MIAMIBEACH

MEMORANDUM

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov
Office of Internal Audit
Tel: 305-673-7020

TO: Jimmy L. Morales, City Manager

VIA: Mark D. Coolidge, Assistant Internal Auditor MDC

FROM: Coral Vivolo, Auditor CV

DATE: November 1, 2017

SUBJECT: **Review of the Miami Beach Convention Center Renovation and Expansion Project Payment Processing**

PERIOD(S): December 1, 2016 – May 31, 2017

Internal Audit performed a review of the Miami Beach Convention Center Renovation and Expansion Project to determine (1) whether pay requisitions submitted by the Construction Manager (Clark Construction Group, LLC) were properly reviewed and approved by the City prior to payments being issued; and (2) whether payments due for construction services were remitted by the City in a timely manner in accordance with Sec. 218.735 of the Florida Statutes.

As part of our review to determine whether payments were properly reviewed and approved, one (1) complete pay application was tested (January 2017). It was verified that the pay application (Form G702) had been approved by the required parties (i.e. the Contractor, the Architect, and the Owner's Representative) prior to being approved by the City. In addition, each of the subcontractors pay applications were reviewed and traced to the Continuation Sheet (Form G703) in order to validate the current payment due. Also, the amounts reported on Form G702 (i.e. total completed & stored to date, total retainage and total earned less retainage) were reconciled to the financial records maintained in the City's Enterprise Resource Planning System (Munis). Furthermore, the total Original and Revised Scheduled Values as per Form G703 were compared to the Guaranteed Maximum Price (GMP) Submission dated 10/18/15 (Resolution # 2015-29188) to ensure that the project value was still within the approved GMP of $515,458,058.

Lastly, seven (7) pay applications for the period of December 2016 through May 2017 (two pay applications in April 2017) were reviewed to determine whether the payments due to the Construction Manager were remitted timely per Section 218.735 of the Florida Statutes. Using reports obtained from the Munis System, we calculated the number of days that elapsed from the date that the application for payment was stamped as received by the City to the date it was shown as paid.

During our review, no deficiencies were noted concerning the review and approval of payments issued to the Construction Manager and the timeliness of such payments issued.

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cc: Maria Hernandez, Capital Projects Director - Convention Center