



## Inspector General Insights

**Background:** On September 28, 2022, Hurricane Ian made landfall in Southwest Florida as a major category 4 storm, ranking among the most powerful storms to ever hit the United States. Due to a combination of high winds and a substantial storm surge, there was an urgent need for sanitation services to address the aftermath of the disaster. Therefore, Collier County sought services from a contracted sanitation vendor Southern Sanitation, Inc. (vendor). Same vendor was utilized for sanitation services post Hurricane Irma.

A review of the invoices submitted by the vendor to the Clerk’s finance division for payment revealed inconsistencies in the number of hours billed for work performed by subcontractors. A detailed review was performed of the invoices relating to Hurricane Irma in 2017, which ultimately resulted in a negotiated short pay of \$271,790.00, or approximately 10% of the amount originally billed by the vendor. Due to the previous discrepancies discovered, the Office of Inspector General (OIG) decided it was prudent to perform a detailed review of the invoices post Hurricane Ian.

**Objective:** The objectives of this review consisted of the following:

1. Determine if the billing is in compliance with contract 20-7739 “Sewage Hauling”.
2. Determine if the amounts paid would be considered compliant and reasonable with a subsequent FEMA audit.

**Scope:** The scope of the above-mentioned objectives consisted of the review of invoices under Purchase Order (PO) 4500219976 for services provided post Hurricane Ian.

**Observations:** During the invoice review process, the following observations were made:

1. All vendor invoices were submitted first to the County Division and not to the Clerk’s Accounts Payable Division. Submission of invoices directly to the Clerk is specifically outlined in the “Vendor Terms and Conditions” section of the Purchase Order. This may jeopardize the number of days the Clerk has to process payment as per Florida Statute. Further, it does not allow for proper segregation of duties or internal controls over the processing of invoices.
2. The Sewage Hauling Tracking Form is required to be completed by the vendor and signed by both an agent of the contractor and a County representative as per the contract, but a sample of the form is not included in the contract. Per section 6 of Exhibit A - Scope and Services of the contract,

*“6.9 Each job (or event) shall have a Collier County Sewage Hauler Event Log signed by an agent of the Contractor and the County Department/Division. Failure to provide a properly completed and signed Sewage hauler Event Log may delay payments.”*

Some of the forms submitted were illegible or had conflicting information, such as “gaps” in the times of the services provided to the County. The Wastewater Division provided Waste

Hauler Manifest Forms, which are their internal tracking documents of the dumping activity, in order to compare to the hours billed by the vendor.

3. The Waste Hauler Manifest forms submitted were illegible, and/or the information on the forms was inconsistent. The Sewage Hauling Tracking forms were tested against these Waste Hauler Manifest forms for consistency. However, these internal forms submitted after Hurricane Ian had the following irregularities:

- Missing license plate information, missing date information, or missing both
- Only partial license plate information provided
- Missing description or location information
- Two different license plates on the same form
  - i. Pick Up Date different from signature date(s)
  - ii. Multiple Pick Up Dates on the same form
- Same license plate information used for multiple sub-contractors on multiple forms
- Missing signatures

4. It appears that the vendor billed for 889.92 hours of stand-by time for a cost of \$400,464.00. Per the contract under Exhibit A – Scope of Services, Section 3. Response Time and Availability:

*“3.4 Equipment Availability*

*3.4.1 Within one (1) hour of Contractor response; the Contractor shall have the ability to arrive on-site within a minimum of two (2) trucks capable of removing a minimum of 4,000 gallons each.*

