

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

**Meeting Minutes: Wednesday, November 7, 2018**

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

<b>MEMBERS</b>	<b>D</b>	<b>J</b>	<b>F</b>	<b>M</b>	<b>A</b>	<b>M</b>	<b>J</b>	<b>J</b>	<b>A</b>	<b>S</b>	<b>O</b>	<b>N</b>	<b>APPOINTED BY:</b>
	17	18	18	18	18	18	18	18	18	18	18	18	
Tony A. Rivas	A	-	A	A	-	A	A	-	-	-	-	-	Mayor Valdes-Fauli
Erin Knight	A	-	A	A	-	A	A	-	-	-	-	-	Commissioner Jeanette Slesnick
Alex Menendez	P	-	A	A	-	P	P	-	P	P	-	P	Commissioner Vince Lago
John Holian	P	-	P	A	-	P	P	-	P	P	-	P	Commissioner Frank C. Quesada
Cheryl Goldstein	P	-	P	P	-	P	P	-	-	-	-	-	Commissioner Pat Keon
Francisco Paredes	P	-	P	P	-	A	P	-	P	P	-	E	Commissioner Mena
Rosa Bravo	P	-	P	P	-	P	P	-	A	E	-	P	Mayor Valdes-Fauli
Carmen Sabater										P	-	P	Commissioner Pat Keon

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

^ - New Member

# - Special meeting

\*\* - Resigned Member

**Staff:**

Diana Gomez, Finance Director

Keith Kleiman, Budget Director

Sally Ola Ola, Assistant Director

Minutes Preparation and Recording Secretary: Nieves Sanchez, Bailey & Sanchez Court Reporting, Inc.

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CITY OF CORAL GABLES  
BUDGET/AUDIT ADVISORY BOARD  
TRANSCRIPT  
CORAL GABLES CITY HALL  
405 BILTMORE WAY, FIRST FLOOR CONFERENCE ROOM  
CORAL GABLES, FLORIDA  
WEDNESDAY, NOVEMBER 7, 2018, COMMENCING AT 8:03 A.M.

Board Members Present:

Alex Menendez, Chairman  
Rosa Bravo  
John Holian  
Carmen Sabater

City Staff and Consultants:

Keith Kleiman, Assistant Finance Director for Management  
and Budget.  
Elsa De Bruzos Fuentes, Internal Audit and Grants  
Coordinator  
Michelle Blackstock, Crowe

1 THEREUPON:

2 (The following proceedings were held.)

3 CHAIRMAN MENENDEZ: It's 8:03. We will  
4 call the meeting to order.

5 We'll do a roll call real quick.

6 Carmen Sabater?

7 MS. SABATER: Here.

8 CHAIRMAN MENENDEZ: Okay. Great.

9 John Holian?

10 MR. HOLIAN: Here.

11 CHAIRMAN MENENDEZ: Frank Paredes? He's  
12 not here. Is he excused?

13 MS. SABATER: He had a doctor's  
14 appointment. He told me yesterday.

15 MR. KLEIMAN: Okay. I didn't know that.

16 CHAIRMAN MENENDEZ: Okay. No problem.

17 And, then, Rosa?

18 MS. BRAVO: Here.

19 CHAIRMAN MENENDEZ: Okay. Great. And I'm  
20 here, as well.

21 Did we have a chance to look over the  
22 September 19th meeting minutes? Is everybody  
23 okay with them? Does anyone want to make any  
24 changes, any comments? No?

25 So if you're okay, we'll approve them.

1           Anyone want to make a motion?   Second?

2           MS. BRAVO:    Second.

3           MR. HOLIAN:   Motion to approve the minutes.

4           CHAIRMAN MENENDEZ:   Motion by John, second  
5           by Rosa.

6           Okay.   All in favor?

7           We'll go ahead with that.

8           And then we'll just go straight to Keith's  
9           Quarterly Overtime Report.

10          MR. KLEIMAN:   Okay.

11          CHAIRMAN MENENDEZ:   Perfect.

12          MR. KLEIMAN:   Michelle, do you want one to  
13          follow along?

14          MS. BLACKSTOCK:   Yes, please.

15          MR. KLEIMAN:   Here you go.

16          All right.   So, believe it or not, we are  
17          in good shape.   If you take a look at Police,  
18          you can see we actually went over, but nowhere  
19          near the amount that we've been going over in  
20          prior years.

