

CITY OF CORAL GABLES
BUDGET/AUDIT ADVISORY BOARD
Minutes of August 20, 2009, 8:00 a.m.
Office of the City Manager
405 Biltmore Way, Coral Gables, Florida

Budget Audit Advisory Board Meeting Minutes

| MEMBERS: | S | O | N | D | J | F# | F | M | A | M | J | J | A | APPOINTED BY: |
|------------------|----------|----------|----------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|-----------------------------------|
| Luis Hernandez ^ | - | - | | | | | | | - | - | - | P | P | Mayor Donald D. Slesnick, II |
| Roland Sanchez | P | - | - | P | P | A | P | P | - | P | - | P | P | Vice Mayor William H. Kerdyk, Jr. |
| John Holian ^ | - | - | | | | | | | - | - | - | P | P | Comm. Rafael "Ralph" Cabrera, Jr. |
| John Lindsey | E | - | - | P | 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)

Staff:

Patrick G. Salerno, City Manager
Don Nelson, Finance Director
Lori St. John, Chief Compliance Officer, Internal Audit Department
Carolina McElroy, Internal Auditor

^ = New Member
= Special Meeting

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

PROCEEDINGS:

The meeting was called to order by Chair Lindsey at 8:07 a.m.

APPROVAL OF JULY 30, 2009 MEETING MINUTES:

A discussion was held regarding reference during the July meeting to Public Works and Police overtime.

Ms. Fernandez made a motion to approve the minutes of the July 30, 2009 meeting. Mr. Hernandez seconded the motion, which passed unanimously.

RESPONSE FROM FINANCE DIRECTOR ON FINANCE DEPT. NON-AUDIT REPORT:

Mr. Lindsey stated that he didn't think Board members questioned Mr. Nelson's ability to implement some of the recommendations contained in Ms. St. John's review of the Finance Department, and communicated Board concerns about follow through in a number of areas at present and in the future.

Referring to a written response to the functional review of Finance operations, Mr. Nelson summarized the makeup of the department's divisions, staff and responsibilities. Acknowledging his responsibility for implementing recommendations, he detailed changes made thus far, including inter-departmental job responsibility transfers and cross training, and described in-progress, longer-term initiatives. Board members and Mr. Nelson engaged in an exchange of concerns and actions taken, with Board concerns expressed as: 1) lack of training, departmental management and follow through; 2) staff participation in, and accountability for, training; 3) steps taken to ensure continuous, mandatory training; 4) online training tools; 5) bookkeeping functions not completed timely.

Mr. Nelson said he, the Assistant Finance Director and new Chief Collector combined efforts to implement, oversee and monitor recommendations resulting from the review. He described steps taken, management responsibilities, timetables, his confidence in staff, and assured the Board that each member of the department was aware of the scrutiny. He also discussed the EDEN system and the effects of installation of new modules and enhancements.

Mr. Nelson reviewed staff accountant training, budget-restricted decisions to formally train one or two staff members who then train others. He said training was mandatory. Regarding online training, Mr. Nelson described EDEN's

ongoing system support, particularly with updates and changes. He concluded that the new Chief Collector had already implemented changes in accountability and timeliness issues with the bookkeeping staff.

Board recommendations:

- Produce a step-by-step training program with specific training dates and a follow-up plan.
- Assign training responsibility to one staff member accountable for ensuring active and complete staff participation in all training opportunities. Include ramifications for non-attendance.
- The City should financially support participation by relevant staff in annual conferences.
- The Finance Director should provide a computer and accounting training schedule, as well as a report on the collection of business license taxes, new laws and requirements.
- The status of all issues regarding the Finance Department will be readdressed by the Board in January 2010.

Ms. St. John advised that some training could occur on site as the IT Department has basic knowledge of the EDEN system, and recommended that IT serve as an internal resource. She added that clear communication about accountability and expectations was key to restoring a healthy work culture.

EMT TRANSPORT FEE DISCUSSION:

At the request of Mr. Lindsey, Mr. Salerno explained the financial impact if the Commission were to establish an EMS transport fee for residents, currently only charged to non-residents. The issue, which appears on the August 25 Commission agenda, could generate approximately \$500,000 to the general operating fund. The substantial portion of a resident EMT transport fee would be borne by Medicare or private insurance coverage, held by the major portion of City residents. If not approved, Mr. Salerno continued, additional budget adjustments would need to be made. He suggested the Board consider formalizing its July meeting discussion about the positive impact of such a fee by passing a motion urging approval by the Commission.

Discussion addressed all sides of the issue, including uninsured City residents. Mr. Nelson explained that the proposed fee is the same rate Medicare covers. Mr. Hernandez said it would be helpful to have statistics about the number of City residents privately or Medicare-insured who had been transported to hospitals.

