



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). 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 December 12, 2022, a year after the contract termination, SFI contacted the Financial Operations Manager of the Corporate Financial & Management Services division requesting payment of services that had not been previously paid. Their initial request was presented on invoice #1952 totaling \$81,624.00 for work performed in the summer of 2020 for the PCSC opening event. County staff worked with the vendor to reduce the amount down to \$58,066.95 due to numerous illegible receipts and insufficient documentation provided. Further correspondence transpired between County staff and the vendor, which resulted in a final request for payment from SFI in the amount of \$35,188.69.

On March 31, 2023, a Final Demand for Payment letter was received from SFI's attorney Baker & Hostetler LLP addressed directly to the division, demanding payment of \$52,425.53 as follows:

Description	Invoice # 1952 original (A)	Invoice # 1952 revised #1 (B)	Invoice # 1952 revised #2 (C)	Invoice # 1952 revised #3 (D)	Due per SFI (C)	Difference (E)	Recalculated (C + E)
Housing	\$ 10,426.00	\$ 8,020.16	\$ 7,310.88	\$ 7,310.88	\$ 7,310.88		\$ 7,310.88
Labor	64,186.00	38,431.66	32,708.05	22,265.94	32,708.05	(12,432.11)	20,275.94
Materials	7,012.00	5,393.67	1,841.65	1,841.65	1,841.65	(963.35)	878.30
Overhead		6,221.46	5,023.28	3,770.22	5,023.28	(5,023.28)	-
Total #1952	\$ 81,624.00	\$ 58,066.95	\$ 46,883.86	\$ 35,188.69	\$ 46,883.86	\$ (18,418.74)	\$ 28,465.12
Invoice #19					5,541.67	(5,541.67)	-
Total Demand	\$ 81,624.00	\$ 58,066.95	\$ 46,883.86	\$ 35,188.69	\$ 52,425.53	\$ (23,960.41)	\$ 28,465.12

SFI referenced the previous version of invoice #1952 in their demand letter for \$46,883.86 (column C) and included an amount from a previously submitted invoice #19 for \$5,541.67 to arrive at the total amount referenced in their demand.

Objective: The objective of this review consisted of the following:

1. Determine whether or not SFI is due the amount billed.
2. Determine if the request for payment is a legal payment to make.

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

1. Review of the Final Demand for Payment letter submitted by Baker & Hostetler LLP.
2. Review of all submissions of invoice #1952 for services provided in 2020.
3. Review of previous correspondence with the division and the vendor regarding the final payment to SFI.

Observations: In our review of the outstanding payment to SFI, the OIG observed the following differences as outlined in column E:

1. The labor difference is composed of a few elements, which total \$12,432.11:
 - a. Invoice #1952 was revised and resubmitted by the vendor with the final billing reflected in column (D) on the previous chart, to bill only for the actual hours on the job (not inclusive of PTO or time spent on other jobs). We reviewed the revised invoice which reflected a reduction of \$10,442.11 from the amount quoted in their demand letter.
 - b. It appears that the health reimbursement request was an employee expense and not an employer expense. In other words, the County billed for the employee match portion of the health benefits borne by the employee, which was not an expense of SFI. Hence, the amount billed for the health reimbursement would be reduced by \$650.18.
 - c. SFI is seeking reimbursement for 100% of the employer taxes and contributions paid to the employees for the two-week billing period. However, there were employee PTO and other hours which were not billed to the County, as described in the revised billing "a." above.

The OIG recalculated these charges by allocating them based on the number of days that the employee was billed on the job, so that the percentage of employer taxes and contributions are consistent with the percentage of employee time charged to the County. Most of these amounts are a percentage of eligible wages (the Social Security rate is 6.2%, the Medicare rate is 1.45%, etc.), so reducing this amount by the same percentage as the wage reduction would yield a reduction of \$1,339.82.

2. The OIG is questioning the \$375.65 spent on tools as we would need further clarification as to who took possession of those items after the job was complete. In addition, the OIG cannot verify the \$587.70 billed for the two flights and the items bought from Publix, as the receipts are illegible. This line item reduction reflects the combined amount of \$963.35.
3. The overhead or markup amount is not eligible for reimbursement per the contract. Via email, County staff agreed that this was not a valid amount to be billed. The reduction of \$5,023.28 is from the amount indicated by the attorney in the demand letter, or \$3,770.22 of the revised invoice.
4. The management fee billed for November 2021 was billed at \$20,416.67 under invoice #19, which did not agree with the approved budget. The remaining amount of invoice #19 as detailed in column (C) appears to have been paid on June 7, 2022. The difference in this column reflects the amount already paid of \$5,541.67.
5. The County spent \$40,000.00 for an independent CPA review of SFI's books, even though section 17 of the contract states that, "The Contractor shall provide, at its expense, an annual independent review of the Contractor's financial records...". As per the County Attorney's Office (CAO), the CPA review was initiated independently from County staff, and as such should not be offset from the SFI's request for payment.

6. The request for payment was submitted a year after the contract termination, which conflicts with section 4.2 of the contract, which requires billing within six months of the completion of the contract.

Recommendations & Actions: Based on OIG observations, BCC staff prepared a Mutual Release Agreement, which was approved by the Collier County Board of County Commissioners on May 9, 2023, under agenda item 16F1. Subsequently, the Clerk's Finance division released payment to the vendor in the amount of \$28,465.12, as recalculated by the OIG.

Total # Transactions	Amounts Audited or Reviewed	Questioned Costs	Taxpayer Savings	Observations/ Recommendations
1	\$52,425.53	\$23,960.41	\$23,960.41	6