21          So if you look at the total amount, all of  
22          the way on the right-hand side, Net Overtime,  
23          the budget was \$1,276,000.   The actual was  
24          1,600,000.

25          Now, just to explain this, there's a lot of

1 activities, and the note tells why they went  
2 over, but the overtime itself is more budgeted  
3 to cover, not vacancies, but to cover absences.  
4 So that's really what it's more based on.

5 And Fire is the exact same thing. Fire did  
6 actually very well, considering.

7 So the amount here now is only about  
8 \$350,000 or so, and that's explained in the  
9 note below, different events that went on, and  
10 they're still recruiting.

11 They do have, right now, eight police  
12 vacancies. Four of them are filled with  
13 recruits. So the reason we're still reporting  
14 eight is because there's not boots on the  
15 ground. If they have recruits, the recruits  
16 are in the academy or being trained or doubling  
17 up with other police officers. So we want to  
18 show it, so that the new vacancy report --  
19 which we're going to actually start putting  
20 online -- is going to show eight vacancies, and  
21 right next to four of them, it will say,  
22 "Recruits in training."

23 MS. SABATER: So hiring these folks would  
24 reduce this number by how much?

25 MR. KLEIMAN: Well, again, keeping the

1       vacancies low should get it closer to the  
2       1.276, okay.

3               What we try to do with overtime is not  
4       build up to the amount that they're actually  
5       spending, because it's an old budget policy,  
6       you give it to them, they're going to spend it.  
7       So if you keep it lower, they're going to watch  
8       what they spend. It's just an easier way to  
9       control it. It's old-fashioned. It really is  
10      old-fashioned, but it's the way to do it.

11             MS. SABATER: But, I guess, if you had a  
12      target of no overtime --

13             MR. KLEIMAN: Well, no, you can't. Again,  
14      you can't have no overtime, because the  
15      overtime that we do have is meant to cover  
16      absences, sick leave, annual leave, things like  
17      that, emergencies, light-duties.

18             MS. SABATER: So the expected overtime is  
19      this number of --

20             MR. KLEIMAN: Yeah. That's the expected  
21      overtime, right.

22             MS. SABATER: Okay.

23             MR. KLEIMAN: All right. Now, there's more  
24      of a science with Fire. Fire, this year, for  
25      FY19, we just gave them \$270,000 higher in

1       their overtime, to bring their approved  
2       overtime up to \$700,000. That was done in the  
3       adopted budget. Now you're still looking at  
4       the '18 budget here, but for the '19 budget, we  
5       brought it up to \$700,000, and I went over with  
6       the Fire Chief what the calculation was, and it  
7       was determined specifically to support the 32  
8       staff members, minimum staffing that we have  
9       now, which was up during the year for FY18.

10       So based on that, they should be spending  
11       no more than 700,000. You can see here,  
12       \$711,000, \$712,000. They were awfully close.  
13       They would have been over only by \$12,000 here.  
14       So that's how good a job the Fire Department is  
15       doing to maintain their overtime levels and  
16       they had vacancies.

17       MR. HOLIAN: It's not a normal function of  
18       the budget, as to have that much overtime? I  
19       mean, is that number --

20       MS. SABATER: I guess, as a percentage of  
21       payroll, what is the overtime --

22       MR. KLEIMAN: Well, yes. We've had this  
23       conversation several times.

24       MR. HOLIAN: Right. Right.

25       MR. KLEIMAN: And we always say, okay, is

1           it cheaper just to have more staff and less  
2           overtime, but no matter what, we never go  
3           through the salary surplus to cover the  
4           overtime.

5           MR. HOLIAN:   Right.

6           MR. KLEIMAN:   So if you started adding on  
7           to your salary base, you would end up spending  
8           way more money in the City than having some  
9           vacancies and having to cover it with overtime.

10          MR. HOLIAN:   That was the question.

11          MR. KLEIMAN:   We've always had that  
12          discussion.   Every year my answer is still the  
13          same.

14          CHAIRMAN MENENDEZ:   But you've actually  
15          netted that out when you look at Fire.   So we  
16          added two people to Fire this year, and the  
17          overtime, you're saying, is significantly  
18          lower?   Have you done --

19          MR. KLEIMAN:   No.   No.   We haven't added  
20          two more people.

21          CHAIRMAN MENENDEZ:   Didn't you go from 30  
22          to 32?

23          MR. KLEIMAN:   Yeah, added to the minimum  
24          staffing level.

25          CHAIRMAN MENENDEZ:   To the minimum staffing

1 level. But overtime is not counted as a result  
2 of that?

