

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

Minutes of May 8, 2008  
Office of the City Manager  
405 Biltmore Way, Coral Gables, Florida

MEMBERS:	J	J*	J	J*	A	S	O	N	D	J	F	M	A	M	APPOINTED BY:
Jorge Villacampa	P	P	P	P	E	P	P	P	P	A	E	-	-	P	Mayor Donald D. Slesnick, II
Roland Sanchez	A	P	P	P	P	P	P	P	P	P	P	-	-	P	Vice Mayor William H. Kerdyk, Jr.
Alfredo Balsara	P	E	E	P	E	E	P	P	A	P	A	-	-	E	Comm. Rafael "Ralph" Cabrera, Jr.
John Lindsey	P	P	P	E	P	P	A	P	P	P	P	-	-	E**	Comm. Wayne "Chip" Withers
Ofelia Fernandez	P	A	P	P	P	P	P	P	A	P	P	-	-	P	Comm. Maria Anderson

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

**Staff:**

David L. Brown, City Manager  
Lourdes Alfonsin-Ruiz, Assistant City Attorney  
Lori St. John, Chief Compliance Officer, Internal Audit Department  
Danny Benedit, Procurement Supervisor  
Vickie Siegel, Senior Internal Auditor  
Carolina McElroy, Internal Auditor

\* = Special Meeting

^ = New Member

\*\* = Present via Telephone

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

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**PROCEEDINGS:**

The meeting was called to order at 8:17 a.m. by Mr. Villacampa.

**MEETING ATTENDANCE:**

**Mr. Sanchez made a motion to excuse the absence of Mr. Lindsey and Mr. Balsara. Ms. Fernandez seconded the motion, which passed unanimously.**

**APPROVAL OF FEBRUARY 14, 2008 MEETING MINUTES:**

**Mr. Sanchez made a motion to approve the February 14, 2008 meeting minutes as written. Ms. Fernandez seconded the motion, which passed unanimously.**

**MR. VILLACAMPA'S CHAIRMANSHIP STATUS:**

Referencing Board service eight-year term limits, Mr. Brown stated that Mr. Villacampa was nearing his eighth year of service and, as an excellent group leader, wanted to give other Board members an opportunity to assume the leadership role while he remains on the board. Mr. Villacampa asked Board members to consider the proposal for discussion or action at the next meeting, stating that it might be important for the new chair to experience the budget exercise while he was present to help. After discussion, Ms. Fernandez agreed that this generous act would make the transition smooth, but requested that the Board wait to address the issue until the next meeting when all five members were present. Board members will give their recommendations to Mr. Brown.

**P-CARD USAGE:**

After distributing an April 14, 2008 memorandum regarding the Purchasing Card Policy, Mr. Brown described the P-Card scrutiny that occurred, and subsequent reviews he and Mr. Benedit initiated. For the record, he stated that the system worked well, commenting that one employee made a mistake that was corrected. He said that Mr. Benedit would complete and forward a review to him, and he would, thereafter, ensure that a P-Card Usage report would be a standard part of Board agendas.

Mr. Benedit reiterated that the P-card system worked well, explaining that previous purchases were lengthy and cumbersome. The P-Card replaces at least 150 open purchase orders and provides a transparent record that matches an account code within 30 days.

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Mr. Brown confirmed that clear, defined system policies are in place. Each person issued a P-Card signs a policy statement and each department maintains records. The policies will be included in next month's agenda.

**Mr. Sanchez made a motion to approve adding a standard Board review of purchases to each monthly agenda. Ms. Fernandez seconded the motion, which passed.**

**PROCUREMENT CODE REVIEW:**

Ms. Alfonsin-Ruiz explained that the City's Procurement Code was reviewed, line by line, for revisions regarding issues including definitions, ethics and compliance to make the Code more strict, efficient and clear. Ms. Alfonsin-Ruiz acknowledged the Board's previous valuable input regarding the lease/sale of City properties, and said her purpose at this meeting was to review proposed revisions to the Code and to gain the Board's feedback on the issues.

