

**CITY OF CORAL GABLES**  
**BUDGET/AUDIT ADVISORY BOARD**  
**Meeting Minutes: Wednesday, December 6, 2017**

Conference Room First Floor, City Hall, 405 Biltmore Way, Coral Gables, Florida

<b>MEMBERS</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>S</b>	<b>O</b>	<b>N</b>	<b>D</b>	<b>APPOINTED BY:</b>
	17	17	17	17	17	17	17	17	17	17	17	17	
Tony A. Rivas	-	P	P	-	P	-	P	-	A	-	-	A	Mayor Valdes-Fauli
Erin Knight	-	P	E	-	P	-	-	-	-	-	-	A	Commissioner Jeanette Slesnick
Alex Menendez	-	P	E	-	A	-	P	-	P	-	-	P	Commissioner Vince Lago
John Hollan	-	P	P	-	P	-	P	-	A	-	-	P	Commissioner Frank C. Quesada
Cheryl Goldstein	-	A	P	-	P	-	A	-	P	-	-	P	Commissioner Pat Keon
Francisco Paredes							P	-	P	-	-	P	Commissioner Mena
Rosa Bravo <sup>A</sup>												P	Mayor Valdes-Fauli

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

<sup>A</sup>- New Member  
<sup>#</sup>- Special meeting  
<sup>\*\*</sup>- Resigned Member

**Staff:**

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Sally Ola Ola, Assistant Director

Minutes preparation and Recording Secretary: Estela Valle, Bailey & Sanchez, Court Reporting, Inc.

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CITY OF CORAL GABLES

BUDGET/AUDIT ADVISORY BOARD MEETING

WEDNESDAY, December 6, 2017, 8:04 A.M.

FIRST FLOOR, CITY HALL

405 BILTMORE WAY, CORAL GABLES, FLORIDA

MEMBERS PRESENT:  
ALEX MENENDEZ, CHAIR  
CHERYL GOLDSTEIN, VICE CHAIR  
JOHN HOLIAN  
FRANK PAREDES  
ROSA BRAVO



CITY STAFF PRESENT:  
DIANA GOMEZ, FINANCE DIRECTOR  
KEITH KLEIMAN, ASSISTANT FINANCE DIRECTOR for MANAGEMENT and BUDGET

ALSO PRESENT:  
JOHN C. WEBER  
MICHELLE BLACKSTOCK

1 THEREUPON:

2 (The following proceedings were held.)

3 MR. MENENDEZ: We have a new member?

4 MS. BRAVO: Yes.

5 MR. MENENDEZ: All right. I'm Alex. I'd love for  
6 you to introduce yourself.

7 MS. BRAVO: Hi. I'm Rosa Bravo, and I was  
8 appointed by Mayor Valdes-Fauli. I'm a CPA. I'm a  
9 principal at the firm of Morrison, Brown, Argiz and  
10 Farra. I do primarily tax work for high networth  
11 individuals and privately held businesses, a lot in the  
12 distribution business, auto dealerships and real estate.

13 MR. MENENDEZ: Welcome. I'm Alex Menendez. This  
14 is John.

15 MR. HOLIAN: John Holian, how are you?

16 MS. BRAVO: Hi.

17 MR. PAREDES: Frank Paredes, we've met.

18 MS. BRAVO: Yeah.

19 MR. MENENDEZ: Then we've got Keith. And I don't  
20 know who else you've met.

21 MS. GOMEZ: Yes, we've met.

22 MS. BRAVO: They were very nice, and they gave me  
23 a lot of background information. So it was a very  
24 informative meeting.

25 MR. HOLIAN: Most of that's untrue.

1 (Thereupon, there was simultaneous speaking.)

2 (Thereupon, Cheryl Goldstein entered the  
3 conference room.)

4 MR. MENENDEZ: These are our auditors. They're  
5 here to do reporting today, and our stenographer.

6 Welcome. Any questions you have, Diana's here to  
7 help.

8 We'll call the meeting to order. Can I get the  
9 roll call?

10 MS. GOMEZ: Here.

11 MR. MENENDEZ: It's 8:04. We have Members. We  
12 have a quorum. So we'll start off with the approval of  
13 the minutes-- the September 6th minutes.

14 Did everybody that's here get a chance to take a  
15 look at those minutes?

16 MR. PAREDES: I just had-- and this is off the  
17 record.

18 (Thereupon, a discussion was had off the record.)

19 MR. MENENDEZ: Cheryl, good morning. We have a new  
20 member. This is Cheryl.

21 MS. GOLDSTEIN: Hi.

22 MS. BRAVO: Rosa Bravo, nice to meet you.

23 (Thereupon, a discussion was had off the record.)

24 MR. MENENDEZ: Okay. So aside of that, are we  
25 good to approve the minutes?

1                   Anyone want to make a motion?

2                   MR. PAREDES: I'd make a motion.

3                   MR. MENENDEZ: Someone second it, John?

4                   All right. All in favor?

5                   All right. So we'll go in order today. We don't  
6 have anything that's time sensitive today.

7                   MR. KLEIMAN: Well, just that we have the  
8 consultants here. Maybe we should do the internal audit  
9 first.

10                  MR. MENENDEZ: That works for me. So if you guys  
11 want to go ahead and kick off the meeting, we're ready.

12                  MR. WEBER: Great. Well, thanks for having us  
13 this morning. Hopefully we don't add a lot of pages to  
14 your minutes. We do have--

15                  MS. GOLDSTEIN: There's a lot of pages for the  
16 reports.

17                  MR. WEBER: Right. We do have two completed audit  
18 reports that we're going to present to you today, user  
19 access controls, as well as the cash management audit,  
20 where we were looking at the cash receipts, policies,  
21 procedures throughout the City.

22                  So with that, I'm going to have-- actually  
23 Michelle is going to start walking through them. Why  
24 don't we start with the user access control one?

25                  MS. GOLDSTEIN: Can I ask one question before you

1 get into your report?

2 MS. WEBER: Yes.

3 MS. GOLDSTEIN: Has there been any discussion at  
4 the City of going cashless?

5 MS. GOMEZ: Cashless?

6 MS. GOLDSTEIN: You know, not accepting cash.

7 MS. GOMEZ: No.

8 MS. GOLDSTEIN: Because many places do not accept  
9 cash. You have to pay with a credit card.

10 MS. GOMEZ: We haven't had the discussion.

11 MS. GOLDSTEIN: I think it's worth having the  
12 discussion.

13 MS. GOMEZ: The issue is that I think that at some  
14 of the facilities it's just easier for-- you know, a lot  
15 of the customers pay with cash, and so I think we'd be  
16 turning people away.

17 MR. KLEIMAN: I think it's also children  
18 sometimes; whether it's at the Youth Center for candy  
19 bars and drinks or the tennis courts.

20 MR. MENENDEZ: The pool.

21 MS. GOMEZ: The pool, right. And it is teenagers.

22 MS. GOLDSTEIN: You can, also, at those places--  
23 like on Red Road at the market, you set up-- you pay  
24 with a credit card, and they have their account, they  
25 give their name, and-- I'm just saying, because there

1 are so many weaknesses with the cash and internal  
2 controls, and-- you know, I'm just saying it's a  
3 thought. On the ships, there's no cash. On airplanes,  
4 there's no cash anymore for the whole reason that--

5 MR. PAREDES: Venezuela's moving into no cash, big  
6 coin stuff, Metro dollars.

7 MR. HOLIAN: I recommend that we don't follow  
8 Venezuela.

9 (Thereupon, there was simultaneous speaking.)

10 MS. GOLDSTEIN: I'm just saying I think it might  
11 be worth, internally, the discussion, where you can, to  
12 go cashless.

13 MR. HOLIAN: Well, I would just add to that, we  
14 will be cashless sooner or later. So you might want to  
15 look at it.

16 MR. MENENDEZ: It creeps up every year.

17 MR. HOLIAN: I get cash from my wife. That's  
18 about it.

19 MS. GOLDSTEIN: I mean, there's ways of--

20 MS. GOMEZ: Yeah. I mean, it would be easier  
21 perhaps, but I think that there's a part of-- you know,  
22 especially in the youth facilities, it would be  
23 difficult, not-- you know, yes, my 17-year-old has a  
24 credit card, but my 14-year-old doesn't yet.

25 MR. MENENDEZ: But Diana, we've been moving to

1 certain things like automation and cashless at like the  
2 garages we've done it. So maybe if there are some  
3 things that we can look at for Cheryl, we can look at.

4 MS. GOLDSTEIN: It's not for me. I'm just saying,  
5 in general.

6 MR. MENENDEZ: No. No. No. It's a valid point.  
7 We did it at the garages a few years back.

8 MR. HOLIAN: Right. And they only took cash.

9 MR. MENENDEZ: And that helped out, and maybe a  
10 cleaner process.

11 MS. GOMEZ: Right, but those are people already  
12 driving. Most people who have a driver's license,  
13 driving, already have a credit card. And I agree with  
14 you. I just think that, you know, the youth center, the  
15 pool, it would be a little-- the tennis courts  
16 sometimes, it would be a little more difficult. I'm not  
17 necessarily against it. I just don't know that-- I  
18 would have to talk to the Parks Department and see how  
19 they feel that kind of implementation would go.

