

City of Coral Gables

*405 Biltmore Way
Coral Gables, FL 33134
www.coralgables.com*



Meeting Minutes

Wednesday, January 22, 2025

8:00 AM

<https://us06web.zoom.us/j/84243975634>

Communications/Public Affairs Conference Room

Budget/ Audit Advisory Board

*Chairperson Board Frank Paredes
Board Member John Holian
Board Member Joseph Palmar
Board Member Debra Register
Board Member Carmen Sabater*

Virtual Zoom Meeting Available for Pubic Participation

<https://us06web.zoom.us/j/84243975634>

CALL TO ORDER

The meeting was called to order at 8:00 AM by Mr. Frank Paredes.

ROLL CALL

The roll was taken, and an in-person quorum was established. The meeting was also available on Zoom for public access.

APPROVAL OF THE MINUTES

A motion was made by Debra Register seconded by Joseph Palmar to approve the November 20, 2024, meeting minutes.

24-8409

Budget Audit Advisory Board Meeting of November 20, 2024.

Attachments: [Meeting Minutes-November 20, 2024-Legistar Generated](#)

A motion was made that this matter be approved. The motion passed by the following votes.

Yeas: 4 - Chairperson Paredes, Board Member Holian, Board Member Palmar and Board Member Register

Absent: 1 - Board Member Sabater

NEW BUSINESS**Year 9 Internal Audit Plan**

Assistant Director for Management, Budget, & Compliance, Paula Rodriguez, stated that the city did not go out to bid for a new Internal Audit contract as there were discussions of creating an Inspector General position. The City Commission directed the Charter Review Committee to provide their recommendation for establishing an Inspector General. Any decision on this could take a couple of years between the Charter Review decision and implementation into the Charter.

This year the city is going out to bid for an internal auditing company which will include an update of the Risk Assessment which will determine what areas to focus on to develop future year audit plans. The current contract with Crowe, the existing internal auditing company, will be used for the Year 9 Audit Plan. Frank Paredes asked if the external auditors rely on the work of the internal auditors. Mrs. Rodriguez explained that it is a separate contract that does the year-end audit of the financials. Finance Director Diana Gomez added that unless the external auditors had a finding was egregious, Crowe

would not customarily rely on it for purposes of their own testing or control. Mr. Paredes inquired about who the testing was performed by. Mrs. Gomez explained that while they may look at each other's findings, the external and internal auditors work independently of each other.

In addition to the Year 9 audit plan, Budget is finishing year eight of the internal audit plan. Joseph Palmar asked if a risk assessment was done last year, then an audit for the current year should be conducted as well. Mrs. Rodriguez replied that they did a risk assessment several years ago around 2017 or 2019. It was when the current contract was renewed. Based on that risk assessment, audit plans are developed each year. Due to COVID, a couple of the audit areas were pushed to later years and an audit of Development Services has been pushed back a couple years to allow time for the implementation of a new system, Energov, and their move into a new building. This audit will be incorporated into the audit plan after the risk assessment and should be updated or revisited every couple of years.

Mrs. Rodriguez stated that once they go out to bid the company assigned for internal auditing will be performing the risk assessment. Mrs. Rodriguez predicts that it will take place in approximately 6 months. Crowe is finishing some of the year eight audits. The last audit that was presented to the Board was the Police Communications section overtime audit. The audit of the tree trimming contract has not been finalized. Mrs. Rodriguez will review the audit with the City Manager and hopes to present it at the February meeting. The audit was initiated because there were some concerns with the billing. The yearly IT penetration audit has been completed. However, those do not come to this Board because the nature of the audit is confidential. Crowe also performs a yearly audit of the Police evidence room as a part of Police receiving their CALEA certification. There were no issues with the evidence room.

For year eight, three audits that were planned have not begun. One of them is the Parking cash collection. Although they have very little cash collection now, the audit will look at the process and policies. They will review any contracts for vendors who perform collections. The audit will be starting in a couple of weeks. In addition, Crowe will perform an audit of one Park's employee whose salary structure includes a percentage of sales, paid as a commission. They will ensure that the sales line up with the commission that that employee has been paid. The third audit is regarding the issue of permits for roll-off companies to place roll-off containers in single family homes or in commercial areas. Crowe will ensure that the roll-off companies are properly reporting their revenue and paying the city the proper percentage.

