

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

**Wednesday, November 29<sup>th</sup>, 2023, 8:00 a.m.**

**Location: City Hall Conference Room**

**405 Biltmore Way, 1<sup>st</sup> Floor, Coral Gables, FL 33134**

**Public via Zoom: Meeting ID: 842 4397 5634**

**MEETING MINUTES**

<b>MEMBERS</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>	<b>A</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>APPOINTED BY:</b>
	23	23	23	23	24	24	24	24	24	24	24	24	
John Holian	A	P	P	-									Mayor Vince Lago
Frank Paredes	P	P	P	-									Vice Mayor Rhonda Anderson
Debra Register	P	PVC	P	-									Commissioner Melissa Castro
Joseph Palmar	P	P	P	-									Commissioner Ariel Fernandez
Carmen Sabater	A	A	P	-									Commissioner Kirk Menendez

(Dash indicates no meeting; blank space indicates member not yet serving.)

^ New Member

#- Special meeting

\*\* - Resigned Member

PVC – Present Via Video Call

P – Present

A – Absent

E - Excused

**City Staff:**

**Diana Gomez**, Finance Director

**Paula Rodriguez**, Assistant Finance Director for Management, Budget & Compliance

**Call to Order:**

The meeting was called to order at 8:02 AM by Frank Paredes. The roll was taken, and an in-person quorum was established. The meeting was also available on Zoom for public access.

**Meeting Minutes**

A motion was made by John Holian seconded by Joseph Palmar to approve the October 25, 2023 meeting minutes.

• **New Business**

- Discussion regarding Internal Audit Plan

Chairperson Frank Paredes asked if we had put out a Request for Proposal (RFP) for an auditing services provider. Assistant Finance Director for Budget, Paula Rodriguez explained that we are in the last year of our contract with Crowe LLP and that at the beginning of 2024, we would put out an RFP for auditing services, possibly utilizing Crowe’s services for only some of the audit plan, should the RFP be awarded to a new auditing company.

Year 8 of the audit plan, we are waiting for a final proposal from Crowe to add an estimate of hours for Cybersecurity Assessment and Testing audit. The Audit Plan for FY 2024 includes an audit the City’s tree trimming contract with the vendor Superior Services. The audit will review the billing, work tickets, and policies set in place.

Crowe has increased their fee this year to \$200 per hr. plus, a 5% business charge and expenses which will be billed separately. Mrs. Rodriguez explained that the rate is reasonable in comparison to most consultants.

Also included in the audit plan is an audit of the Golf & Tennis commission. Some City employees who work at the Pro Shops receive a commission on their sales. While there is already an internal process set up through the department, the audit will validate that the amounts of the sales match the commission payments. Mr. John Holian asked if the employees in the Golf Course consisted of volunteers because he had a bad experience during his last visit. Mr. Rodriguez stated

that the employees are not volunteers and mentioned that she had not heard any negative comments regarding scheduling at the Golf Course, but that she would mention his experience to Mr. Fred Couceyro, Director of Community Recreation Department.

Another audit included in the plan is the Franchise Fees for Roll Off companies. The City of Coral Gables collects franchise fees from solid waste companies, specifically the companies that are permitted to use roll off containers for construction debris. The audit will review that the City is receiving the franchise fees for business conducted in the City, since they are a self-reporting entity.

Mr. Joseph Palmar asked why Police is being audited again this year, if it was done last year? Mrs. Rodriguez explained that the police & property evidence is audited annually. The results of these audits are not published or reviewed by the Board as they are sensitive in nature, similar to information technology audits. The Police department follows CALEA (Commission on Accreditation For Law Enforcement Agencies) standards which is an international certification process that requires organizations to benchmark and report on a specific list of standards.

An audit of parking meter collections is also included in the plan. This audit is a follow-up to the Cash Management audit previously performed and was included as there was a recent incident with an employee. We felt that it would be beneficial to revisit the cash that is collected from the meters, although the amount is minimal since most of the streams of revenue are from Pay By Phone.

The Innovation and Technology department requested a Cybersecurity Assessment and Testing, as it's a requirement that they have.