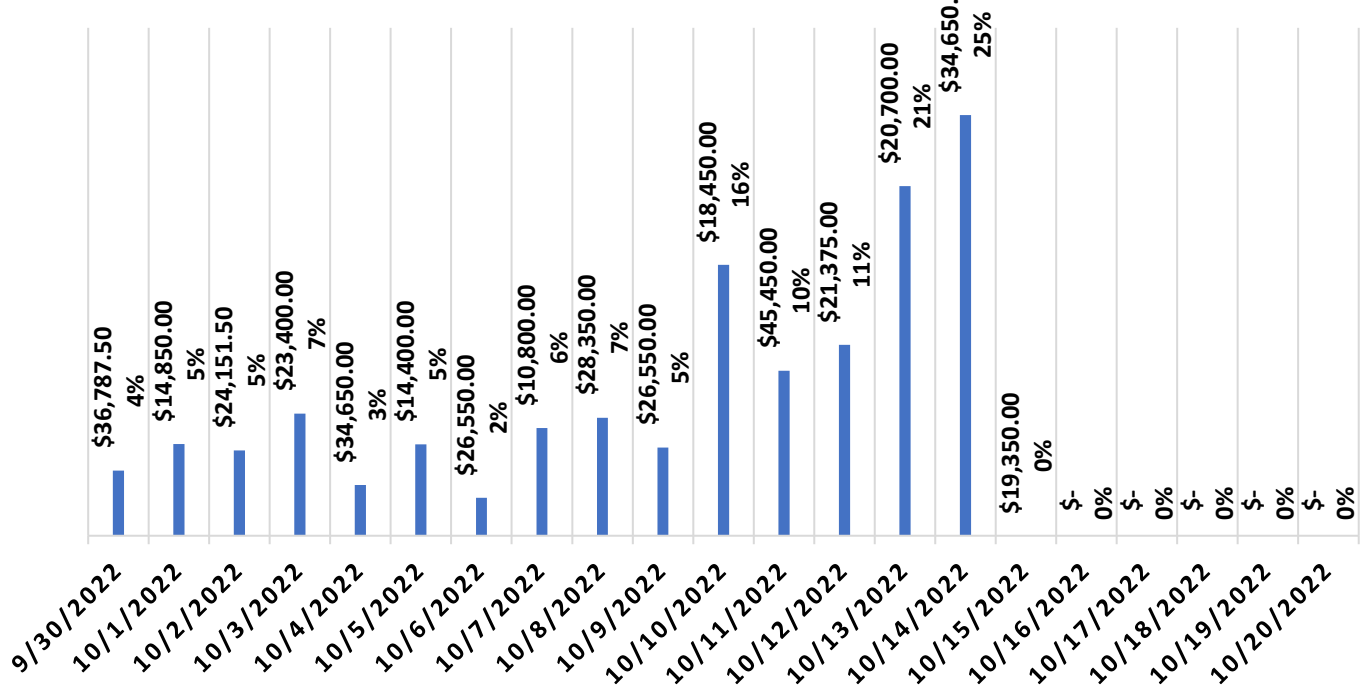
*3.4.2. Within two (2) hours of Contractor response; the Contractor shall have the ability to arrive on-site with an additional two (2) trucks capable of removing a minimum of 4,000 gallons each for a total of four (4) trucks.*

*3.4.3. Within six (6) hours of Contractor response; the Contractor shall have the ability to arrive on-site with an additional six (6) trucks capable of removing a minimum of 4,000 gallons each for a total of ten (10) trucks.” (OIG emphasis added)*

Although the contract references the minimum number of trucks required, the contract does not include any guidelines regarding management when a significantly larger number of trucks are required to respond. This incentivizes the vendor to provide as many trucks as possible, regardless of need, and may be contrary to FEMA guidelines.

Furthermore, we reviewed the percentage of standby hours out of the total number of hours billed. The chart on the following page illustrates the percentage and dollar amount of standby hours billed from September 30, 2022, to October 20, 2022.

## PERCENT AND \$ OF STANDBY HOURS OUT OF TOTAL HOURS BILLED PER DAY



More than 10 days after the hurricane, the vendor was billing 10%-25% of the total hours billed as standby hours. The total standby costs billed of \$141,525.00 beyond 10 days questions the efficient management of the total number of trucks.

- Due to some of the inconsistencies found on the Collier County Hauler Event Logs, the OIG requested all subcontractor invoices in order to determine if the hours billed by the vendor are accurate. The OIG was not able to substantiate 117.5 hours, which resulted in a short payment of \$52,875.00.