3 MR. KLEIMAN: Each shift has to have 32  
4 now, where it was at 30.

5 CHAIRMAN MENENDEZ: Okay.

6 MR. KLEIMAN: And, remember, their days are  
7 24-hour days. So you're not talking about  
8 eight hours. You're talking about 24 hours.  
9 So adding that, too, makes a very, very big  
10 difference.

11 So I went over the numbers, and believe me,  
12 it's not an easy exercise to do, to go over and  
13 understand these Kelly days. It's a bit of a  
14 science, but the Chief did a very good job. I  
15 can actually send the report to you guys, if  
16 you want to see it. It doesn't read easily,  
17 let me tell you. It took me three times to  
18 read it.

19 CHAIRMAN MENENDEZ: But hours are hours.  
20 If you total the hours, you get the total spent  
21 for last year versus this year, but which one  
22 was more efficient?

23 MR. KLEIMAN: Say it again.

24 CHAIRMAN MENENDEZ: Okay. If you look at  
25 the hours, the 24 hours, the Kelly shifts --

1 MR. KLEIMAN: Right.

2 CHAIRMAN MENENDEZ: -- and you just look at  
3 hours over hours, this year we added two more,  
4 I guess, personnel to the total, from the 30 to  
5 32. Which one was more efficient year over  
6 year, pay-wise?

7 MR. KLEIMAN: Well, look at it this way,  
8 last year, I'm trying to think, the overtime of  
9 the fourth quarter was 791. So you can see  
10 they actually did better. It's all of the way  
11 on the left side.

12 Okay. Do you see the total? It was 791,  
13 in the actual, compared to 712.

14 CHAIRMAN MENENDEZ: Okay.

15 MR. KLEIMAN: Okay. So they actually did  
16 better. Now, they have some vacancies right  
17 now, and they have an active list that they're  
18 working on to fill those vacancies.

19 MR. HOLIAN: Did they break out in Fire  
20 what they spend their time on, by any chance?  
21 Like do we have any fires in Coral Gables? I  
22 mean, I know that sounds like a silly question,  
23 but mostly -- I mean, I live right over here,  
24 so I see the ambulatory services at the  
25 Biltmore, too, and right over there. Like how

1 much actually -- I know we have a boat. I know  
2 we have a fire rescue boat. How many fires do  
3 we have?

4 MR. KLEIMAN: You know what, I don't want  
5 to even chance in giving you an answer, because  
6 I don't know, but we can get that information.

7 MR. HOLIAN: I mean, it's not really  
8 important. I'm just wondering, as part of the  
9 budget --

10 MR. KLEIMAN: But we can get you  
11 statistics. What do you say, like five years'  
12 statistics?

13 MR. HOLIAN: Whatever is easiest to grasp,  
14 because it will be interesting to see, because  
15 I'm telling people that if you become a fireman  
16 in Coral Gables, you don't fight fires.  
17 Basically you ride a medical truck.

18 CHAIRMAN MENENDEZ: You're a medic.

19 MR. HOLIAN: You're a medic.

20 MR. KLEIMAN: That's my understanding, but  
21 I don't want to say that is the case.

22 MR. HOLIAN: Because I know that boat was  
23 really expensive.

24 MS. SABATER: So if you look at the salary  
25 and benefits, our budget is lower than last

1 year actual? Is that what we're projecting,  
2 which would include their overtime?

3 MR. KLEIMAN: Well, salary and benefits, it  
4 does include there overtime. There's always  
5 surpluses, because of vacancies, especially on  
6 the benefits side. You won't use the health  
7 insurance and other expenses that are in there,  
8 because the overtime wouldn't -- the only thing  
9 overtime would use would be Social Security,  
10 the FICA.

11 MS. SABATER: And, then, how do I reconcile  
12 147 people versus the 30?

13 MR. KLEIMAN: Oh, you can't. The 32, you  
14 mean?

15 MS. SABATER: Yeah.

16 MR. KLEIMAN: That's per shift.

17 CHAIRMAN MENENDEZ: Per shift.

18 MR. KLEIMAN: That's per shift. Every  
19 shift has to have a minimum of 32 staff.

20 MS. SABATER: Got it.

21 MR. KLEIMAN: Yeah, so you can't do it that  
22 way.

23 MS. SABATER: Okay. So you have, roughly,  
24 three-and-a-half shifts or --

25 MR. KLEIMAN: No, I don't remember.

1           MR. HOLIAN: That's the first time I've  
2           ever heard him say that. I've never heard him  
3           say that before.