20 I don't know if that came up when you guys  
21 talked-- did your audit, did you find that there was a  
22 wanting to go cashless at these facilities?

23 MS. BLACKSTOCK: No. I think in, you know,  
24 looking back through all of the conversations that we  
25 had with all of the departments, it's probably Parking



1 Services who has been very focused on trying to get away  
2 from as many coin fed meters on the streets that he  
3 could. And I think that he's done, you know, the best  
4 that he could to get the new machines in place. But, as  
5 far as the Tennis Center, Youth, no, there was no  
6 discussion.

7 MR. PAREDES: Could you give a perspective of the  
8 magnitude, in terms of dollars, to some of these things  
9 because Parking Services, I guess, is where we get the  
10 most cash?

11 MS. BLACKSTOCK: Yes, probably the most generation  
12 of cash. Well, that was one of the things that we  
13 looked at. I don't remember, off of the top of my head,  
14 but one of the criteria that we first started with was  
15 where all of the money was. And so those are the  
16 particular areas, when we look at the cash management  
17 of, you know, and requests, I think that there were some  
18 requests specifically of the Venetian Pool, looking at  
19 those areas, because there was a lot of cash in  
20 different areas, not just where they took admission, but  
21 also the concession stands and everything else. So that  
22 was one of the criteria that we concentrated on, where  
23 we needed to be in, looking where the most dollars were.

24 So we were going to start with the internal audit  
25 at the user access controls. And very quickly, it was

1 just a matter of selecting and testing a sample of EDEN  
2 users from Finance, IT, HR, and Payroll Departments, and  
3 evaluation of user permissions in the system.

4 And, then, also, the users, in testing that their  
5 role was properly classified in the system and that they  
6 were current City employees. And this is from Page 2 of  
7 the report. And then also the review of the policies  
8 and procedures and other supporting documentation that  
9 was provided by the City.

10 In our testing, we actually looked at 25 different  
11 individuals, and received all of their access. And I  
12 will be honest with you, when we looked at some of it,  
13 it was like we really didn't understand it, so we had to  
14 then sit with the IT team, and they actually walked  
15 through all of those with us, so that we really had a  
16 better understanding of what all they had access to.

17 And, of course, you know, our main thing was  
18 looking at the segregation of duties, and whether or not  
19 we felt that what their responsibilities were for their  
20 title and job description kind of went hand-in-hand with  
21 the different levels that they had been given. And  
22 there were only two that we found that had full  
23 permission access to certain models that did not appear  
24 to be necessary for their respective job duties.

25 So out of 25, there were only two that we kind of

1 found that were-- you know, maybe some of the areas that  
2 they had access to.

3 So the response from Management, of course, is  
4 that they would look at those two in particular; that  
5 they do a process on an annual basis of, you know,  
6 making sure that they look at all of the users and their  
7 access.

8 MR. KLEIMAN: Can I ask you a quick question?

9 MS. BLACKSTOCK: Yes.

10 MR. KLEIMAN: The two people, were they high level  
11 positions or were they lower level positions?

12 MS. BLACKSTOCK: No.

13 MR. KLEIMAN: They were lower level positions?

14 MS. BLACKSTOCK: Now you're going to make me go  
15 back to my memory, huh?

16 MR. KLEIMAN: Well, you don't have to answer right  
17 now. I'm just curious what level they were.

18 MR. PAREDES: Is the Finance Department the one  
19 that establishes the user access?

20 MS. BLACKSTOCK: It's department by department.  
21 Actually, the Department Directors, once the employee  
22 comes on board.

23 MR. PAREDES: So it's the Department Director?

24 MS. BLACKSTOCK: Uh-huh.

25 MS. GOMEZ: But there are certain things like-- so

1 if a department wants access to Payroll, they have to  
2 come through Finance and HR to get that access. So it's  
3 not like any department can just ask for payroll access,  
4 and they're going to give it to them.

5 MR. PAREDES: So Finance controls, more or less,  
6 the ins and outs, so some of the sensitive areas?

7 MS. GOMEZ: IT does. If it's sensitive areas, IT  
8 will not provide the access without Finance signing off.

9 MR. PAREDES: Okay. So there's a double-check  
10 there.

11 MS. GOMEZ: Right.

12 MR. HOLIAN: How many people have access to EDEN  
13 as a whole?

14 MS. GOMEZ: I mean, almost everybody has some  
15 transactional, because it's where we do all of our  
16 invoicing, all of our requisitioning, all of the time  
17 entry.

18 MS. BRAVO: But the test pool is 25 out of how  
19 many people?

20 MR. HOLIAN: That's exactly my point.

21 MS. BRAVO: Like what percentage of the access  
22 people were tested?

23 MR. HOLIAN: I mean, two out of 25 is, what, eight  
24 percent or whatever the number is? And if we have 400  
25 people that have eight percent, does that mean we have

1 32 people that could possibly have access to things that  
2 we maybe don't want them to or they maybe don't need  
3 access to, or do we not know that number?

4 MS. GOMEZ: I'm not sure what number it is.

5 MR. KLEIMAN: Well, you're considering it a  
6 moderate risk, which to me is something that has to be  
7 dealt with, right? Maybe if it was a minor risk. I  
8 mean, I would say that two out of 25 is still rather  
9 high, as far as I'm concerned. So moderate risk-- I  
10 wouldn't necessarily call it a high risk, but I think  
11 the moderate risk is what the message is; that we have  
12 to take care of it. This is my take on it.

13 MS. BLACKSTOCK: Yeah. And i think that they also  
14 wanted to point out that during the annual-- your  
15 external annual audit, they also look at this as well,  
16 which is something I know that we do with an external  
17 audit, is look at user access. And I don't know-- I  
18 mean, I don't know that we don't have findings on it on  
19 a regular basis on just trying to keep up with--

20 MR. WEBER: It's very typical.

21 MS. BLACKSTOCK: And you also have to remember  
22 that sometimes individuals move within the City, and,  
23 you know, whether or not how quickly that access, you  
24 know, is reviewed again. And sometimes it's just left  
25 over, and it's not been cleaned up.

1 MR. KLEIMAN: Right.

2 MS. GOMEZ: Right. I mean, and I would say that  
3 view only or transactional type access, I don't think  
4 there's much risk there because, you know, you can  
5 charge a transaction, but if it's not approved in the  
6 system, it's going to sit there. It's more of the super  
7 user type access that would pose any kind of risk or the  
8 majority risk.

9 MS. BLACKSTOCK: The majority of those--

10 MS. GOMEZ: And there's not that many super users.

11 MR. BLACKSTOCK: No. And all of those individuals  
12 are going to be IT, because they need that access.

13 MS. GOMEZ: Right, or even-- like, for instance,  
14 my staff for super users in payroll, right, They have to  
15 be. They have to have all of the access, but there's a  
16 handful. So in terms of the ones that can actually  
17 effectuate the transactions all of the way to issuing a  
18 check or something like that, there is a very limited  
19 number of individuals that have that type of access.

20 You know, transactional, yes, every admin in this  
21 City, you know, and back up. View only, whoever asks  
22 for it, because, you know, it is what it is. It's view  
23 only. But in terms of transactional-- I mean, approvals  
24 and things like that, the Department Directors, the  
25 assistant directors, there's not as many individuals

1           that have that kind of access.

2           MR. KLEIMAN: To further John's point, would it be  
3           better if the populations were put in here, basically  
4           what the total population is? If we can get that from  
5           EDEN, to include that in the report. The total  
6           population is this, we tested 25, this is the  
7           percentage, and what percentages are tolerable, things  
8           like that, so at least it's all in writing, right?

9           MR. MENENDEZ: And once you guys make this-- like  
10          you do this process at the end of the year-- it's going  
11          to be done December, right-- where IT is going to go in,  
12          and look at all of the users, and check controls and  
13          check everything, do you guys make additional selections  
14          after that current year ends or do you wait until the  
15          following year?

16          MS. BLACKSTOCK: More than likely we can do that  
17          in our follow-up for next year, to make sure that it has  
18          been done. Because for year two, we do have a certain  
19          set number of hours to complete follow-up work.

20          MR. MENENDEZ: And that will be done early next  
21          year or later next year? Because it would be better, I  
22          guess, if it's done early next year after you're done  
23          doing the review process to see if it actually worked,  
24          it cleaned it up, if we did a selection and got 25 out  
25          of 25, we're on point. I guess, then, we would remove

1 that worry.

2 MR. WEBER: It can be done soon after, you know,  
3 Management does their review.

4 MR. MENENDEZ: And this is the first time that  
5 Management will do like this internal process anyway.

6 MS. GOMEZ: No. I mean, I've been here a couple  
7 of years. They send me the report at least-- I don't  
8 want to say every year, but at least every other year.  
9 I've done it a couple of times since I've been here.  
10 And you go through and look to see who has access, and  
11 so forth. "Why does this person have access? Why do  
12 they need access?" So internally we do review it, not  
13 religiously, every year, but, you know, I have done it  
14 at least a couple of times since I've been here.