A draft of the revised Ordinance was distributed, clearly marked with all proposed revisions, which Ms. Alfonsin-Ruiz pointed out. Thereafter, she conducted a thorough review of the entire document and each proposed change, receiving Board comments and suggestions during the process.

Group comments/recommendations:

1. Regarding Sec. 2-833, Contract Administration: How would the Board monitor contract administration?  
Response: The contract manager for each department and each contract will issue reports to the City Manager.
2. Each contract manager will need to be audited. Eliminate loss of follow through in contract oversight, particularly contracts that are highly technical. Existing systems and documentation requirements as well as efforts to centralize the system were discussed.
3. A system is needed to review contracts based on the nature of the contract, i.e., an IT contract review performed by a person proficient in IT.
4. There should be an audit trails established for contracts of a certain size.
5. Ms. St. John will provide a new audit plan that addresses the liabilities to the City's operations.
6. If the Commission wants to know about contract breaches, 30 days may be too long a breach period for notification. Response: Materials need to be gathered, and the department head and contract manager need to be prepared to make a full report to the Commission for contracts the Commission has approved. For contracts the Commission does not approve, the contract manager and department head make a presentation to the City Manager and Procurement.
7. Regarding Sec. 2-833 (e): Is 60 days sufficient time between Commission approval of a contract and contract execution? Mr. Benedit and Mr. Brown suggested increasing the intervening time to from 90 to 120 days. The Board and staff agreed to change this provision to 120 days. Discussion occurred about the possibility of a changed/new Commission (through election) within the intervening time period from contract approval to execution.
8. Sec. 2-845 (c) - Contract Audit: Contract values need to be clearly specified, as do those responsible for the audit. The reference to having an audit conducted a minimum of 90 days prior to the renewal period of a contract needs to specify who is conducting the audit. It was agreed that the same dollar values could be applied as in Sec. 2-833. A short term contract is defined as less than three years.

At the conclusion of the discussion, Ms. Alfonsin-Ruiz said she would incorporate the Board's recommendations in the Ordinance draft.

**Mr. Sanchez made a motion to approve the Ordinance as revised and amended by Board recommendations. Ms. Fernandez seconded the motion, which passed.**

**STORMWATER UTILITY BILLINGS/UNIVERSITY OF MIAMI AUDIT:**

A written audit report was distributed, and Ms. Siegel stated the purpose of the ongoing audit was to determine if the City was receiving all stormwater utility revenue due from the University of Miami.

The audit determined that University Village was not being billed for stormwater, the complexities of which were re-explained by Ms. Siegel. From 2003 forward, the City did not have any new buildings on the University property that

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were being billed for stormwater, and there was concern about additional buildings built between 1997 and 2003. Actions taken and documentation examined for that period was detailed by Ms. Siegel.

Findings:

1. School of Business Administration: 18.6 Equivalent Residential Units (ERUs) for the School of Business Administration were not included in facility billing. Public Works submitted an ERU change request on March 4, 2008 adding the aforementioned ERUs, which equates to \$1,004.40 annually. Once the Stormwater Utility Section of the City Code has been amended, as recommended by the audit dated December 5, 2007, Public Works will back-bill the University for \$4,017.60.
2. New Music Library and Technology Center: Upon review of the Building and Zoning Department's permit logs and MDWASD's water accounts, it was found that the New Music Library and Technology Center, which received its CO on June 3, 2005, was not being billed for stormwater utility fees. Public Works submitted the ERU change request on March 4, 2008 adding 8 ERUs to this account, which equates to \$432.00 annually. Once the Stormwater Utility Section of the City Code has been amended, as recommended by the December 5, 2007 audit, Public Works will back-bill the University for \$1,152.00.
3. Doctor's Hospital: Under the same circumstances as above noted, 17.5 additional ERUs will henceforth be billed, which equates to \$945.00 annually. Once the Stormwater Utility Section of the City Code has been amended, as recommended by the December 5, 2007 audit, Public Works will back-bill Baptist Health Systems for \$3,780.00.

Conclusion:

The Public Works Department addressed the audit findings. As a result of this audit, the City will realize an additional \$2,381.40 in stormwater revenues annually. Once the Stormwater Utility Section of the City Code is amended, the Public Works Department will issue back-billings in the amount of \$8,949.60.