4           MR. KLEIMAN: Sorry. I just don't  
5           remember. Because, you know, I'm trying to  
6           picture the analysis that I read three times,  
7           because it was hard to understand, and I don't  
8           remember. But if you want, we can bring that  
9           analysis in, if you guys want to read it. I  
10          would just have some coffee when you do it.

11          Any questions on the overtime? Because  
12          overall, I am pleased, and it's tough to please  
13          me when it comes to overtime, but Fire and  
14          Police, they have done a better job.

15          And, actually, going back to Police, if you  
16          take a look at their number from last year, if  
17          you look at the first column, 1.8 million  
18          dollars, and now they're down. They're down  
19          almost \$200,000. That's pretty good. And we  
20          know that the vacancies are a main cause of  
21          that, so keeping the vacancies down.

22          CHAIRMAN MENENDEZ: All right. Any other  
23          questions on the budget?

24          MS. SABATER: When you hire off-duty police  
25          officers, you're just paying them directly or

1           --

2           MR. HOLIAN: You used to pay them directly,  
3 but now they switched. They have outsourcing,  
4 which was weird, because I haven't been billed  
5 yet. Generally we had to pay them in cash,  
6 which I thought was kind of weird, but now  
7 there's some third-party -- it's called  
8 something Shield or Blue Shield or --

9           MR. KLEIMAN: Yeah. It's managed through  
10 the City.

11          MR. HOLIAN: Yeah. Yeah.

12          MS. SABATER: And it comes to the City and  
13 then they --

14          MR. KLEIMAN: I'm not sure exactly how it  
15 works. We may pay Blue Shield, and it comes  
16 through that. I'm not really sure.

17          MR. HOLIAN: We've been paying directly,  
18 but I think they told me that I pay Blue Shield  
19 directly.

20          MR. KLEIMAN: Right. Okay.

21          MR. HOLIAN: It's very inexpensive, though.  
22 It was like \$40 an hour or \$35 an hour.

23          MR. KLEIMAN: Yeah.

24          CHAIRMAN MENENDEZ: If there's no other  
25 questions, I'll thank Keith on that.

1           The next order of business is the  
2           discussion items for the Internal Audit  
3           updates, and we have Michelle Blackstock here  
4           from Crowe.

5           Good morning.

6           MS. BLACKSTOCK: Good morning. We have a  
7           lot to get through. We had four reports to  
8           bring to you in draft form for discussion  
9           purposes, and I was just going to go in the  
10          order they were on the agenda.

11          CHAIRMAN MENENDEZ: Perfect.

12          MS. BLACKSTOCK: The first one is the Human  
13          Resources Department and the Finance  
14          Department's Payroll Division.

15          And very quickly, I just wanted to kind of  
16          go through the scope of the audit. I wasn't  
17          going to go into it in detail about our  
18          procedures unless you all have specific  
19          questions, and then I was just kind of going to  
20          stay on the high level, maybe the high priority  
21          or the higher risks, that we felt, to have a  
22          discussion with you all about, but we can go as  
23          far down as you want to go.

24          Very quickly, the scope, we reviewed the  
25          controls over Human Resources and payroll and

1 concentrated on general payroll processing,  
2 employee hiring, employee pay rate changes and  
3 terminations. We also looked at paid time off  
4 accruals and payouts, as well.

5 Pages 4 through 7 go into the actual  
6 details, step by step, of the procedures that  
7 were performed, as well as the, you know,  
8 number of samples that we selected.

9 And, then, starting on Page Number 8 are  
10 the actual opportunities that we found, and,  
11 for some reason, I don't know why, I guess I  
12 just did them in the order of where they showed  
13 up on the report of the procedures, but Page 11  
14 is actually the highest risk that we found,  
15 that we wanted to discuss, and it's about the  
16 Human Resources System Integration.

17 During our interview and testing  
18 procedures, we noticed that they used only one  
19 module, the NeoGov that they have. The system  
20 does not automatically interface with the ERP  
21 system, which is currently Eden, used by the  
22 City. There's no unified timekeeping system  
23 within the City that automatically interfaces  
24 with Eden, as well, and this results in a  
25 manual intensive process for the City.