15 MR. PAREDES: EDEN is your general ledger  
16 budgetary process?

17 MS. GOMEZ: Yes, everything.

18 MR. PAREDES: So basically you take the total  
19 number of employees that are error rate of eight  
20 percent, and that could be your maximum exposure.

21 MS. GOMEZ: Right, but it's only a certain number  
22 of employees that have total access, not everybody has  
23 access.

24 MR. KLEIMAN: But most people have view only  
25 access.



1 MS. GOMEZ: Which there's no threat at all.

2 MR. KLEIMAN: Right.

3 MS. BLACKSTOCK: So for that, we will include the  
4 population size that we tested, and the total population  
5 for all of the users.

6 Okay. For the Internal Audit Cash Management,  
7 Page 1 and 2 is just an upper level executive summary,  
8 and I was not going to go into detail because we're  
9 going to look at the high and moderate at least.

10 The introduction just goes to the background of  
11 all of the different departments that we actually spent  
12 time with, and that was Parks and Rec, Parking Services,  
13 Public Works, Development Services, and then the Finance  
14 Department.

15 On Page 4, it kind of goes into a little more  
16 detail about our scope, and the divisions that we  
17 actually spent time in, the Venetian Pool, Tennis  
18 Centers, Youth Centers.

19 For Parking Services, we looked at pay by phone,  
20 the parking garages, and the meters on the street. We  
21 actually had individuals follow the people on the  
22 street, you know, taking the money, and observing what  
23 they were doing. So we actually saw it in process.

24 Public Works, we looked in the Solid Waste  
25 Services, Sanitary Sewer, and Storm Water Utilities.

1           And then in Development Services, Building  
2           Services, Code Enforcement, and Planning and Zoning.

3           Page 5 goes into our Risk Management and how we  
4           made the decision on whether it's a high, a moderate or  
5           a low risk. So it just-- you know, the higher the risk  
6           on the significance of the item that we encountered or  
7           saw or observed in the likelihood, then the higher the  
8           level of what-- you know, where the risk areas are.

9           MR. KLEIMAN: Let me interrupt just one second.  
10          So Frank is bringing up a good point, also. This is  
11          sort of similar to the populations that we did in the  
12          user access. If maybe we can have some of the dollar  
13          amounts included, like total receipts and then cash--  
14          the amount that is cash, somehow just include it. And  
15          Elsa can get that for you.

16          MS. BLACKSTOCK: Oh, I have it from her.

17          MR. KLEIMAN: Maybe include that somewhere so that  
18          the reader understands the magnitude of what's going on  
19          here or not.

20          MS. BLACKSTOCK: I would have to look at that  
21          because I'm not quite-- well, I think that what she  
22          originally gave us was for a certain time period. So we  
23          may need to also, you know, document the time period.

24          MR. KLEIMAN: We have all of the information.

25          MS. BLACKSTOCK: Because I don't want any

1 confusion about whether or not it's going to equal to  
2 anything that-- you know, that's an external audit,  
3 because I'm sure that it's not.

4 MR. KLEIMAN: Would it be appropriate to include  
5 that information here?

6 MR. WEBER: We could include it. I would probably  
7 recommend putting it on Page 3, in the introduction,  
8 where we're talking about each one of the areas.

9 MS. GOMEZ: And I think it would just be, you  
10 know, something to say for fiscal year this-- maybe we  
11 even have to go back to fiscal year '16, and say, for  
12 fiscal '16, there was, you know, \$100,000 of cash out of  
13 the million dollars of total revenue. So that they know  
14 that, okay, 100,000 is the total risk. Of that, you  
15 found one error in the amount of \$2.00. So, okay, who  
16 really cares, right? It's not that big of an issue.  
17 Whereas, if they generate \$100,000, and there was an  
18 \$80,000 faux pas, then obviously there's an issue,  
19 right. I think that's what we're looking for.

20 MR. PAREDES: Some of this stuff reads  
21 problematic, and yet it may be \$100,000 or something  
22 like that that doesn't seem--

23 MS. GOMEZ: Right.

24 MR. PAREDES: I was just trying to understand the  
25 perspective of this.

1 MR. WEBER: I understand that. You know, one  
2 thing we are very much thinking about is not just from a  
3 materiality standpoint. A part of what we're doing and  
4 trying to do through the internal audit is-- you know,  
5 you may have-- there could be four transactions where  
6 there wasn't support that amounted to 50 bucks out of,  
7 you know, \$50,000. It's not material in somebody's  
8 mind, but it is a control issue. And so we're really  
9 focused on the control side of it, as well, you know,  
10 because if there is even the smallest amount of errors  
11 occurring, it could be, you know, a weakness in control  
12 that there could be then larger items that could, you  
13 know, fall through the cracks. And, you know, I think  
14 the other part about it, too, that we very much think  
15 about during these audits is not just-- you know,  
16 certainly from a financial and material standpoint, but  
17 also a political standpoint.

18 MR. PAREDES: No, no. I understand.

19 MR. WEBER: You know, five dollars in the  
20 newspaper that is very significant to a lot of  
21 individuals.

22 MR. PAREDES: It's hard to think that there's  
23 going to be good internal control on a park clerk or  
24 somebody like that, as opposed to somebody in Finance  
25 and all that. You know, those are business risk that

1 you kind of assume.

2 MS. GOMEZ: You have to look at the cost benefit  
3 of putting in the extra internal control to maybe if the  
4 total is \$100 a month, well, all right. I mean, you  
5 want the controls to be in place, but not that it's  
6 going to cost you \$25 an hour to hire somebody to put  
7 that control in place.

8 (Thereupon, there was simultaneous speaking.)

9 MR. PAREDES: You want a basic level of control  
10 and some efficiencies and some discipline in it. And  
11 that's why we should continue to do internal audits, but  
12 you need to understand the perspective.

13 MS. GOMEZ: The magnitude.

14 MR. WEBER: Yes, exactly. We can get that  
15 information in there.

16 MS. BLACKSTOCK: Okay. Then continuing on Page 4,  
17 the scope of what we did, we evaluated operating  
18 effectiveness of internal controls over cash and  
19 personnel. We made selections and tested certain cash  
20 receipts, fee schedules, and employee background check  
21 procedures. We did a review of policies and procedures  
22 and other supporting documentation, you know, department  
23 by department, including requesting their policies and  
24 procedures that they did have, and then actually sitting  
25 down, having interviews and walking through the steps

1 with them; test of the transactions to ensure that the  
2 receipts are accurately processed and deposited;  
3 verified management oversight throughout the collection  
4 and deposit process. And we performed walkthroughs,  
5 including, you know, discussions with certain employees  
6 of each department that handled the cash. And we did  
7 make site visits, and we made observations, including  
8 riding along, spending time at the pool, the tennis  
9 center, the youth center, parking garages; reviewed the  
10 safeguarding controls over the physical cash  
11 collections, as well, because that was another one of  
12 our concerns, how the money moved, where it moved, who  
13 was involved in that process.

14 Starting on Page 6, this got into a little bit  
15 more of the specific details and everything that I just  
16 covered with you. You know, it's a little bit more  
17 detailed on these pages, and I was not going to spend a  
18 lot of time on that, but then I wanted to move back to  
19 Page 9, to start the discussion on the observations and  
20 recommendations that we had.

21 In order to save a little bit of time, we had  
22 decided that we would probably just go over the high and  
23 moderate ones that are, of course, of most concern, and  
24 by the actual departments. And the first is in the  
25 Parks and Recreation Department, and of course the

1 opportunity is for a segregation of duties. We just  
2 kind of found that they had certain processes  
3 specifically that they needed to update the policies and  
4 procedures to perform appropriate segregation of duties,  
5 especially for handling cash and recording cash  
6 receipts, authorizing write-offs or posting adjustments  
7 to customer accounts. And then reconciling accounts and  
8 posting entries into the systems.

9 The biggest challenge in the Parks and Rec is that  
10 we went in and they have currently the CLASS system that  
11 they're using. There are some things in that particular  
12 package-- software that they cannot do, so it was kind  
13 of frustrating for them. They knew that they were  
14 moving to a new system, and they felt that a lot of the  
15 things that we were suggesting would be able to be  
16 implemented once they put in the Rec Trac software. And  
17 so I think that that's kind of what their response to  
18 this was, and that--

19 MR. HOLIAN: Did you agree with that?

20 MS. BLACKSTOCK: I know of the Rec Trac system,  
21 and I know it's a very robust system, and I'm sure that  
22 it's going to be, you know, a matter of making sure--  
23 and they're very much aware of the fact that they need  
24 to take into consideration all of these different  
25 segregation of duties and giving certain employees and

1 individuals the right access. Once again, you know,  
2 we're talking about access. And so they're very well  
3 aware of that, and, you know, when I had the discussion  
4 with them, they're taking that very serious, and that  
5 they know that they need to get it set up correctly once  
6 and while we're doing the transition.