Mr. Brown confirmed that findings uncovered by the audit had all been corrected, and confirmed with the Board that it was not then necessary to schedule corrective meetings. Ms. Siegel confirmed.

**Mr. Sanchez made a motion to approve the audit as presented. Ms. Fernandez seconded the motion, which passed.**

**REIMBURSEMENT FROM MIAMI-DADE WATER & SEWER:**

Ms. Siegel reviewed the audit presented to the Board in January 2008 that found that MDWASD was not billing the City correctly. After reconciling statements, overbilling by WASD was occurring. Ms. Siegel met with WASD and agreed that money was owed to the City. In April 2008, a check was received from County for \$126,401.58 as reimbursement for their overbilling error over a five-year period.

**HEAVY AUTOMOTIVE EQUIPMENT PURCHASES AUDIT:**

Ms. McElroy stated the objective of the audit was to determine if heavy automotive equipment (i.e., garbage trucks, ambulances and fire trucks) was purchased in compliance with the City's Procurement Code and if they were timely and appropriately recorded. The audit pertained to such equipment above \$50,000 purchased between January 2006 and December 2007. The background and scope of the audit was comprehensively described. All findings, she reported, had to do with vehicles not being transferred to the correct accounts on a timely basis.

Findings:

1. Seven trash dump trucks, four rear steer trash crane loaders, four rear loading garbage trucks and one mechanical broom sweeper were not recorded as fixed assets, but in an account for leased equipment.
2. Four trolley buses were not recorded as fixed assets; payments were recorded in various expenditures accounts.
3. A 2006 Ford Expedition purchased by the Police Department was not recorded as a fixed asset, but in an expenditure account (Court Cost and Investigation Expense).

Recommendations:

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1. The Finance Department should record all named vehicles as fixed assets in account 520-166-010 Motor Equipment Additions to Fleet to properly reflect the Automotive Equipment balance and depreciation expense.
2. The Finance Department should request the Automotive Department to provide an updated Equipment List report each fiscal year, and should then reconcile automotive equipment capitalized to the Equipment List report to ensure that all equipment acquired during the fiscal year are timely and properly recorded as Fixed Assets.
3. The Finance Department should consider using account number 520-4700-590-4450 Lease Equipment to record and post only payments for leased equipment.

Heavy automotive equipment was purchased in compliance with the City's Procurement Code. Implementation of the recommendations will ensure timely and appropriate posting and improve the presentation and classification of fixed assets. As of this date, Ms. McElroy stated, the three recommendations had not yet been implemented by the Finance Department. Mr. Brown stated that a meeting would be scheduled and corrective action would immediately occur.

During lengthy Board discussion, how these discrepancies were overlooked by the external auditors was explored, as were contract reviews and procedural issues. Mr. Brown will meet with the external auditors and the Finance Department and provide a full report at the next meeting.

**Mr. Sanchez made a motion to accept the audit as presented, and to receive clarification of all issues at the next Board meeting. Ms. Fernandez seconded the motion, which passed.**

**STATUS OF AUDIT RECOMMENDATIONS:**

Ms. McElroy presented a report which showed responses by all affected departments except Public Works regarding U.M./University Village sanitary sewer audit recommendations. Mr. Brown said a reply would be immediately forthcoming from the Public Works Department.

**STATUS OF CORAL GABLES COUNTRY CLUB:**

At Board request, Mr. Brown updated circumstances related to the Country Club, subsequent City actions and plans. He expressed hope to release an RFP soon. While monies due the City from the previous operator will likely not be recovered from that operator, the City will structure future rents to recover the loss.

**Next Meeting: June 12, 2008, 8:00 a.m.:** Mr. Villacampa stated he would be unavailable for the scheduled June and July meetings. Mr. Brown indicated he would call a special Board meeting to review the budget between now and May 27.

**ADJOURNMENT:**

**Mr. Sanchez made a motion to adjourn. Ms. Fernandez seconded the motion, which passed unanimously.**

The meeting adjourned at 10:00 a.m.

Respectfully submitted,

David L. Brown  
City Manager