1           We recommend that the City should analyze  
2       NeoGov's capabilities for automatic integration  
3       into Eden or -- and I had to put this in,  
4       because we know that the City is also going  
5       through an ERP process -- or any future ERP  
6       system that the City might bring on or consider  
7       a new HR and timekeeping system, with this  
8       capability, in order to minimize any type of  
9       manual entry of information.

10           And so management's response was, "A new  
11       Human Resources and timekeeping system will be  
12       addressed when the City purchases a new ERP  
13       software."

14           So I think that's completely on the radar.  
15       Everyone I talked to, and we talked to when we  
16       did our interviews and all, it was a clear  
17       understanding that they weren't going to, you  
18       know, go out and try to bring on any type of  
19       new HR system, until they knew which ERP system  
20       that they were going to have in place, because  
21       they want to make sure that it all works, and  
22       there's a seamless transition of the flow.

23           MS. SABATER: Is that initiative --

24           CHAIRMAN MENENDEZ: Did you get a time  
25       frame on that?

1           MR. KLEIMAN: Right now, we had one demo  
2           already. I think there's two more demos coming  
3           up for ERPs, and we hope to do implementation  
4           starting within a year, and that, honestly,  
5           could be a two-year process just to implement a  
6           new system.

7           MS. BLACKSTOCK: At least.

8           CHAIRMAN MENENDEZ: A question. How long  
9           would it take to and what's the cost and  
10          capability of getting NeoGov automated  
11          integration into Eden, their existing system?

12          MS. BLACKSTOCK: The department itself  
13          would have to look at all of the other  
14          capacities they're not currently using. I  
15          don't know that it would be efficient to bring  
16          that on board before, you know, you do the  
17          whole ERP, to make sure that the system that  
18          you do bring on works together and are going to  
19          fit the needs of the City.

20          CHAIRMAN MENENDEZ: Okay. And you didn't  
21          find any actual errors? You said it's prone to  
22          errors. Did you take samples and look for time  
23          sheets or reconcile any of the time crunches?  
24          And no errors were found?

25          MS. BLACKSTOCK: I think that in the other

1       ones, you will see that the bigger things that  
2       we found are like forms not getting into the  
3       employees' files.

4               So we tested, and we went to the employees'  
5       files to look at them, to make sure that all of  
6       the PAF forms, which are all manual, and they  
7       kind of get sent around to the different  
8       departments, which would also be part of the  
9       ERP system, and the new payroll system is  
10      trying to get all of that in a more electronic  
11      version, as opposed to -- because, you know,  
12      when you have anything in hard copy, it's going  
13      to go someplace and it's going to get buried on  
14      someone's desk.

15             If it's more of an automatic electronic  
16      system, then they get e-mail notifications, and  
17      if they don't get it done and signed off  
18      timely, you know, they get another  
19      notification.

20             MR. KLEIMAN: You know, the City is payroll  
21      by exception. So we just implemented, which  
22      was in Eden all of the time, the automated time  
23      keeping. If you're going to have time off,  
24      you've got to request it in the system, in  
25      Eden, that way everything is there, as opposed

1 to doing a paper.

2 The City's always been very paper intensive  
3 on most of their payroll and HR policies and  
4 processes. So we're trying to get away from  
5 that. And the new ERP, that's one of the high  
6 priorities there.

7 MS. SABATER: But are we seeing that  
8 payroll is manually calculated?

9 MS. BLACKSTOCK: And I don't remember off  
10 the top of my head, there is one department,  
11 that I know, that does manual time sheets  
12 still.

13 MS. SABATER: Was that the --

14 MR. KLEIMAN: Well, let's separate the time  
15 sheets from the payroll process. That is  
16 within Eden.

17 MS. BLACKSTOCK: Correct.

18 MR. KLEIMAN: That's an automated system.  
19 But it's too much data entry from paper, and  
20 that's what Michelle is assessing here. I'm  
21 not sure which department -- which department  
22 is it, do we know?

23 MS. SABATER: Was it Public Works?

24 MS. BLACKSTOCK: It might have been.

25 MS. SABATER: That's 25 percent of the head

1 count.