Mr. Salerno advised that the County provided EMT transport service in 30 municipalities, all of which are charged for the service. The proposed City fee would match that of Miami-Dade County. There are five other cities not serviced by the County, Coral Gables among them. Of the five not serviced by the County, Coral Gables is the only one that does not charge a fee to residents for EMT transport.

Mr. Nelson advised that the proposal was presented twice in the past to the Commission, whose key objections were 1) residents' perception that they already pay for the service; 2) people are reluctant to call Fire Rescue because of cost concerns.

Mr. Sanchez made a motion urging the Mayor and City Commission to implement the EMS transport fee within the City to residents. Mr. Holian seconded the motion.

The motion passed with four aye votes and one abstention (for insufficient information).

Mr. Holian recommended that supportive data (i.e., number of resident/non-resident calls for service, projected revenue, percentage of people not covered for service by insurance or Medicare) be presented when the EMT transport fee proposal is presented to the Commission. Mr. Hernandez recommended that information be available about consequences of not approving the EMT transport fee (i.e., additional City employee job loss, the loss of City services, an increase in the millage rate, etc.). He pointed out that this option had a subsidy component.

Mr. Sanchez requested September meeting discussion about the origin of a \$3.5 million decrease in revenue over last year.

Mr. Lindsey left the meeting, which was then led by Mr. Sanchez.

POLICE PROPERTY AND EVIDENCE AUDIT:

Ms. McElroy stated the purpose of the audit was to review the internal control system to ascertain safeguarding and accuracy of police records related to property and evidence, including computer-generated data. The audit, performed annually, pertained to items stored in the Property and Evidence Room during FY2008/2009.

After stating that the Property Room was organized, and the team had implemented controls to maintain organization, Ms. McElroy reviewed procedures and background of the audit.

Findings and Recommendations:

- Approximately 2,862 items remain in the QUETEL report. The items need to be removed from the system, a time-consuming work in progress. Staff will continue to purge items no longer in the Property Room.
- Annual training for officers on the proper disposition of property and evidence has not been conducted. Clerical staff often initiate disposition and act as a measure of oversight. All officers must be knowledgeable and accountable for their responsibility in the decision to dispose of evidence. While a personnel shortage was cited as the difficulty in providing additional training, the Chief should consider annual training sessions, specifically regarding Florida Statute 925.11(4). The process should be integrated in the 2009 field training schedule and thereafter.
- The Property Room team deals with highly-sensitive items. It was recommended during the November 2008 audit that a confidentiality agreement be executed with Property Room staff. As of the date of this report (August 7, 2009), neither a departmental policy nor a confidentiality agreement had been implemented. As recommended in the November 2008 report, the Police Department should consider adopting a departmental policy, or consult with Human Resources to follow a Citywide rule, ensuring confidentiality of departmental information by employees.
- Since November 2008, only one property clerk works in the Property Room, and a new employee is being trained as a full-time Property Room clerk. Dispositions are behind since January 2009. The Police Department should consider transferring the new trainee as a permanent, full-time Property Room clerk to ensure continuity of work performed and to maintain dispositions in a timely manner.

OVERTIME FOR THIRD QUARTER:

Ms. McElroy reported third quarter comparisons for FY 2007/2008 and FY 2008/2009. A favorable decrease (\$32,000) occurred in overtime in the City Manager's office, Building and Zoning, Finance, Automotive, Fire, Parks and Recreation. Overtime increases occurred in Human Resources, Public Works, Public Service and Police. Public Works overtime increases were reviewed and attributed by Mr. Delgado to emergency storm water, force main and sanitary sewer repairs. Mr. Nelson explained the sanitary sewer fund system, stating that personnel assigned to work on emergency sewer overflows and force main systems often necessitated overtime. The overtime is charged to the sanitary sewer fund, generated from sanitary sewer fees, and didn't affect the general fund. The sanitary sewer fund is isolated and monitored, but emergencies warrant immediate response. The fund generates a net profit at the end of the year that provides for capital improvements to reline sanitary sewer lines.

Mr. Holian suggested extending comparison reports over more than two years to view long-term trends. Ms. St. John also suggested comparing the figures to the budget.

STATUS OF RECOMMENDATIONS UPDATE:

Referencing the distributed self-explanatory status report, Ms. McElroy advised that it was produced twice a year. She said most directors provided responses prior to generating the current report.

MISCELLANEOUS:

Mr. Sanchez asked that all members of the Board receive a full report on the status of the budget at the next meeting.

Board meeting dates and start times were briefly discussed. Board members will e-mail Chair Lindsey about preferred meeting dates and times, and the topic will be discussed at the next meeting.

Ms. Fernandez requested a copy of the 2008 audited financial statements for the next meeting.

Next Meeting: September 17, 2009, 8:00 a.m., Office of the City Manager

The meeting adjourned at 10:10 a.m.

Respectfully submitted,

Patrick G. Salerno
City Manager, Secretary to the Board