7 MR. HOLIAN: Okay.

8 MS. GOLDSTEIN: When is that supposed to be  
9 implemented, the new system?

10 MS. GOMEZ: Very soon.

11 MR. PAREDES: Somewhere in here it said in  
12 December.

13 MS. GOLDSTEIN: Maybe it would be a good idea in  
14 the follow-up next year to include going back and  
15 looking at that.

16 MS. BLACKSTOCK: Right.

17 MR. PAREDES: Following up on that, is the system  
18 up-- there shouldn't be any problem in going up, because  
19 somewhere else it said it was going to be implemented by  
20 December?

21 MS. GOMEZ: I know they're finalizing it. Because  
22 it's a park system, I know that my staff has been  
23 working with them to make sure in talks to us are okay,  
24 and I haven't heard of any delays, so I'm assuming that  
25 it's still on track.



1 MR. PAREDES: And who would follow-up to make  
2 sure-- is it you guys or is it us, who follows-up on all  
3 of these management responses to make sure?

4 MR. KLEIMAN: That's going to be us. That's what  
5 we have Elsa-- you met her, I think, the last time.  
6 That's what she's going to be doing. She's going to be  
7 working with the auditors, and she'll be reporting back.

8 MR. PAREDES: Good.

9 MS. BLACKSTOCK: One of the other ones was the  
10 safe controls and security, and this is-- you'll find  
11 this same recommendation on some of the other  
12 departments. This is looking at actually departments  
13 that actually have a physical safe in place or somewhere  
14 on the premises that we just noticed that some of the  
15 full-time staff have access to the drop safes that are  
16 on site at the youth center, and that the combination on  
17 the safes aren't changed on a regular basis. And some  
18 of them said, "You know, I can't even remember that we  
19 ever changed the combination on the safe." Some of them  
20 were like, "Yeah, we do it occasionally."

21 So our recommendation, of course, was that it get  
22 changed at least at a minimum on a yearly-- annual  
23 basis. But, also, if they have employees that leave  
24 just like when-- you know, you want to get all of their  
25 access from any of the IT systems. You want to shut it

1 down as soon as you know that they're no longer going to  
2 be working with the City. So that was also our  
3 suggestion, to at least annually look at that. And,  
4 once again, if their job changes or something, and  
5 they're no longer at the City, because if they leave,  
6 and they go to a different department, but people know  
7 that they are still with the City and they're like-- you  
8 know, they would be able to, not that they would, but  
9 they could go back to that department in the safe and  
10 get into it because they still know the combination. So  
11 we take that away, and we eliminate that ability for  
12 somebody to misappropriate any of the assets of the  
13 City.

14 MS. BRAVO: Is there a check list that the  
15 supervisors have when someone is terminated or moves  
16 departments that maybe you can add this as a step in the  
17 termination or the transfer process?

18 MS. GOMEZ: So there is--

19 MR. HOLIAN: "You're fired, change the safe code."

20 MS. BRAVO: No, there is. In our office, if  
21 someone gets terminated-- the minute we terminate  
22 somebody, there's a check list of the processes that we  
23 have to do when somebody leaves.

24 MS. GOMEZ: I mean, there's an exit interview  
25 where they go through everything, but it's not

1 necessarily--

2 MR. KLEIMAN: Yeah, that's an HR issue.

3 MS. GOMEZ: That's more of an HR thing.

4 MR. MENENDEZ: But in these safes, do they count  
5 the safes, and every time a new employee comes in and  
6 switches shifts, they actually do like a safe control  
7 procedure, or, no, it just sits there and--

8 MS. BLACKSTOCK: It's their cash drawers, and they  
9 put them in the bags, and they seal the bags usually,  
10 and they put it into the safe. And the safe is kept  
11 until the total deposit is made and put into like a  
12 sealed bag, and then it's usually picked up by a third  
13 party, an armored car service.

14 MR. MENENDEZ: So it's really only the deposits  
15 and maybe petty cash, and that's about all that's in the  
16 safe?

17 MS. BLACKSTOCK: Yes. I will say that at the pool  
18 probably the bigger issue is during the busiest time of  
19 the season, and over the weekends. Then, you know,  
20 you're going to have a larger amount of cash that's  
21 sitting in the safes. That is one of the questions that  
22 we had, because during those periods, you know, there  
23 could be a significant amount.

24 MR. HOLIAN: What's a significant amount?

25 MS. BLACKSTOCK: I think the number that I

1 remember having a discussion about was maybe like 20 to  
2 30,000.

3 MR. HOLIAN: So it's real money.

4 MS. GOMEZ: No. No. It's real money. In the  
5 summer time and over the weekends, yes, it's a good  
6 amount of money.

7 MS. BLACKSTOCK: But, you know, there's no service  
8 over the weekend, because that's one of things that we  
9 had thought about. And I think that the pick-up is done  
10 relatively very early in the week, like on Monday, so  
11 that, you know, there is a little bit of risk there,  
12 but--

13 MS. HOLIAN: Is that the biggest place of cash in  
14 the City, the pool?

15 MS. BLACKSTOCK: I would think that during the  
16 busy time of the year for the pool, that's probably  
17 where the most significant amount of cash is.

18 MS. GOMEZ: And I think the second one is the  
19 Passport. The Passport Office sometimes has a lot of  
20 cash.

21 MR. HOLIAN: They're fantastic, by the way. I got  
22 a new passport there. They are so delightful over  
23 there. They're amazing.

24 She looked at my picture, and she said, "This  
25 picture isn't good. Let's retake your picture."

1 I was like, "Really?" Still came out terrible.

2 MS. BLACKSTOCK: And then next, the manual entry  
3 into the general ledger. We found that, once again, the  
4 system that's in place, the daily CLASS cash activity is  
5 sent to the Finance Department, and this is manually  
6 coded into the general ledger system of EDEN.

7 Once again, this is a finding that it's a moderate  
8 risk; however, all of this is going to change with the  
9 Rec Trac being implemented, because it's going to be a  
10 batch process, and it's going to go in and then someone  
11 is going to approve that batch going into EDEN. So the  
12 new Rec Trac system is going to pretty much eliminate  
13 this, but currently there is this moderate risk issue.

14 MR. KLEIMAN: Did you guys recommend as we go into  
15 our third year-- because the third year, we're open with  
16 exactly what audits we're going to do, if I remember  
17 correctly, maybe revisiting Parks because of the new  
18 system and see how well they're doing?

19 MR. WEBER: I think that's, you know, a smart  
20 thing to do, because we had a number of recommendations  
21 related to the Parks, and I think most of them are going  
22 to be resolved from the new system. So, you know, I  
23 think making that a big part of the follow-up--

24 MR. KLEIMAN: Should we put that recommendation in  
25 here, to say that we recommend revisiting after the Rec

1 system has been installed in the third year of the  
2 audit?

3 MS. BLACKSTOCK: Actually, in year two, we are  
4 scheduled already to do Parks and Rec, and I did discuss  
5 this with the Assistant Director there about the timing  
6 of when we're coming back, and whether or not she  
7 thought everything would be up and running. So we are  
8 scheduled tentatively for April, May to go back out and  
9 do the next part of the controls, and we can, you know,  
10 do a follow-up then.

11 MR. PAREDES: I think that's a good point, because  
12 then you realize that the investment you made on the new  
13 system is working.

14 MR. KLEIMAN: Right.

15 MR. PAREDES: And we're getting benefits out of  
16 it.

17 MS. BLACKSTOCK: And then the next one is  
18 regarding cash transactions supporting documentation.  
19 We were specifically looking at transaction testing at  
20 the Tennis Center, and noted that cash register  
21 transactions had not consistently been entered into the  
22 CLASS system leaving no audit trail for certain  
23 transactions.

24 During our testing cash receipts, three out of six  
25 transactions did not contain adequate support, including

1           daily reports for cash registers, support for a manager  
2           review, and copies of receipts. So our recommendation  
3           was that they needed to retain all detailed cash balance  
4           reports and related supporting documentation to maintain  
5           an appropriate audit trail.

6                     In looking at all of this, I think there was an  
7           issue that was brought to the department's attention and  
8           we were kind of asked to look at this specifically for  
9           the Tennis Center.

10                    MS. GOLDSTEIN: In the past?

11                    MS. BLACKSTOCK: In the past.

12                    MS. GOLDSTEIN: That was going to be my question,  
13           was what-- you know, in looking back at previous reports  
14           and audits, I remember the Tennis Center being an issue,  
15           and was-- you know, did you see things, like you're  
16           saying, from the past, still an issue?

17                    MS. BLACKSTOCK: There were some transactions that  
18           there was no explanation. Well, there was an  
19           explanation, written, of the individual who processed  
20           the adjustment to the account or whatever what was the  
21           purpose of the transaction or the journal entry, but  
22           there was no other support that was given to us as far  
23           as documentation.

24                    MS. GOLDSTEIN: And is there-- how is there  
25           control to ensure that the cash just isn't pocketed?