2 MR. KLEIMAN: Yes. It could be Public  
3 Works, because you have a lot of people in  
4 Public Works that don't have computers, nor  
5 have access to computers. So they can't go in  
6 themselves --

7 CHAIRMAN MENENDEZ: And they self report  
8 their hours?

9 MR. KLEIMAN: No. They have supervisors,  
10 and if they have time off, then they have to  
11 fill out -- they have to come in and fill out a  
12 form.

13 First of all, one of the things they're  
14 doing, they're upgrading a position, a vacancy,  
15 and they're actually going to be hiring a  
16 payroll specialist in Public Works to help  
17 clean up what's going on there and automate the  
18 system as much as it can be, until the new  
19 system comes in.

20 MS. SABATER: So we don't do any  
21 biometrics, like you clock in or you punch into  
22 your phone to start your time?

23 MR. KLEIMAN: Public Works doesn't have a  
24 time clock?

25 MS. BLACKSTOCK: They might. I have that

1           it's all manual, paper time sheets.

2           MR. KLEIMAN: Well, that's true. No, that  
3           is true, but the time clock -- I thought there  
4           was a time clock over in Public Works for the  
5           people who are out in the field, but I can  
6           check that.

7           MS. SABATER: And, then, isn't it a risk  
8           that you may not be capturing all of the time  
9           off requested, so the accrual -- what's the  
10          policy for -- is it a use it or lose it or it  
11          carries over?

12          MR. KLEIMAN: There are rules. There are  
13          certain balances. I believe it's like 300  
14          hours for Teamsters and maybe 400 hours for  
15          excluded, and they carry over. That's the  
16          maximum you could have and you'd have to use  
17          the rest.

18          E-mails go out with documentation to every  
19          employee, that if you have to use the time,  
20          either you use it or you lose it.

21          MS. SABATER: Okay. But there is a bank  
22          that potentially they could have used, but  
23          we're saying that they --

24          MR. KLEIMAN: Right. The City has also  
25          banks, from years ago, before any of these

1       newer policies and controls were put in place.  
2       So if someone had a huge -- let's say they had  
3       1,200 hours of annual leave, because they've  
4       been working here for 25 years, they didn't  
5       just lose it. So that is stored in a bank, and  
6       now they're only allowed -- there was a cut off  
7       and then they're only allowed 300 hours --  
8       that's it -- to build that time up, and that's  
9       it.

10           MS. BLACKSTOCK: And we did test that, and  
11       it's Number 6, that we have in Opportunity for  
12       Improvement, that when we were doing the  
13       calculation and recalculating annual leave, the  
14       accrual, specifically for excluded employees,  
15       we just felt, when we looked at that policy,  
16       that it was just a little bit unclear, and I  
17       know that it was -- it's, actually, in Eden,  
18       and it's in there correctly, so it's in the  
19       system correctly, but as far as the policy,  
20       it's a little bit vague. So it was just our  
21       recommendation to kind of make that a little  
22       bit clearer.

23           And it was based on, you know, you started  
24       with 93 hours and then you went through year  
25       24, but it wasn't clear as to exactly how many

1 hours, every single year, and I think the  
2 City's Rules and Regulations were actually --  
3 they were addressed -- that was addressed?

4 MR. KLEIMAN: Uh-huh.

5 MS. BLACKSTOCK: I thought so, yes.

6 MR. KLEIMAN: And one thing everyone should  
7 understand, also, as we go toward a new ERP,  
8 all of the formulas that are in the system  
9 right now, are going to be looked at. You  
10 know, they do have a gap analysis. It looks at  
11 functionality, what functionality you get from  
12 the system right now, what are you going to get  
13 from the new system, and then how can you  
14 transition towards that, because the new  
15 systems are based on accepted methods now,  
16 current modern methods, whereas Eden was  
17 designed back in the early 2000s and methods  
18 have changed.

19 So first the gap analysis is done, but,  
20 also, then, in each process, they will look at  
21 every formula, because as we go forward, we're  
22 constantly finding formulas that were entered  
23 that were just -- they were just wrong, you  
24 know, and they go in now and they try to fix  
25 them in Eden. We want to start fresh with the

1 new system.

2 MS. SABATER: Are we hiring a consultant to  
3 assist with the implementation or the vendor  
4 selection for the --

5 MR. KLEIMAN: Right now we're just going  
6 through some of the demonstrations, and I  
7 believe that IT has vendors now lined up. I  
8 forget the name of it. It's a very well-known  
9 vendor that they use as a consultant to help  
10 come in and guide us.