The year nine plan currently consists of the annual IT penetration testing, INFOR system controls, the annual Police and property evidence audit, and 250 hours have been set aside for any audits or additional work needed. Once the new contract goes into effect, the risk assessment will be performed and will potentially begin with Development Services, which Mrs. Rodriguez believes will come out as high risk once again. High risk typically appears with anything that collects cash, has a lot of transactions, has open systems, or is very manual.

Mr. Paredes asked if it made sense to go out to bid if Crowe was actively working on an audit that they had already begun, and it could be just a year. Mrs. Rodriguez explained, and the agreement was up for renewal and as is customary, we would need to go out to bid. Mrs. Gomez stated that the Charter Review Committee met and discussed the possibility of an Inspector General, and the City Manager met with them as well. Mrs. Rodriguez explained that an Inspector General may not be a part of the internal auditors, and both could end up serving as two separate functions. There are few local governments that have Inspector Generals, it is typically a county type of position because it covers a broader area. In Miami Beach, the Inspector General took over the internal audit function. An Inspector General potentially does investigations larger than just an internal audit. An internal audit typically looks at city controls. An Inspector General may be tasked with looking at broader potential corruption or fraud within the city that an internal audit would uncover but would be investigated separately. Mrs. Rodriguez' perspective is that until a decision is made, that business continues as usual. Regardless, if Crowe's contract is renewed, this does not dictate the number of hours they are given to perform an audit. Mrs. Gomez added that if there were reasons for not going out to bid, that they would have to go to the Commission and ask for a bid waiver or an extension. It depends on how the next couple of months play out, but the intention is to do an RFP and to go out for RFP.

Mr. Palmar inquired about the last time an audit was done on Accounts Payable. Mrs. Rodriguez replied that Accounts Payable is not high risk. Accounts Payable is not on the list so they have not done Accounts Payable since 2017, when the last risk assessment was done. Mr. Palmar believes that Accounts Payable is a large risk due to it being full of money. Mr. Palmar suggested that if you did a disbursement analysis and looked at where your disbursements are, it might show a vendor that is receiving funds that were not necessarily anticipated, for whatever reason. Low dollar recurring type items that just cut right underneath the approval threshold. The other thing with Payables is that you can have false records. You can have either shell companies set up for bid rigging purposes where one set of owners will

set up multiple entities for bidding purposes and no one will identify that or check it if you are not credentialing your vendor. If you are not credentialing your vendors for onboarding and doing relationship discovery, there could be a lot of that going on. In his experience, Mr. Palmar has seen vendors with missing FEINs, duplicate FEINs, the same FEIN with different vendors, same vendor name, different addresses, addresses that matched employees, and rounded amounts. It is a recurring theme that they routinely see in Payables, in his experience. It is a rounding difference in financial statements that might be overlooked due to it not resulting in an anomaly that you are looking for. Mr. Palmar personally thinks that if the city has Crowe or any other internal auditor mentioning that disbursements do not have the potential for that, he would find it surprising. If the city were to run a disbursement, by exporting its vendors and looking for missing duplicate or rounded totals, they would be able to see if someone is not getting a W9 or if someone is missing information. Mrs. Rodriguez explained that an audit was done in Procurement in 2018. They looked at Procurement disbursements and Procurement P-Cards and gas cards. There was one finding and it was very minor. Mrs. Rodriguez suggested that the city can include Accounts Payable in their next audit plan.

Mrs. Gomez informed Mr. Palmar that the system does not allow two vendors with the same EIN number. When the city made the switch to Infor every single vendor had to re-register and provide a W-9. Those were reviewed by Procurement staff because Procurement controls the vendors and Accounts Payable controls the payments. Procurement reviewed each vendor. Vendors start off as suppliers and if they need to be a vendor, Procurement converts them into a vendor. It was a thorough process going over each vendor. The W-9's were reviewed for accuracy. In terms of the payments, all invoices must be entered by the individual departments and must be reviewed and approved by the by the department Director following an appropriate approval queue. No vendor is on auto payment. If an invoice is over a certain amount, it must be reviewed by Budget. If it pertains to a grant or a project, up to a certain amount, it must be reviewed by the City Manager's office. There will always be potential for risk, but both Mrs. Rodriguez and Mrs. Gomez added that many times, an audit will confirm what has already been identified and corrected. The city's operations are small enough to identify such risks and errors. Mrs. Gomez also explained that the external auditors get a listing of all the Payables and look for repeat payments. Mrs. Rodriguez pulled up the last risk assessment and they have Procurement disbursements identified as a moderate risk. The comment was that that it scored as moderate "due to the level of impact on other city departments and the importance of internal controls over reviewing." Basically, the importance that they put on internal controls, awarding and monitoring contracts, and the related disbursement