1 MS. BLACKSTOCK: I don't know that there is, and  
2 that's part of one of the suggestions on the written  
3 policies and procedures. I think that for the  
4 particular issuance of refunds, I believe that there was  
5 kind of a policy that it needed to be reviewed by a  
6 supervisor; however, because of the staffing of those  
7 locations, there's not a supervisor that's overseeing  
8 all of it.

9 So, once again, this is one of the cost benefits,  
10 and I do believe that they are looking at the number of  
11 individuals that are staffed there and how they can  
12 better arrange for there to be some type of a  
13 segregation of duties or a separate review of that.

14 MS. GOMEZ: I believe that there's a policy that  
15 they need to have the receipts or something. Maybe  
16 that's for golf. The individual who's buying court time  
17 or golf time, that they have to show the receipt later  
18 or no? Like they have to get a receipt, therefore they  
19 can't-- you know, they're putting the transaction in the  
20 system to provide the receipt, they can't pocket that.

21 MS. GOLDSTEIN: I think that's golf. Like when  
22 you go to start to play golf, you give the guy-- I think  
23 the starter, you give him your receipt.

24 MS. GOMEZ: But tennis may be different.

25 MS. BRAVO: From what I did take from tennis,



1           there wasn't anybody to give a receipt to.

2           MR. KLEIMAN: One of the issues-- most of the  
3           tennis centers, in most cities, the pro has what we call  
4           a sweetheart deal. Now, this pro is a City employee.  
5           It's not a high salary. And then he also receives  
6           commissions when he gives lessons. And right now-- and  
7           this is not any type of criminal investigation so we can  
8           talk about it. They're considering disciplinary action,  
9           not only for the employee that was not handling the  
10          transactions properly, but also for the pro, because he  
11          is the supervisor of the Tennis Centers.

12          And what they're trying to look into-- and I'm not  
13          saying it's happening, but they're trying to look to  
14          see, is he not supervising. Is he just doing the  
15          lessons and not doing the supervision, which the City is  
16          paying him for. He gets health benefits because he's a  
17          City employee. It's not a high pay, because he makes a  
18          lot of commissions. So that's what they're looking at  
19          right now. It's not to say that he is or he isn't, but  
20          that's what they're looking at.

21          MR. WEBER: I mean, the main issue here is just  
22          like we didn't look at a ton of transactions, and half  
23          of them didn't have any support. That's the issue. You  
24          know, the issue is, they need to be doing their job.

25          MS. GOLDSTEIN: It's not run well.

1 MR. MENENDEZ: To Cheryl's point, we've been  
2 talking about the Tennis Center for years. It's always  
3 been a problem. I think it's always been the same  
4 problem.

5 MR. HOLIAN: It would be important to know how  
6 much money we're talking about. Because we're having a  
7 conversation, but if it's \$20,000 or \$200,000, not that  
8 to dismiss it--

9 MS. GOLDSTEIN: We don't even really know.

10 MS. GOMEZ: But the tennis lessons, I would think,  
11 have to be recorded correctly, because, if not, he's not  
12 going to get his commission. I think it's more--

13 MS. GOLDSTEIN: If he's getting cash, then what  
14 does it matter?

15 MS. GOMEZ: Well, that's a whole different story.  
16 Let's assume that that's not the issue, but I'm talking  
17 about the individual clerk person who's maybe not  
18 recording the sale of the candy or the sodas or the  
19 water, the balls or that kind-- the pro shop or whatever  
20 shop type of thing, which is-- yes, it's transactions,  
21 and they should have-- but I don't know that the  
22 transactions that you found had to do with the actual  
23 lessons, as opposed to the miscellaneous items.

24 MR. KLEIMAN: Some of them are good dollar  
25 amounts.

1 (Thereupon, there was simultaneous speaking.)

2 MR. PAREDES: Don't lose perspective of Keith's  
3 point. We are paying this individual as a salaried  
4 employee. He has to do some work for us. And part of  
5 that is supervision and review. His commissions and all  
6 of that, that's his business, but we still need to  
7 understand the magnitude of that business so that we can  
8 negotiate.

9 MR. GOLDSTEIN: Are these all of the tennis  
10 centers or just one in particular?

11 (Thereupon, there was simultaneous speaking.)

12 MR. KLEIMAN: This was at Salvador.

13 MS. GOLDSTEIN: Salvador. That's been an issue.

14 MS. BLACKSTOCK: If I remember correctly, the  
15 entries were-- you know, that's another whole thing,  
16 because I personally went back and looked at the detail  
17 for each of those days where there were transactions  
18 that were supposedly refunds of individual's  
19 memberships, and I believe \$230 is what sticks in my  
20 head as the one particularly that we were looking at on  
21 that individual day. So I went back, and I was asking  
22 questions about, you know, do we see that there is-- is  
23 it day and time stamped? And they are. Do we see  
24 transactions being run throughout the day? And we did.  
25 Were they made at certain times of the day? Not

1 necessarily. I mean, I was kind of trying to look for a  
2 pattern or something that was going on, but it was  
3 mostly those credit amounts that we had-- you know how  
4 it is when auditors pull samples.

5 MR. MENENDEZ: There's no support for a credit of  
6 a refund for a full \$230 membership, and that was one of  
7 your three selections?

8 MS. BLACKSTOCK: Yeah. And when I went back and I  
9 looked at it, there was more than one credit.

10 MR. MENENDEZ: So we're not talking about coke and  
11 candy. We're talking about full refunds for years?

12 MS. GOMEZ: Right.

13 MR. KLEIMAN: Right.

14 MR. MENENDEZ: Okay.

15 MS. GOLDSTEIN: It totally could be-- I mean, how  
16 many credits of membership happen in a month or a year?

17 MR. KLEIMAN: Right. So they are looking at it as  
18 disciplinary, because there is nothing to back up any  
19 possible theft. There's no paperwork. Right now it's  
20 disciplinary, and that's what they're considering. I  
21 don't know where they are with that. That's a private  
22 things that we're not going to be able to have a  
23 conversation about.

24 MS. GOLDSTEIN: Okay, then.

25 MR. HOLIAN: It's always exciting.

1 MR. MENENDEZ: I understand, with internal audits,  
2 your methodology, at one point you said, okay, we're  
3 going to extrapolate and we're going to make more  
4 selections, or you just-- 50 percent of your selections  
5 were off?

6 MS. GOLDSTEIN: Why? You know there's an issue.

7 (Thereupon, there was simultaneous speaking.)

8 MS. BLACKSTOCK: Typically extrapolation like that  
9 would occur for an external audit where they're trying  
10 to make a determination as to the-- you know--

11 MS. GOLDSTEIN: Materiality of the dollar amount,  
12 whatever.

13 MS. GOMEZ: That's just saying the controls are  
14 not working, period. So you need to fix it and you need  
15 to address it. It doesn't matter if it's--

16 MR. PAREDES: We're paying you, we give you  
17 healthcare, and all that, and you're not supervising.  
18 You're not reviewing.

19 MS. GOLDSTEIN: And there's money going out  
20 without documentation of what.

21 MR. KLEIMAN: Right.

22 MR. PAREDES: Yeah, adjustments.

23 MR. KLEIMAN: Right.

24 MS. GOLDSTEIN: And it makes you wonder what else  
25 is going on.

1 MR. HOLIAN: Okay. Moving on.

2 MS. BLACKSTOCK: Okay. As to Development  
3 Services, there were a couple of low risk, but the  
4 opportunity for improvement is number eight, the lack of  
5 formal written policy and procedures. We just noted  
6 that the department has a cashier payment policy and  
7 cashier standard operating procedures; however, the  
8 written documentation does not include a comprehensive  
9 cash management process for cash collection that  
10 addresses segregation of duties, internal controls and  
11 risk management. And then we just stated, you know,  
12 that the department needs to work on developing a formal  
13 written policy to encompass all of those. And then,  
14 also, to make sure that it's updated on a regular basis  
15 for any procedures or system changes.

16 And Management agrees with the assessment, and  
17 that they would be working on creating this, and putting  
18 in full implementation by the end of 2018.

19 Moving to Page 14 for the Parking Services. One  
20 of the areas that we felt was a high risk were the  
21 review of SOC-1 reports from third party administrators.  
22 The City contracts with certain third party  
23 administrators, what we call TPAs, to provide parking  
24 and revenue control systems in the different areas.

25 MR. PAREDES: Wouldn't that be a contractual

1 clause in the contract, because I think that normally  
2 when you contract third parties, that clause-- when I  
3 used to practice, it used to be called the -- report.  
4 Now, I see that it's SOC-1 report. It ages the process.

5 MR. WEBER: They have them completed. The point  
6 here is that nobody from the City was asking for  
7 reviewing it, because if there were weaknesses from  
8 those third party administrators, they'd be identified  
9 in that report, and the City would then understand that.

10 MR. PAREDES: Normally there are contractual  
11 clauses that they're supposed to give it to you or  
12 you're supposed to ask somebody. What you're saying is  
13 that we're not asking or somebody is not giving it to  
14 us?

15 MR. WEBER: Right.

16 MR. PAREDES: Let's get that done.

17 MS. BLACKSTOCK: The biggest issue there is that  
18 in those reports there's actually what they will  
19 document as user controls that need to be in place at  
20 the City.