11 MS. SABATER: And, I guess, does that  
12 consultant have to do -- do we have to go  
13 through an RFP process to select a consultant  
14 or can they just select a partner that they've  
15 been working with?

16 MR. KLEIMAN: You know, I don't know if  
17 it's RFP. It could be an RFQ, for  
18 qualification. I'm really not sure of the  
19 actual procurement. I can find that out for  
20 you, what the process will be.

21 MS. SABATER: Yeah. I mean, I'm sure it's  
22 a multi-year engagement. It will be  
23 significant dollars. And we want to make sure  
24 that we understand the cost.

25 MS. BLACKSTOCK: We've had several cities

1 in South Florida going through the same thing,  
2 and it does. I mean, most of the time, money  
3 needs to be spent, like Keith was saying,  
4 up-front and making sure that all of those  
5 formulas and all of the users, the end users,  
6 are participating in all of the meetings, and  
7 where the City needs to go, in the end, to make  
8 sure that all of that up-front labor work is  
9 done, so that when we do bring it onboard, it  
10 is seamless.

11 MR. KLEIMAN: And just so you know, because  
12 you're still new to the Board, three years ago,  
13 we started a comprehensive replacement program  
14 for IT. We have several different capital  
15 class categories that we now have full  
16 comprehensive replacements, like HVAC, roof,  
17 elevators, automobiles, all of the vehicles,  
18 and IT was, I think, the second one, vehicles  
19 was first.

20 Basically we looked at every piece of  
21 equipment, and every system, whether it's  
22 software, and everything, what is today's cost,  
23 and I forget how much it came out to, whatever  
24 dollars, and we looked at expected life, and it  
25 came out to a dollar amount that they need in

1       today's dollars, and we've been giving that to  
2       them every single year.

3               So they have planned the ERP from the year  
4       we started, basically putting a piece of the  
5       money away, and by the time we get going, they  
6       should have almost all of the money in place  
7       just for that. And, then, the moment that gets  
8       implemented, they're still collecting there to  
9       replace it for the next time. It will keep  
10      going.

11             CHAIRMAN MENENDEZ: Do we have any other  
12      questions?

13             MS. BLACKSTOCK: On the HR Payroll.

14             MS. SABATER: I guess my only question is,  
15      once you identify an area of high risk, what's  
16      the process of going back to see if something  
17      has been corrected?

18             MS. BLACKSTOCK: In our year three, for our  
19      contract and our plan that we had worked on,  
20      that was the year that we were going to go back  
21      to the previous reports to do follow-ups.

22             MS. SABATER: Okay. And this is year one?

23             MS. BLACKSTOCK: We're in year two.

24             MS. SABATER: Is there a list of the high  
25      priorities that you found in year one, that I

1 think you'll be testing in year three? Is that  
2 something that's been made available to the  
3 Committee?

4 MS. BLACKSTOCK: Yes. We have a plan, and  
5 we had an updated plan, because some things  
6 happened along the way, because it's always  
7 kind of moving, and we're requested by the City  
8 to do certain high priority items.

9 There were a couple that we were going to  
10 do in year one and we've had to put off,  
11 because of -- help me out -- year one we were  
12 supposed to do Public Works --

13 MR. KLEIMAN: Well, because of timing.

14 MS. BLACKSTOCK: -- and we got slammed by a  
15 hurricane, and so they're like, "We can't  
16 even" -- and we still have not gone back out to  
17 Public Works to finish that one out. So that's  
18 still on our radar. That was a higher  
19 priority.

20 MR. KLEIMAN: And Parks was slow, because  
21 RecTrac was being implemented. That's their  
22 software.

23 MS. BLACKSTOCK: Right, and they didn't  
24 want us to come in before they implemented the  
25 RecTrac and that one is in process.

1           MR. KLEIMAN: So we did a risk assessment  
2 back two years ago. That's online. And then  
3 there was an audit plan, and that's been  
4 updated several times, and that's online, too.  
5 So if you go to the Finance web page, go to  
6 Management & Budget, you can see any of the  
7 finished reports. The one report you will see  
8 not see there is IT, because there were some  
9 high risk items in there and we don't want  
10 anybody -- it's not public information.

11           And there is an acknowledgement on the  
12 bottom of it, that anything that is sensitive  
13 to the City does not have to be made public.