process. What scored as high risk in the last risk assessment was IT, Payroll and Human Resources; Parking also scored high because of the number of transactions from the city; Parks and Recreation scored high because of the decentralized activities; Public Works also scored high.

John Holian asked about the number of categories there were. Mrs. Rodriguez responded that the categories consist of high, moderate, and low. Mr. Holian also asked how many scored as high risk. Mrs. Rodriguez answered that there are six out of eighteen. Mrs. Gomez informed Mr. Holian that the older audit plan was discussed, as well as the new plan for the upcoming year. Both Mrs. Gomez and Mrs. Rodriguez are trying to get an idea of potential updates to the risk assessment that the board may consider beneficial in the future.

Mr. Palmar asked if he is welcome to bring some thoughts about what he has seen as routine problematic areas in Accounts Payable. Mrs. Rodriguez stated that all invoices and transactions are closely tracked, and that Mr. Palmar can bring any suggestions or questions that he may have.

Distribution of Coral Gables Centennial Pins

Mrs. Gomez informed the board that this year is the city's 100-year centennial and to be on the lookout for different upcoming events. She handed out the 100-year centennial commemorative pin to everyone as a token of appreciation.

General Discussion

Mrs. Rodriguez advised that they would bring the Budget schedule in February. She is finalizing the dates, and the plan is to kick off the budget process at the end of February. Mrs. Gomez informed the board that the quarterly report will be issued before the 31st of January, consisting of the first quarter of the new fiscal year, through December 31st, 2024. The financial statement audit is underway, and the auditors should complete the financial statement audit that is due at the end of March, with no expected delays.

Ms. Gomez introduced Kimberly Groome who is the new Finance Administrative Specialist. She has been a long-term city employee for 30 years and she worked with the city's pension board as the Retirement Administrator. The Retirement Board has outsourced that function, and she is going to stay with the city for a few more years, assisting Mrs. Ferreiro in future meetings.

PUBLIC COMMENT

There were no public comments

SCHEDULING

The next meeting is scheduled for Wednesday, February 19, 2025-8:00 AM.

ADJOURNMENT

The meeting adjourned at 8:37 AM.

NOTE

Any person who acts as a lobbyist pursuant to the City of Coral Gables Ordinance No. 2006-11, must register with the City Clerk, prior to engaging in lobbying activities before city staff, boards, committees and/or the City Commission. A copy of the Ordinance is available in the Office of the City Clerk, City Hall.

Any person, or persons, wishing to appeal any decision made by the City Commission with respect to any matter considered at this meeting or hearing, will require a verbatim record of the proceeding upon which the appeal is based. Interested persons should, therefore, take the necessary steps to ensure that a verbatim record of the proceedings is made which contains the testimony and evidence upon which the appeal is based.

Any person making impertinent or slanderous remarks or who become boisterous while addressing the Commission, shall be barred from further audience before the Commission by the Chair, unless permission to continue or again address the Commission is granted by the majority vote of the Commission Members present. Clapping, applauding, heckling or verbal outbursts or any remarks in support or opposition to a speaker shall be prohibited. Signs or placards shall not be permitted in Commission Chambers.

Any person with a disability requiring communication assistance (such as a sign language interpreter or other auxiliary aide or service) in order to attend or participate in the meeting should contact the City's ADA Coordinator Raquel Elejabarrieta, Esq., Director of Labor Relations and Risk Management (E-mail : relejabarrieta@coralgables.com, Telephone: 305-722-8686, TTY/TDD: 305-442-1600), at least three (3) business days before the meeting.