**Recommendations & Actions:** The following recommendations were made:

- A sample copy of any referenced form(s) should be included in each corresponding contract. This would ensure consistency in the form being utilized. The form should be included within the contract via an amendment.
- Require a secondary review of the Waste Hauler Manifest forms to improve consistency of data content on internal documents for accurate record keeping.
- Consider incorporating into the contract a tiered or staggered timeline of the maximum number of trucks. In addition, consider incorporating into the vendors required Emergency Operations Plan a periodic (weekly) after-action recovery assessment so the vendor maintains the appropriate number of trucks necessary based on the recovery progress. Thus, reducing the number of trucks on stand-by. In addition, the contract should clearly define the rules regarding standby trucks.

- For proper segregation of duties, all vendor invoices are to be submitted directly to Clerk's Accounts Payable (AP). This is required by the terms of the Purchase Order (see below). Division staff should not accept a vendor invoice or a draft invoice. Instead, they should advise the vendor of the requirement to submit the invoice directly to AP.


### VENDOR Terms and Conditions

The VENDOR agrees to comply with all Purchase Order Terms and Conditions as outlined on the Collier County Procurement Services Division site: <http://www.colliercountyfl.gov/home/showdocument?id=74077>, including delivery and payment terms. Further the VENDOR agrees to:

1. Provide goods and services outlined in this Purchase Order with the prices, terms, delivery method and specifications listed above.
2. Notify department Immediately if order fulfillment cannot occur as specified.

3. Send all invoices to:	Collier County Board of County Commissioners Attn: Accounts Payable 3299 Tamiami Trl E Ste 700 Naples FL 34112-5749 OR email to: <a href="mailto:bccapclerk@collierclerk.com">bccapclerk@collierclerk.com</a>
--------------------------	---

The Purchase Order is authorized under direction of Collier County Board of County Commissioners by:

 Sandra Herrera, Director, Procurement Services Division

It was recommended to short pay a total of \$52,875.00 for hours that could not be substantiated by the subcontractor invoices.

**Management response:** Management discussed and agree that the insights titled 2023.13 Hurricane Ian Sanitation conducted by the Clerk's Office was beneficial and appreciative. We are pleased to see that some of the recommendations were addressed by Procurement and the Wastewater Department. Moreover, we were very pleased with PUD's response to the storm and its aftermath which resulted in minimal environmental impacts and the solidification of our customer's trust in PUD's ability to maintain public health and safety. Below are our comments and clarifications:

1. Vendor supplied resources: As a point of clarification, it is important to note that truck quantities are not determined by the vendor. All vendor resources provided are based on requests from staff to meet the need of the situation at hand.
2. Standby trucks: When the term "Standby" is used by staff in the context of emergency sewage hauling services, it refers to trucks physically onsite (with a driver) ready to deploy immediately. After a disaster impacting wastewater facilities, sewage hauling resources are in very high demand and may no longer be available for re-hire after being released by staff. Due to the existing sewage hauling contract only requiring ten (10) trucks to be provided by the vendor, placing trucks on standby is the only mechanism available to ensure availability of trucks (beyond 10) to respond immediately for the purpose of preventing sanitary sewer overflows.
3. Recommendation to include Sewage Hauler Event Log in contract: This was identified as a necessity after Hurricane Ian, as did the OIG, and was addressed by Procurement on 12/14/2023.
4. Recommendation to require a secondary review of Sewage Hauler Event Logs: This was identified as a necessity after Hurricane Ian, as did the OIG, and was addressed by Wastewater on 12/14/2023.

5. Recommendation to conduct weekly after-action recovery assessments by vendor: Daily recovery assessments are conducted by staff, and resources are adjusted accordingly. Vendor's may make recommendations on resource needs to staff but they are not solicited since this is not within their role during disaster recovery.

**Comments to management response:** The OIG appreciates management's thoughtful comments and clarification regarding the report. However, while we understand the necessity of securing additional trucks on standby to address potential sanitary sewer overflows, it is essential to highlight the considerable expenses associated with keeping these resources on standby. It is important to effectively manage standby costs without compromising operational readiness.

The OIG acknowledges the cooperation of management for their support in the review process.

**Conclusion:** The vendor continues to provide services to the County. The utilized contract 20-7739 "Sewage Hauling" is in place until 9/23/2024. The contract allows for an additional one (1) year extension that might take place.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	# Observations / Recommendations
1,099	\$5,708,898.00	\$436,738.50	\$52,875.00	5