

**CITY OF CORAL GABLES  
BUDGET/AUDIT ADVISORY BOARD**

Minutes of July 30, 2009, 10:00 a.m.

Office of the City Manager

405 Biltmore Way, Coral Gables, Florida

**Budget Audit Advisory Board Meeting Minutes**

**MEMBERS:**      **A    S    O    N    D    J    F#    F    M    A    M    J    J      APPOINTED BY:**

Luis Hernandez ^	P		-	-				-	-	-	P		Mayor Donald D. Slesnick, II	
Roland Sanchez	P	P	-	-	P	P	A	P	P	-	P	-	P	Vice Mayor William H. Kerdyk, Jr.
John Holian ^			-	-				-	-	-	P		P	Comm. Rafael "Ralph" Cabrera, Jr.
John Lindsey	P	E	-	-	P	P	P	P	P	-	P	-	P	Comm. Wayne "Chip" Withers
Ofelia Fernandez	P	P	-	-	P	P	P	P	P	-	P	-	P	Comm. Maria Anderson

(Dash indicates either no meeting or board member not yet serving)

^ = New Member

# = Special Meeting

**Staff:**

Patrick G. Salerno, City Manager

Lori St. John, Chief Compliance Officer, Internal Audit Department

Carolina McElroy, Internal Auditor

**Recording and Minutes Preparation Secretary:** Nancy C. Morgan, Coral Gables Services, Inc.

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**PROCEEDINGS:**

The meeting was called to order by Chair Lindsey at 8:05 a.m., after which new Board members Luis Hernandez and John Holian were welcomed and self introduced.

**APPROVAL OF MAY 21, 2009 MEETING MINUTES:**

Ms. Fernandez made a motion to approve the minutes of the May 21, 2009 meeting as presented. Mr. Hernandez seconded the motion, which passed unanimously.

**FINANCE FUNCTIONAL REVIEW OF OPERATIONS (non-audit report):**

Ms. St. John relayed the background of the general review of Finance Department operations (detailed in May 7, 2009 report). The Internal Audit Department interviewed all Finance Department personnel over a six-month period. Ms. St. John praised staff for their cooperation and candor, thereafter detailing findings and recommendations. Board members' requests for clarification and concerns were addressed during the review.

Among other recommendations, it was agreed that management/leadership within the Finance Department needs to be strengthened; controls need to be identified and addressed; and training, supervision and refresher courses are needed.

Mr. Salerno praised Internal Audit staff for conducting an excellent review, expressed concern about the results, advised that all issues would be addressed, and added that changes in overall work culture need to occur. Finance Director Don Nelson will present detailed responses at the next Board meeting.

**UNDERCOVER BANK RECONCILIATIONS REVIEW:**

Ms. St. John reported that quarterly reviews of bank reconciliations were conducted for the first two quarters of 2009 pertaining to police undercover operations. The result of both reviews found that proper bank reconciliations were performed on a timely basis by appropriate staff members and contained the required approval signatures.

**AUDIT: CAPITAL PROJECT, CORAL WAY AND SEGOVIA ROUNDABOUT:**

Ms. McElroy stated the purpose of the audit was to determine if material provisions of the construction contract were observed; if controls were in place to ensure payments in compliance with contract terms; if project progress was

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timely and in compliance with contract provisions; and if change orders, if they occurred, were properly approved. The audit period was from May 2008 through January 2009. Ms. McElroy comprehensively reviewed audit findings and recommendations, which included two recommendations for the Finance Department, seven for Public Works and one for City administration regarding a modification to the terms of capital project contracts.

**OVERTIME FOR 2<sup>ND</sup> QUARTER ENDING MARCH 31, 2009:**

Ms. McElroy reported an overall overtime decrease of \$54,000 for the second quarter (January 1 through March 31) of FY2008/2009 over FY 2007/2008. Departments that evidenced decreases were the City Manager's Office, Finance, IT, Automotive, Fire, Parks and Recreation and Parking. Departments that increased overtime for the second quarter of FY 2008/2009 over FY 2007/2008 were Employee Relations, Building and Zoning, Public Works, Police and Public Service. The two areas combined equal a net decrease of \$54,000.

Reasons for overtime increases were discussed, during which time Mr. Salerno advised that the City's financial situation was not known until April. Board members suggested a review of "swing shift" feasibility for IT to reduce or eliminate overtime, and requested information about police overtime charged to Public Works. It was recommended that unused, budgeted overtime be placed in reserves.

**DISCUSSION: PROPOSED FY 2009/2010 BUDGET:**

Mr. Salerno's approach to the next year's budget was to reduce internal expenditures as much as possible without impacting quality-of-life issues for residents. The overall operating budget reduction from this fiscal year to next was \$9 million, \$7 million of which was in personnel/salaries, and \$2 million in operating costs outside of salaries.

Police Department overtime was reduced by \$900,000; 48 City positions were eliminated (6% of the work force; of positions eliminated, 20% were management, supervisory, professional, technical); a 5% wage reduction (including Fire Department employees, that voted to put aside contract provisions entitling them to a 5% cost-of-living adjustment, accept the 5% wage decrease, reduce merit increases from 5% to 2.5% and nearly eliminate overtime for the next two years, all of which was approved by union leadership). Agreements are not in place with the police and general employee unions, but they will also be asked to support wage reduction and make other benefit concessions. Mr. Salerno indicated a desire to reach a win/win conclusion.

With projections indicating an additional reduction of \$3.5 million in revenue for next year, under consideration on the revenue side are adjustments to non-ad valorem revenues, including parking, stormwater, false alarm, garbage collection, fire assessment, emergency medical services transport fees. During discussion, Mr. Salerno stated that City staff across the board is being asked to work harder to preserve City services to residents. He will examine how City business is conducted, including privatization, which may provide opportunities to realize additional savings.

**STATUS OF AUDIT RECOMMENDATIONS UPDATE:**

This report will be reviewed at the August 20<sup>th</sup> meeting.

**Next Meeting: August 20, 2009, 8:00 a.m., Office of the City Manager**

The meeting adjourned at 11:15 a.m.

Respectfully submitted,

Patrick G. Salerno  
City Manager, Secretary to the Board