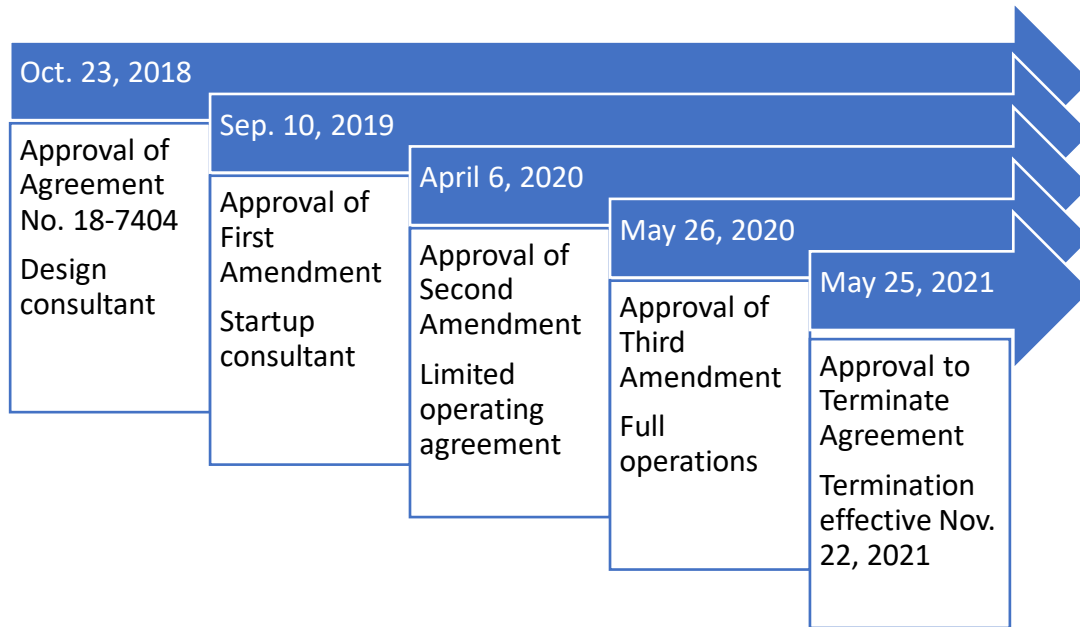




Inspector General Insights

Background: On October 23, 2018, the Board of County Commissioners (BCC) entered into a multi-phased agreement with Sports Fields, Inc. (SFI) related to the Paradise Coast Sports Complex (PCSC), shown below. Staff later determined that a public solicitation to consider scope changes was warranted. The BCC terminated the agreement for convenience on November 22, 2021.



On November 12, 2021, the BCC entered into an agreement with Sports Facilities Management LLC (SFM) for the management, operation, advertising services, and marketing of the PCSC.

Objective: The objective of this review consisted of three parts:

1. Provide input on the proposed contract with SFM and review of their operating procedures.
2. Review assets and procedures for an accurate transition of inventory.
3. Verify the final accounting for the agreement.

Scope: The scope for the above-mentioned objectives consisted of the following:

1. The Office of Inspector General (OIG) staff reviewed the proposed contract with SFM and reviewed their Operating Manual, which was approved by the BCC on January 25, 2022.
2. The OIG staff performed two on-site visits, on November 8, 2021, and on January 4, 2022, to verify the physical existence of inventory and capital assets.
3. The OIG staff reviewed SFI's payment requests, quarterly reports, and quarterly sales tax returns for FY2021 and FY2022.

Observations: In our review of the transition of the Sports Complex Concessionaire, the OIG observed the following:

1. Numerous inconsistencies were discovered in our review of the proposed contract with SFM, the new vendor, which were remediated in meetings prior to the BCC's approval of the Manual.
2. The OIG team tested SFM's beginning counts, which agreed. Accordingly, the OIG passed on further inventory testing.
3. During our on-site visits of PCSC, the OIG team verified the physical existence of the \$56,242,763.93 in capital assets on a test basis. Our testing excluded fixed stationary improvements totaling \$38,693,379.66 (lighting, signage, flag poles, landscaping, irrigation, fencing, wetland mitigation, land acquisition, land conversion, utilities and earthwork). We verified 93% of the remaining \$16,379,972.20 in other assets.