21 So when I had the exit conference with the  
22 Director, I actually brought up one of the reports, and  
23 we went through it, so that he was familiar with the  
24 report and could see exactly what we're looking for, and  
25 what he needs to pay attention to, to make sure that

1 those controls that--

2 MR. PAREDES: And he's relying on. He's relying  
3 on them.

4 MS. BLACKSTOCK: Right. And, also, that you all--  
5 the City has them in place of what they know that they  
6 need to be looking at, and they're responsible for. And  
7 that report kind of walks through that. So his response  
8 is that he will start including that as part of their  
9 annual audit, is to go through and make sure that they  
10 have those.

11 The next observation was the lack of formal  
12 written policy. During our testing and discussion with  
13 department staff, we were provided with multiple  
14 documents for select processes and procedures. However,  
15 once again, there wasn't a formal written policy or  
16 procedure manual that establishes the appropriate  
17 handling of all of the cash receipts.

18 Then, lastly, on Page 15, with the Finance  
19 Department.

20 MR. HOLIAN: It should be good.

21 MS. BLACKSTOCK: Well, I'll tell you what, I had a  
22 really hard time trying to find something there.

23 MR. HOLIAN: Sucking up will get you everywhere.

24 MS. GOLDSTEIN: You should strike that. Strike  
25 that. You can strike that.



1 MS. GOLDSTEIN: Part of what we looked at was the  
2 mail room. The receiving of checks, once again, goes  
3 back to can we try to move the City to being paperless.  
4 And one of the areas was that the City is still  
5 receiving through the mail clerk and mail room checks  
6 that people write. I don't know if we can ever get away  
7 from that.

8 MS. GOMEZ: We had put in the procedures of the  
9 lock box it, but some people decide to mail them in to  
10 the City for the most part. I mean, they should send it  
11 to the lock box.

12 MR. PAREDES: The fire alarm, and all of that  
13 stuff, because I send checks, but I don't know where I  
14 send them to.

15 MS. GOMEZ: If you put it in the envelope that  
16 comes with it--

17 (Thereupon, there was simultaneous speaking.)

18 MS. GOMEZ: But sometimes, you know, there may be  
19 some minimal things that still come to the City where  
20 the lock box is not, but for the most part, the majority  
21 of our checks are supposed to go. It's just people  
22 still mail them here.

23 MS. BLACKSTOCK: So in looking at the system and  
24 what was happening, the mail room clerk actually picks  
25 up the mail, and then she scans the copies of all of the

1 checks that are received. And then she emails those  
2 copies to the respective collection clerk to be posted  
3 in the system, and then the corresponding revenue  
4 account. And then original checks are forwarded to the  
5 cashier, who then restrictively endorses the check upon  
6 receipt, and keeps it for deposit.

7 So, at first, that was not what we thought was  
8 happening. But, after further discussion, we got  
9 clarification upon that. And then our suggestion would  
10 be that written standard operating procedures should  
11 exist that require the mail room clerk to restrictively  
12 endorse the checks so that, you know, the checks are not  
13 floating around without being stamped for deposit only  
14 to the City's account.

15 So, that was our suggestion. And I believe that  
16 you all have probably already done it.

17 MS. GOMEZ: We ordered the stamp, but I think it  
18 takes some time to get the stamp in. But once we get  
19 the stamp, it will be done.

20 MS. BLACKSTOCK: And then, also, lack of formal  
21 written policy; that the department does not have a  
22 formal written policy or procedure manual that  
23 establishes processes to ensure the appropriate handling  
24 of all cash receipt related duties for the City.

25 I think that when we looked at that, our

1 discussion was focused around all of the different areas  
2 and how it gets in, if it comes in to City Hall, and  
3 then where it's handled from there; where the cash kind  
4 of gets, you know, back and forth. And I think that's  
5 kind of what we focused our discussion on, around making  
6 sure that we have documentation of that process, as  
7 well.

8 I think this is our last department, the Public  
9 Works area. The high risk issue that we found was the  
10 segregation of duties that employees responsible for  
11 collecting cash at the front desk and issuing permits  
12 also prepare the deposits and enter the receipt of  
13 payment into the cash receipts system.

14 Once again, this is an issue of the-- if you  
15 actually go to the facilities, and look at where it is,  
16 and we had a discussion about this too, because I  
17 believe this is another one that has-- well, it's drop  
18 safe controls. We consider that a lower risk at that  
19 particular location. But our discussion focused around  
20 where they're sitting and the segregation of duties.  
21 They're kind of segregated off, but they're in the very  
22 front of the building, and I think that logistically you  
23 probably can't move them around. But the other thing  
24 that we also found is that there's kind of only two  
25 individuals there that are working that front desk.

1 MR. PAREDES: One is the boss and the other one is  
2 the employee. That's the question I had. Is that  
3 proper segregation of duties?

4 MS. BLACKSTOCK: Right. So they are going to look  
5 at that and put in place, you know, someone who's  
6 actually taking the money. There's going to be a  
7 separate review of that to verify it. You know, it's  
8 not only a safeguard for the City, but it's also a  
9 safeguard for those employees, as well, to give them  
10 some comfort on it from taking citizens that walk in,  
11 because we actually observed that. When I was actually  
12 sitting there waiting for one of the meetings, someone  
13 actually came into the window to pay for some permit or  
14 something.

15 And, then, also, once again, the lack of formal  
16 written policies and procedures. So when I had my exit  
17 conference with the actual Director there, he was in  
18 agreement that that is something that he's had on his  
19 radar for a while, and that they will continue to make  
20 that a priority to develop the written policies and  
21 procedures.

22 And that was all that we were going to cover on  
23 our recommendations.

24 MR. HOLIAN: Do you allocate a certain amount of  
25 hours on these? Like how many hours went into this? Do

1           you know that number?

2           MR. WEBER: This one was over 500.

3           MR. PAREDES: It was discussed at the last  
4 meeting.

5           MR. HOLIAN: Thank you.

6           MR. MENENDEZ: Thank you very much.

7           MR. PAREDES: What's next on you guys agenda?

8           MS. BLACKSTOCK: IT, cash management, and user  
9 access. We're going to finalize these reports with  
10 yawls suggestions, and we are scheduled, I believe-- I'm  
11 not sure that we have complete confirmation, but I  
12 believe that we're scheduled to present these to the  
13 Commission on January 9th. We are currently-- Public  
14 Works was supposed to be in year two, but because of  
15 Irma, they just-- they can't even get to our-- so we're  
16 going to delay that one until April, as well.

17           Payroll and HR, that's currently-- we've been out  
18 in the field and done our work. It's currently in my  
19 review. And so I'm developing the report currently.  
20 IT, the next part of IT is their internal penetration.  
21 The last one we did was the external penetration. So  
22 the internal penetration is scheduled for early January.

23           And then we will be looking at Fuel and Fleet. We  
24 started the preliminary work on gathering information on  
25 that to make our selection. So that one will be coming

1 up next.

2 And then we have Parks and Recreation that we  
3 discussed previously. And Procurement and Disbursements  
4 is scheduled for some time in April or May 2018.

5 MR. PAREDES: Okay. Thank you.

6 MR. MENENDEZ: Any other questions?

7 Thank you very much. I appreciate you guys coming by.

8 MR. WEBER: Thank you.

9 MR. HOLIAN: That one caused a lot of minutes.  
10 Sorry.

11 MS. BRAVO: That's going to be a lot of pages.

12 MR. PAREDES: And we didn't make a decision.

13 MR. MENENDEZ: We have the quarterly overtime  
14 report, Keith.

15 MR. KLEIMAN: Okay. So there is less and less to  
16 report, which is honestly happy news. We are down to  
17 four police officer vacancies, which is great. We are  
18 working very, very hard.

19 Now, as you can see for the end of the year we're  
20 at a 96, 97 percent in use of overtime. However, just  
21 remember that we--

22 MR. PAREDES: To budget. It's budgeted, right?

23 MR. KLEIMAN: Well, to the amended budget, because  
24 we added about 730,000, something like that, because of  
25 all of the vacancies. So we're within that transfer,

1 but it's not within the original budget, okay.

2 Now, we're going to start seeing overtime really  
3 go down if they can maintain this low level of  
4 vacancies. So we have to watch that as we're going  
5 through now for the next fiscal year.

6 On the Fire side, that's a little bit of a  
7 different story. The last contract brought them up to a  
8 difference staffing level of 32 per shift, and their  
9 overtime is not sufficient to cover that. Originally,  
10 going back a few years, first, when Pat Salerno came  
11 here, he negotiated with them, and the overtime dropped  
12 to \$50,000, and they agreed that it was a Union  
13 concession. Then it went up to 350, and it sort of  
14 stayed there, and at this point we don't know what that  
15 350 was based on.

16 So the previous Fire Chief added some additional  
17 money. It was through the new needs process, and it  
18 brought it up to the 430 that you see here, okay.

