<b>SERVICE DATES:</b> 7/1/21-6/30/22	
<b>Amount Requested:</b>	\$427,996.36

Additionally, even though the Purchase Order was paid in full, in the amount of \$639,933.92, the amount listed in the SOW for all Tasks only totaled \$636,184.00. Our review found the difference, \$3,750, was included in the SOW budget as indirect cost for Task 6. However, because the invoices were not itemized, and the \$3,750 was not specifically listed on any invoice, we were unable to determine when the indirect costs were paid. Our review also noted that the final invoice was not submitted timely. According to the SOW, *All final deliverables and invoice(s) will be submitted to DEP by June 15, 2022, or earlier. DEP may take up to two weeks to review deliverables.* Based on our review, the final invoice was submitted on June 23, 2022, which was six days past the due date.

**Recommendation:**

- 2.1 We recommend ORCP provide training to contract managers to ensure invoices submitted are timely and contain itemized details as required by the Purchase Order.

**Management Response:**

**2.1 Planned corrective action:** The Program training include content on the protocols for invoice review and approval, prior to disbursement. The Scope of Work template has also been updated to require itemized invoicing by Task.

**Date of anticipated implementation:** December 20, 2023

<b>Finding 3: Deliverables Submitted by Subcontractor – Some deliverables were submitted to the Department directly from the Vendor’s subcontractor which was not in accordance with the terms of the Purchase Order.</b>
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Within the Purchase Order Special Terms and Conditions, the standards at which the Vendor shall perform is addressed. This standard states, *The Contractor [Vendor] agrees to perform all*

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*tasks and provide deliverables as set forth in the Statement of Work and attachments to the Purchase Order and Coordination shall be maintained by the Contractor with representatives of the Agency, or of other agencies involved in the project on behalf of the Agency. In addition, the standard states, The Contractor is fully responsible for satisfactory completion of all subcontracted work.* Based on our review, it appears the Vendor's subcontractor provided deliverables directly to the Department and not through the Vendor, even though the Department did not have any contractual relationship with the subcontractor. Additionally, the subcontractor corresponded directly with the Department about project progression. Due to the direct correspondence between the Department and the subcontractor, it is unclear if the Vendor was knowledgeable about the late deliverable submissions, missing deliverables, or results of task completion.

**Recommendation:**

- 3.1 We recommend ORCP provide training to contract managers and ensure deliverables are received from appropriate parties as required.

**Management Response:**

**3.1 Planned corrective action:** All future email and phone correspondence will be directed through the primary vendor/contractor. Program training materials for contract managers include a specific review of the "Purchase Order Special Terms & Conditions" for every agreement prior to execution.

**Date of anticipated implementation:** December 20, 2023

**Finding 4: Ineligible Expenses – The Department purchased two generators for the Vendor's subcontractor and paid for their installation, without having a formal agreement with the subcontractor or adding the equipment to state property.**

Based on the Purchase Order Special Terms and Conditions, *The Contractor unless included in the Statement of Work or other attached documents to the Purchase Order shall not subcontract any work under the Purchase Order without the prior written consent of the Agency. The Contractor is fully responsible for satisfactory completion of all subcontracted work.* In the original SOW for the subcontractor, there was a budget item listed for Task 6.2 for contractual services for *Generator Installation* in the amount of \$4,000. We were unable to obtain an executed contract for the entity that performed the service. We requested from the Department a copy of the subcontract, receipt of installation, and documentation showing payment of the generator installation. In response, we received a copy of an invoice from an electrical company for \$4,650. However, our review noted there was a separate Purchase Order (B9AD55) for \$30,488.70 for the purchase of two generators to be delivered to the address of the Vendor's subcontractor. The equipment purchase was approved and paid by the Department, even though the Department had no formal agreement with the Vendor's subcontractor and we were unable to find any statutory authority that would authorize the purchase of the equipment for the Vendor's subcontractor. Additionally, when searching the Department's Master Property Log in the FIN, neither generator appeared to be received as part of the Department's property.

**Recommendation:**

- 4.1. We recommend ORCP review payments made for the purchase and installation of equipment for the Vendor's subcontractor, with which the Department had no contractual relationship, and determine under what statutory authority the equipment purchase was made and seek reimbursement for any amount determined to be owed to the Department for ineligible expenditures.



**Management Response:**

**4.1 Planned corrective action:** The Program is consulting with the Division of Administrative Services to ensure appropriateness of equipment purchases for this and future purchase orders.  
**Date of anticipated implementation:** June 15, 2024

**Finding 5: Non-compliance with Purchase Order – The Vendor did not comply with some of the terms of the Purchase Order.**

Our review found the Vendor did not comply with the terms of the Purchase Order in the following areas:

**E-Verify:** Based on the Special Terms and Conditions, the Vendor was required to enroll in and utilize the U.S. Agency of Homeland Security E-Verify system. The Vendor was also required to add E-Verify language within their subcontracts requiring subcontractors to enroll and utilize the E-Verify system during the Purchase Order term. The Vendor appeared to be enrolled within the system and did include the requirement within their subcontract. However, the subcontractor did not appear to be enrolled within the system. Therefore, leaving the subcontractor unable to utilize the E-Verify system throughout the duration of the Purchase Order, as required.

**Social Media Posts:** According to the Scope of Work for both the Vendor and the subcontractor, *“all deliverables, presentations, and social media posts will acknowledge the financial assistance provided by the State of Florida, as administered by DEP’s Coral Protection and Restoration Program.”* Based on our review, the Vendor posted their deliverable videos for Tasks 1 and 2 on the social media site, YouTube, but did not include the required acknowledgment in the postings. Additionally, the subcontractor posted details of the project and portions of its deliverables on both YouTube and Facebook multiple times but did not acknowledge the Department as the provider of financial assistance.

**Recommendations:**

- 5.1 We recommend ORCP work with contract managers to ensure compliance with a purchase order.
- 5.2 Due to the high dollar amount expended for this Purchase Order and the complexity and nature of the work covered in this Purchase Order, for future awards we recommend ORCP consider utilizing a formal agreement with the terms and conditions and roles and responsibilities clearly defined.

**Management Response:**

**5.1 Planned corrective action:** All Contract Managers are now required to regularly review the “Purchase Order Special Terms & Conditions” and the Scope of Work template for current agreements to ensure vendors/contractors are in compliance. This includes ensuring the contractors/sub-contractors are enrolled in the E-verify system.  
**Date of anticipated implementation:** January 3, 2024

**5.2 Planned corrective action:** The Program will review the current Scope of Work template and “Purchase Order Special Terms and Conditions” with the Office of General Counsel to ensure that the roles and responsibilities are properly defined and aligned with those in the purchase order template.  
**Date of anticipated implementation:** June 15, 2024



**STATEMENT OF ACCORDANCE**

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**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:

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Inspector General