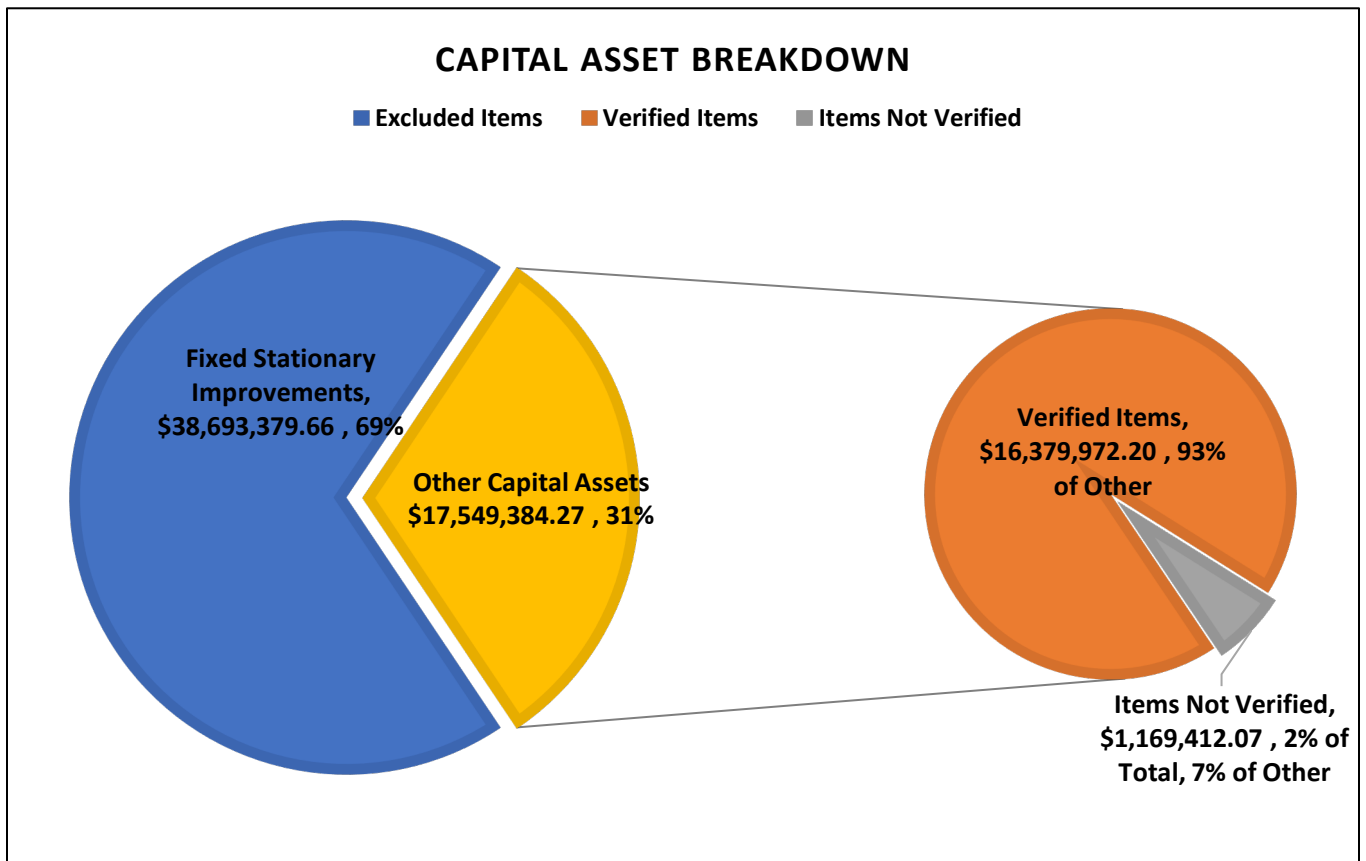


Figure 1 - Capital Asset Breakdown

4. During our verification of operating results, we noted some differences in the BCC's favor. The vendor had insurance costs that were higher than the budgeted amount, yet there was no approval to increase the amount for this line item. It appears that the vendor may have incurred a cost of \$34,284.00 in insurance costs, which were not covered by the BCC. This is in the BCC's favor, and therefore we did not pursue it further.
5. We compared the quarterly sales tax returns for FY21 to the gross sales reported on the vendor's Profit & Loss statement and their sales reports generated from their internal software. We found no net differences.

6. In our detailed review of the payment requests, the OIG noted the following items:

Type	Description	Amount Questioned	Taxpayer Savings
Employee Exceptions	FY21 - Paid benefits to employee coded as part-time, but actually worked 40 hrs/week - passed	\$ 4,244.71	\$ -
	FY22 - Salary increase (8%) prior to termination - passed	\$ 673.09	\$ -
	Employee Exceptions Subtotal	\$ 4,917.80	\$ -
Management Fee	FY22 - Management Fee for FY22 was \$245,000 annually, yet the vendor continued billing the FY21 the management fee of \$350,000 annually. Short-paid accordingly.	\$ 14,875.00	\$ 14,875.00
	Management Fee Subtotal	\$ 14,875.00	\$ 14,875.00
Cost of Goods Sold	FY22 - Food and Beverage costs not contractually obligated; most was paid as the inventory was left for the new vendor.	\$ 9,371.35	\$ 131.05
	COGS Subtotal	\$ 9,371.35	\$ 131.05
Calculation Error	FY 21 - Error in total amount approved on Third Amendment	\$ 450.00	\$ -
	Calculation Error Subtotal	\$ 450.00	\$ -
Budget Overages	FY21 - Overages in miscellaneous budgeted line items	\$ 131,206.75	\$ -
	FY21 - Items not specifically included in the budget	\$ 23,476.04	\$ -
	FY22 - Items not specifically included in the budget	\$ 2,454.24	\$ -
	Budget Overages Subtotal - miscellaneous expenses which were grouped into a single expense category; since it did not surpass the category total, staff did not pursue further.	\$ 157,137.03	\$ -
Misc.	FY22 - Lodging expenses greater than the approved nightly limit or for a local employee	\$ 706.40	\$ 706.40
	FY22 - Website maintenance & monthly service fees to be reimbursed by the new vendor, SFM	\$ 245.00	\$ 245.00
	Misc. Subtotal	\$ 951.40	\$ 951.40
TOTAL		\$ 187,702.58	\$ 15,957.45

Figure 2 - Questioned Costs

Recommendations & Actions: The OIG made the following recommendations:

- Short pay the November and December payment requests by \$15,957.45 for the management fee and lodging overage. This was implemented, and payment was made for \$105,571.17 for the balance.
- Consider tracking the individual expenses, as approved by the BCC, instead of a lumped expense category. If Division staff requested a detailed Purchase Order which mirrored the line items of the BCC-approved budget, this would prohibit overages on an individual expense type. Further, it would encourage staff and the vendor to seek approval for expenses exceeding or outside the approved budget line items.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations/ Recommendations
15	\$1,702,320.87	\$187,702.58	\$15,957.45	2