19 Now, what I'm going to be doing with the current  
20 Chief, we're going to do a zero base analysis based on a  
21 staffing need of 32 per shift. And we're going to look  
22 at the historical annual leave and sick leave, and see  
23 what his overtime need should be just to cover that.  
24 We're not going to be covering him for the vacancies,  
25 maybe to a certain degree, but we'll take a look at

1 that, and we'll report back to you guys before the  
2 budget process goes into play so that you can get a  
3 chance to see--

4 MR. PAREDES: Next year's budget or the amended  
5 budget for this year?

6 MR. KLEIMAN: No, next year's budget. Again, once  
7 we figure it out, we can always amend. Right now, they  
8 still have enough money to keep them going. But once  
9 you guys see it, if you agree with what we're doing,  
10 then we can amend this year's budget, and we can put it  
11 in as a more permanent thing for next year's budget.

12 Is that agreeable to everybody?

13 MR. MENENDEZ: We don't have issues with staffing  
14 in Fire at all, right?

15 MR. KLEIMAN: No, but right now there is an aging  
16 population there. So we're getting a lot of people  
17 leaving now. That's just part of the regular cycle.

18 MR. MENENDEZ: It's not like Police, we have the  
19 year, then the ride along, and the whole process being  
20 trained?

21 MR. KLEIMAN: There is a long process. Once  
22 they're on board, then there is-- it's not their academy  
23 like Police, but it still takes a while before they're  
24 fully operational.

25 MR. MENENDEZ: But there's tens of thousands of



1 people that are qualified to be firefighters, they're  
2 doing something else right now, waiting for those  
3 opportunities to open up?

4 MR. KLEIMAN: Yes. We're very selective here.  
5 They actually had a-- unfortunately, the reason they  
6 have some vacancies now, is that the previous list  
7 expire. So now they had to go with another test and go  
8 with another list which took a little time.

9 MS. GOMEZ: But they have a class that just came  
10 in.

11 MR. KLEIMAN: Yeah, they just hired four or five  
12 file people.

13 MS. GOMEZ: There was actually a ceremony to swear  
14 them in very soon.

15 MR. KLEIMAN: But with them, it's more like a  
16 month or two training. So they don't come on board  
17 where they can actually do something.

18 So that's our recommendation now. We'll come back  
19 to you with a zero base analysis and see where we are  
20 with that, okay.

21 MR. PAREDES: Overall, I think on the-- not the  
22 Police and Fire end of it, it seems like you're okay on  
23 an overall basis, but there were a couple of departments  
24 that exceeded their 100 percent. And I just challenge  
25 that some of these, you may want to look into it or

1 something like that. But it doesn't make any sense to  
2 exceed budget by \$104 percent. You're either doing it  
3 right or something is wrong there. But on an overall  
4 basis, you're fine?

5 MR. KLEIMAN: Yeah, overall we are. But we'd like  
6 to look at it with the City Clerk, I believe, they  
7 brought an employee in during the year, and the salary  
8 was a little higher than we had budgeted. Now, what  
9 they do is they specific revenues that the Commission  
10 gave them, and if they go over budget, they draw from  
11 that revenue. It's a balance sheet item, and we bring  
12 it in. So it doesn't affect the City's overall budget.  
13 It is money that was purposely allotted to them by the  
14 City Commission. And he runs this balance. This  
15 balance is about 600,000 in reserves. If he goes over  
16 his budget, it comes right out of that.

17 Now, Fire is different.

18 MS. BRAVO: What is technical services within the  
19 police department? I'm sorry, it's my lack of  
20 knowledge, because that's the biggest portion of the  
21 whole overtime.

22 MR. KLEIMAN: That's the E911. That's the call  
23 center.

24 MS. BRAVO: That's separate, no?

25 MR. KLEIMAN: Yeah, that's just money that we get

1 reimbursement from the County. So we try to separate  
2 it. We're actually going to move that into-- technical  
3 services, E911, they're going to come together. So the  
4 whole Call Center will be one in Division 5040, which is  
5 Technical Services. The Property is there. Records is  
6 there, and the Call Center. I think those are the three  
7 basic divisions there.

8 MR. PAREDES: And, again, philosophically, those  
9 departments shouldn't be generating overtime. You manage  
10 for that-- you plan for that.

11 MR. KLEIMAN: Well, yes and no. The problem is  
12 that we're having a problem keeping the Communications  
13 operators. It's a very high stress job.

14 MR. PAREDES: Life or death is dependent on who  
15 answers the phone when you call.

16 MR. KLEIMAN: Right. Plus HR has taken over the  
17 recruitment process. They were being recruited within  
18 the Police department, and they pulled it out and now HR  
19 is taking over the recruitment, and they're doing a  
20 better job at staffing.

21 MR. MENENDEZ: Any other comments on the quarterly  
22 overtime report?

23 No.

24 MR. KLEIMAN: So now, this was the real first  
25 audit that we went over in detail, because the IT we

1 really couldn't, because of the confidential part of it.  
2 So overall, what does the Board think of the internal  
3 audit process now? To me, it's far better than what we  
4 had before.

5 Do you see any room for improvement? Is there  
6 something that you'd like to see that is missing for  
7 you?

8 MR. HOLIAN: I have a question. When I asked how  
9 many hours went into that audit, did they say 500 hours  
10 of work went into that audit?

11 MR. KLEIMAN: We can get that for you.

12 MR. HOLIAN: But how much do we pay them for the  
13 audit annually? It's not that much money.

14 MS. GOMEZ: The first year was the highest year  
15 because of the risk assessment.

16 MR. KLEIMAN: What we did for this cash audit,  
17 because it was such a huge item, is that we pulled out  
18 hours from all of the other audits, reduced those audits  
19 and built this one up.

20 MS. GOLDSTEIN: It's interesting. They were much  
21 less on their proposal for this particular audit than  
22 their competitors. But I think for the first time, it  
23 takes more time.

24 MR. KLEIMAN: Right. But, remember, their  
25 original cash audit wasn't as big as it was.

1 MR. HOLIAN: But I just remember that I was  
2 shocked that the audit number wasn't really that big of  
3 a dollar amount. So 500 hours is work. It just seems  
4 weird to me.

5 MR. KLEIMAN: I can confirm that, because the 500  
6 hours sounded low, but I just want to make sure--

7 MR. HOLIAN: I thought it sounded high.

8 MS. BRAVO: No. 500 hours sounds--

9 MR. PAREDES: It's lot of hours.

10 (Thereupon, there was simultaneous speaking.)

11 MR. HOLIAN: I mean, what's the hourly rate for an  
12 auditor? It's got to be 50, 75 bucks an hour.

13 (Thereupon, there was simultaneous speaking.)

14 MS. BRAVO: No. Your average rate for an auditor  
15 from Crowe Horwath is going to be at least \$250 an hour.

16 MR. HOLIAN: Okay. So 250 times 500, what's that  
17 number?

18 MS. GOLDSTEIN: No. This is a lower level person  
19 doing a cash audit.

20 MS. BRAVO: You have to have a blended rate,  
21 though.

22 MR. KLEIMAN: So far the combined total on this  
23 one is almost \$73,000 for this.

24 MR. HOLIAN: Okay. And how much more-- I thought  
25 we had a three-year contract.

1           MR. KLEIMAN: We do. The first year was 180, but  
2 a big piece of that was the risk assessment. The second  
3 year dropped to 135 or so, and so now this is coming up.  
4 But, again, we rolled last year's into FY '18 already.

5           MR. MENENDEZ: We're going to have two people in  
6 the internal audit, because we're going to have to staff  
7 it more than we already had, because it wasn't actually  
8 completing what we wanted it to do.

9           MR. PAREDES: And if I recall, at the last meeting  
10 the shift was because there were some sensitivity as to  
11 the cash, because at the end it's more--

12           MR. HOLIAN: I was just surprised at the amount of  
13 hours.

14           MR. KLEIMAN: And the interesting thing is  
15 remember, with the previous internal audit system we had  
16 here, it was a got you kind of thing. This, they work  
17 with the staff. There's no apprehension when they're in  
18 there working with them. And so you get a fairly  
19 honest, as far as I'm concerned, an easy thing--

20           MR. PAREDES: I think their-- going back to your  
21 original question-- their concentration on controls is a  
22 good thing, but I think that without having a good  
23 follow through or without good monitoring and making  
24 sure that the controls are sticking based on their  
25 recommendations, it's all paper.

1 MS. GOLDSTEIN: But that's his job.

2 MR. KLEIMAN: Right. That's why we have Elsa.

3 MS. GOLDSTEIN: That's his job.

4 MR. PAREDES: I didn't know that. If that's your  
5 job, then that's--

6 (Thereupon, there was simultaneous speaking.)

7 MR. MENENDEZ: We used to get from internal audit  
8 a report that said pending items and a follow-up, and we  
9 used to look at them every quarter and say, okay.

10 MS. GOLDSTEIN: Your person should provide that.

11 MS. GOMEZ: We don't know the format yet of what  
12 it's going to look like.

13 MR. HOLIAN: Well designed and in a very user  
14 friendly format, and she has 27 or 28 years of  
15 accounting for the City, so, you know, this is what she  
16 does. I call her my personal pit bull, because when I  
17 give her something to do, she goes in there and actually  
18 really gets it done. She's doing our FEMA right now,  
19 and she's just so dedicated with that.