Mr. Paredes inquired if the Commission has any input on the Internal Audit Plan and Mrs. Rodriguez explained that it is mainly addressed by Management, with consideration of any items that may have been suggested by the Commission. In developing the audit plan, we also look at certain criteria. An example of the criteria considered is included in the Risk Assessment performed by Crowe in 2017. Crowe also made recommendations of areas to audit and rated the risk level of certain City processes. An updated risk assessment will be performed with the new contract following the upcoming RFP. Mr. Paredes suggested that we hold off on discussions regarding risk assessments until we obtain a new auditing firm. Mrs. Rodriguez also explained that if an area was audited and significant findings were identified, that can serve as a marker to go back and make sure it hasn't fallen back off track. Mrs. Rodriguez' role in preparing the budget allows for inter-departmental communications and familiarity with citywide contracts and processes, as well as to identify areas of opportunity. Finance Director Mrs. Diana Gomez emphasized that in terms of the Internal Audit Plan, Mrs. Rodriguez reports directly to the City Manager and she does not get involved. This separation allows Mrs. Rodriguez the freedom to assist in the auditing of the Finance Department and report any findings directly to the City Manager. Mr. Palmar suggested that the chosen audit firm should not only look at policies and procedures, but inherently look for fraud and should be completed on an annual basis as opposed to every 5 years.

Mr. Paredes inquired about the Standard Operating Procedures (SOP's) which is something the City has been working on undertaking for some time, but we are currently working on finalizing other projects we are involved in at the moment and will come back to the SOP's upon completion of these items. Mrs. Gomez stated that departments do have SOP and procedures in place, the project was to create a set of formal SOPs with consistent formatting. The project began prior to the COVID pandemic and the implementation of the new ERP system and other technological changes in the City. The project has been paused to allow departments to get through the implementation of these projects. Mrs. Rodriguez emphasized that, if the recommendation(s) of the audit has been corrected and implemented, departments are not being penalized for not having a formal set of SOP's due to the pause we have put on the SOP project.

Mrs. Rodriguez briefly went over the Police and Communications overtime audit. While there

are vacancies and it's a 24-hour operation, the purpose of the audit was to to identify the underlying reasons for the overtime hours in the division. The audit has been provided to the Police Chief and is pending his response. Once the department's response has been reviewed the audit will be presented to the Board. Mrs. Rodriguez mentioned the levels of competency a trainee in Communications Operations goes through. Mr. Holian asked if the auditors can inform us if our staffing procedures are up to par. Mrs. Rodriguez explained that the City considered whether including a staffing review in this report was appropriate and decided to allow the department to make some changes and reevaluate the results. If a staffing analysis is pursued, we may consider using a consultant who has knowledge in the specific area. Mr. Holian rephrased his question by asking if the problems that our City is facing are systemic across other Cities. Mrs. Rodriguez explained that the hiring and retention in communications departments has been a difficulty across other Cities. Mr. Palmar believes the audit cost must be an error in hours because he does not believe that the rate would be \$400+ per hr. Mrs. Rodriguez said she would review the cost reflected in the report for this audit and report back with more information on the breakdown.

Mr. Palmar suggested that we use furniture, fixtures, and equipment (FF&E) to track items losing value through depreciation and to track the status of the asset. Mrs. Gomez explained that at the Government level financial statement, there is no depreciation; it's only on Government-wide financial statements. Mrs. Gomez mentioned that an assessment was made not very long ago for Government property but poses the question about the value of implementing such suggestion. Mr. Palmar mentioned that they have the same value as the other items identified by Crowe. Mrs. Gomez explained that the other areas are revenue generating. Mr. Palmar also asked who is responsible for reconciling disbursement to vendors. Mrs. Gomez explained that the financial auditors go over that as part of their process.

Mr. Palmar inquired about how it was evaluated to audit the Police overtime and Mrs. Rodriguez explained that it stemmed from an internal concern about an excess amount of overtime in the Communication division.

Mr. Palmar inquired about the high-risk items. Mr. Palmar suggested adding the high-risk items to the proposal that Crowe is preparing for this fiscal year, and Mrs. Rodriguez explained that a lot of those items had been audited again after that initial audit. Mr. Palmar also suggested an audit of Police cost of the Police audit. Mrs. Rodriguez stated that she would also review these costs. Since this is the last year of the contract with this auditor, we do not want to embark on anything too complex until our next renewal. Mrs. Register inquired about a few items labeled as "under City Manager Review" for an extended period. Mrs. Rodriguez explained that the only audit that is in this status is the staffing analysis for the Development Services department. This audit began prior to the department's move to the renovated building and prior to implementing a new permitting system. The staffing analysis was paused to provide the department with adequate time to see the results of the new system. In addition, we will also consider using a consultant with knowledge in this area and staffing analysis. We are in the process of finalizing the agreement with Crowe and will likely start the audit plan in January.

- **Scheduling**

The next meeting is scheduled for January 24<sup>th</sup>, 2023-8:00 AM.

**No Public Comments were made.**

**Adjournment:**

Meeting Adjourned at 8:48 AM.