



## Inspector General Insights

**Background:** In July 2020, a subcontractor (who preferred to remain anonymous) communicated a concern about payment delays by a general contractor on a large County project. The vendor questioned whether the general contractor delayed payments to the subcontractors beyond the statutory prompt payment requirement of remittance to subcontractors within ten (10) days of receipt of payment from the County by the general contractor.

**Objective:** Our review was to determine if the subcontractor had been paid in compliance with the Prompt Payment Act, and to provide any recommendations to expedite invoice processing.

**Scope:** We did an analysis of approximately 20 payment applications submitted by the general contractor over the last two years (fiscal years 2020 and 2021 to date). We have rounded the amounts included in the transaction table at the end of this report to preserve anonymity.

### **Observations:**

#### What's Working:

- ✓ For proper invoices, the general contractor was paid timely per Florida Statutes in all cases.
- ✓ The average days to pay the vendor was 27.75 days over the last two years, for complete and accurate invoices.
- ✓ The general contractor was paid by check for about half of the payment applications, but later switched to ACH transfer. This payment method hastened the general contractor's receipt of payment, which should have accelerated the payments to the subcontractors.
- ✓ The lien waivers from subcontractors showed no anomalies. The Office of Inspector General (OIG) staff also confirmed payment history with some subcontractors who did not furnish lien waivers, noting no complaints about delays or other exceptions.

#### Delays Encountered:

- Five invoices were rejected as follows:
  - The Schedule of Values submitted with the initial payment applications, did not match the Bid Schedule as approved by the Board of County Commissioners (BCC) in the contract awarded.
  - Three payment applications contained billing errors, which required correction and resubmission.
  - The general contractor submitted a revised billing, which was not approved by the design professional on one invoice.
  - Delays before the vendor submitted a revised, valid invoice after rejection varied from 7 to 44 days.

**Recommendations & Actions:**

- It appears that the Clerk’s Finance staff has given detailed documentation of the exceptions found in the billings, which were communicated to the general contractor. Accordingly, the general contractor should ensure they have the resources to address the recurring issues, as follows:
  - Double-check calculations with each billing
  - Promptly correct and revise rejected billings
  - Ensure that full supporting documentation is provided, and
  - Ensure that the design professional has signed off on revisions.

There were no recommendations made to either the Clerk’s or the County’s operations.

**Conclusion:** All payment applications were paid in compliance with the Prompt Payment Act. We found no evidence that the general contractor delayed payments to their subcontractors.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Recommendations for Clerk or BCC
20	\$ 28,000,000	N/A	N/A	N/A