20 MR. PAREDES: Talking about FEMA, the last time  
21 you mentioned that we should be okay with the whole  
22 hurricane. Is FEMA coming through?

23 MS. GOMEZ: So we're in the process now of  
24 starting the--

25 MR. PAREDES: Did we have to front end the money?

1 MS. GOMEZ: Yes. You always have to front end the  
2 money. That's why we have our reserves that we have,  
3 right. We're going through the whole public assistance  
4 process. You know, meeting with FEMA representatives.  
5 They have to do site inspections before work gets done,  
6 things like that. It's a timely process. We haven't  
7 received any reimbursements yet, because we haven't been  
8 able to finalize the claim. We're still in the window  
9 of identifying all of the damages, and all of the  
10 expenditures that happened. January 14 is the close of  
11 our window.

12 MR. MENENDEZ: What about clean up and pick up?  
13 We had to pay for a portion of it? We haven't received  
14 any of the reimbursements on that?

15 MS. GOMEZ: We haven't even submitted for it yet.  
16 They're still doing some chipping. There was a  
17 lot of debris. They've cleaned up everything, but,  
18 they're still chipping and doing everything.

19 MR. MENENDEZ: I thought there was one point, that  
20 once we started actually doing our regular pick ups,  
21 that's when the FEMA would stop. So we should've  
22 already stopped incurring FEMA.

23 MS. GOMEZ: No, it does. It does from pick up,  
24 but the chipping operation still continues.

25 MR. MENENDEZ: And that can still continue, and



1 we're still--

2 MS. GOMEZ: Yes. And you have six months to  
3 finish chipping, if we need it. We're going to be done  
4 in a couple of weeks.

5 MR. PAREDES: And you're capturing all of that in  
6 separate buckets, funding it, and therefore you'll know  
7 whether you broke even or it was a loss?

8 MS. GOMEZ: Well, it's never going to break even,  
9 right, because FEMA only-- there's some portion that  
10 they will only cover 75 percent, and then we get another  
11 twelve-and-a-half percent from the State. So we will,  
12 for certain time periods, and I don't have them from  
13 memory, but we will be covering 12-and-a-half percent of  
14 certain expenditures. The first 30 days for a certain  
15 type of expenditure was 100 percent. Then the next 30  
16 days it may be 80 percent. And then the next-- from  
17 that point forward until we're done.

18 MR. PAREDES: So we're not looking at a tax  
19 increase next year?

20 MS. GOMEZ: That's not my decision to make.

21 MS. GOLDSTEIN: They never are.

22 MR. MENENDEZ: When we look at salary and benefits  
23 like this report, is there anything on here that's tied  
24 to the hurricane that we'll receive reimbursement or is  
25 there a separate--

1 MR. KLEIMAN: No. No. No.

2 MS. GOMEZ: No. It's not here, because we  
3 separated all of the hurricane related overtime.  
4 Hurricane related overtime is being tracked separately,  
5 because we expect reimbursement for a good portion of  
6 that.

7 MR. MENENDEZ: Okay. So this is clean, nothing to  
8 do with the hurricane. It's all separate overtime for  
9 Fire, Police, I guess, everything else?

10 MR. KLEIMAN: Right. Everything is completely  
11 separated.

12 MR. MENENDEZ: Okay. That's fair.

13 Is there anything else left on the agenda other  
14 than discussion items that anyone might want to bring up  
15 or scheduling?

16 MR. PAREDES: Well, the scheduling, January 6 is a  
17 Saturday, of 2018.

18 MS. GOMEZ: I think it says 2017, so I apologize  
19 for that.

20 MR. HOLIAN: Mark me present for that.

21 MS. GOMEZ: Perhaps January 10-- would January  
22 10th work for everybody, because the first week, I don't  
23 want to do it on January 3rd.

24 MR. MENENDEZ: I'm good with it.

25 MR. HOLIAN: That's fine for me.

1 MR. KLEIMAN: I'm clear.

2 MS. BRAVO: I'm good.

3 MS. GOLDSTEIN: Wait, the 10th, the Tuesday?

4 MS. GOMEZ: That's a Wednesday.

5 MS. GOLDSTEIN: I'm sorry. I'm in the wrong year.

6 MR. PAREDES: Sorry, it doesn't work for me.

7 MS. GOMEZ: The 17th?

8 MS. GOLDSTEIN: The 11th?

9 MS. GOMEZ: The 11th, that's fine, but there's a  
10 chance I won't be here, because that's usually the date  
11 of the Pension Board meeting. I don't think they're  
12 going to do the Pension Board the first week, so they'll  
13 do it the second week, which would be the 11th. I don't  
14 necessarily--

15 MR. PAREDES: The 17th is good for me.

16 MS. GOMEZ: The 17th would be the following  
17 Wednesday.

18 MR. MENENDEZ: I'm okay with the 17th.

19 MS. BRAVO: That's fine with me.

20 MS. GOMEZ: So we'll set it for the 17th.

21 I don't know if we'll have an audit at that point.  
22 Is there any--

23 MR. KLEIMAN: If there is, we can include that on  
24 the agenda.

25 MS. GOLDSTEIN: I'm sorry, what did they say was

1 the next thing that they're working on?

2 MR. KLEIMAN: IT internal penetration, and HR  
3 payroll, they're doing right now.

4 MR. MENENDEZ: And Public Works.

5 MR. KLEIMAN: Public Works, they're putting off.  
6 They're working on Fuel and Fleet at this point.

7 MS. GOMEZ: No, we wouldn't have the audit  
8 financial statements. We go to the Commission-- it's  
9 due March 31st. We usually go to the Commission the  
10 first March meeting so--

11 MR. KLEIMAN: I can't promise there will be an  
12 overtime report, because they're so close in time.

13 MS. GOMEZ: Right, exactly. Nor will there be a  
14 quarterly, probably. I don't know if there's any other  
15 topics. I don't know if there's going to be something  
16 from Economic Development regarding leases or whatever.  
17 We can play it by ear. If there's nothing on the  
18 agenda, through the Chair, we will advise, and then  
19 reschedule. So we'll leave it as a tentative date,  
20 January 17th, and then we'll-- if there's nothing on  
21 there-- I don't know if there's anything that the Board  
22 would like to have somebody come present something or--  
23 MR. MENENDEZ: I have a question. A few years  
24 back, we allotted, I think, half a million dollars to  
25 development to be able to do electronic permitting, and

1 records with plans. Nothing has been done with that for  
2 years. We've always talked about--

3 MR. KLEIMAN: No, we are. We've been funding it  
4 now. Little pieces, we're building up, and it's being  
5 worked on right now. And we're also working on a new  
6 ERP for the entire City. So they're working on  
7 everything at the same time. And the new Development  
8 Services Director, Suramy Cabrera, she's very active in  
9 moving us toward this.

10 MR. MENENDEZ: How will I know when we're going to  
11 get that electronic record? Because we do go to that  
12 same conversation, whether we put it all full system or  
13 whether we put half a system or we go into it full. And  
14 this has been four years, I believe, that we've been  
15 talking about this. So we've been allocating half a  
16 million dollars now for four years?

17 MR. KLEIMAN: No. No. No, not the four years.  
18 The whole system was only about \$600,000. We have this  
19 capital matrix which basically funds the City's entire  
20 IT system. And it smooths it out over 10 to 20 years,  
21 and we basically upped the amount of money. We're  
22 putting aside every single year to take a piece of that  
23 and start funding it.

24 MR. MENENDEZ: So maybe we can have her come in  
25 and say where we're at, but we want this done by the end

1 of the year or we have this plan to roll it out and  
2 implement it by, I don't know, the second quarter of  
3 2018.

4 MR. KLEIMAN: What we can do is, we can get a  
5 status of it for you. And if she knows about it exactly  
6 that she can report to you something-- she may be able  
7 to. I don't really know, but we can look into that and  
8 let you know.

9 MR. PAREDES: Who's this she, I'm sorry?

10 MR. KLEIMAN: Suramy Cabrera. She's the new  
11 Development Services Director. She just started maybe  
12 about a month ago.

13 MR. HOLIAN: She should be on it, then.

14 MR. KLEIMAN: No, she really is. She's  
15 aggressive.

16 MR. MENENDEZ: Okay. So we're closing the  
17 meeting. Great.

18 (Thereupon, the proceedings were concluded at 9:15  
19 a.m.)

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CERTIFICATE

STATE OF FLORIDA        )  
                                  )  
COUNTY OF MIAMI-DADE    )

I, ESTELA L. VALLE, Shorthand Reporter and Notary Public  
for the State of Florida, do hereby certify that I was  
authorized to and did stenographically report the foregoing  
proceedings, and that the transcript is a true and complete  
record of my stenographic notes.

DATED this 20th of December, 2017.

*Estela L. Valle*

\_\_\_\_\_  
Estela L. Valle  
Shorthand Reporter and Notary Public