14           MS. SABATER: Right.

15           MS. BLACKSTOCK: And then the next report  
16 is the Waste Management billing and this is one  
17 of those items that, the City had received a  
18 concern from a citizen, and so the City asked  
19 us to come in and take a look at this.

20           Specifically, and this is kind of a hard  
21 one to explain, but on one of the Waste  
22 Management bills, the City has a service  
23 provider, and they take care of picking up, I  
24 believe it's mostly the commercial --

25           MR. KLEIMAN: Uh-huh, and multi-family.

1 MS. BLACKSTOCK: And so, within that, if  
2 the individual or the company -- and there are  
3 some residences mixed in with that -- if it  
4 becomes delinquent, then the payment or the  
5 receiving of the payment then diverts back to  
6 the City.

7 When they get that information from the  
8 vendor, it's based on what they have in their  
9 records. And so what had happened was, in  
10 property records for the County, they pull  
11 those records, and there's like a number that's  
12 tied to it, and if anything changes on that  
13 piece of property, be it goes from one zone to  
14 another zone, so it's Zoned Duplex and it goes  
15 to a Single-Family or vice-versa, then the  
16 record changes within the County.

17 So what was actually happening, that we  
18 found out, because we did come in and we pulled  
19 samples and we looked at the controls over the  
20 billing process and we walked through the  
21 payment procedures, and then we did an  
22 examination of the actual billing list, an  
23 investigation of a customer listing for unusual  
24 characteristics, such as non-existing addresses  
25 and unusual name parameters.

1           So what happened on this particular bill  
2           and three others that we found in our sample,  
3           the address was actually 000 X Avenue. So  
4           something had happened with the zoning on that,  
5           and so when you went to the County's records,  
6           you could actually see that it had been there,  
7           but there was an updated record.

8           So what was happening was, the vendor had  
9           the old records, and when it transferred over  
10          to the City, that old incorrect information was  
11          then showing up on the bills that had gone to  
12          some of the residents. And this particular  
13          resident, who I believe was an accountant, took  
14          issue with the fact --

15          MS. BLACKSTOCK: An auditor. She's an  
16          auditor in the County.

17          MS. BLACKSTOCK: Yes. Okay. I wasn't  
18          going to go that far, but okay. So she picked  
19          up on it, and it kind of concerned her. So  
20          that's why we came in and took a look at it.

21          MR. HOLIAN: How much money are we talking  
22          about?

23          MS. BLACKSTOCK: There was no money  
24          involved. It was just a matter of a fact that  
25          it was -- the address was inaccurate.

1 MR. HOLIAN: Wow. Okay.

2 MS. BLACKSTOCK: And I believe that one of  
3 the other things that she found is that it was  
4 owned by maybe a company or another individual,  
5 and she had bought it, and the records didn't  
6 get updated with the correct name, as well.

7 MR. HOLIAN: Correct.

8 MS. SABATER: So there's not a revenue  
9 opportunity?

10 MS. BLACKSTOCK: No.

11 MR. HOLIAN: That's what I'm talking about.  
12 It was a long story to get to that.

13 CHAIRMAN MENENDEZ: What was the sample  
14 size?

15 MS. BLACKSTOCK: Let's see. We selected 25  
16 out of 262 customers that the City has  
17 currently taken over billing.

18 CHAIRMAN MENENDEZ: Okay. And out of  
19 those, three or four were wrong? So it just  
20 seems like a data --

21 MS. BLACKSTOCK: Correct. And so our  
22 recommendation was -- there were three  
23 instances that included cancelled folios, and  
24 that's what it's called on the Property  
25 Appraiser's website. So these folios were

1 never updated to reflect the new updated folios  
2 and addresses.

3 And we verified that the cancelled folios  
4 were not fictitious addresses, and was able to  
5 locate their new folios and correct billing  
6 addresses on the Miami-Dade Property  
7 Appraiser's website.

8 MS. SABATER: But if the City is taking  
9 over, meaning that it paid a third party for  
10 the service, but it hasn't collected the  
11 service, isn't that a revenue opportunity?

12 Maybe I'm not understanding what the issue  
13 is.

14 MS. BLACKSTOCK: In the contract with the  
15 service provider, if the individual that  
16 they're billing becomes delinquent maybe 60  
17 days, then the billing comes in-house to the  
18 City, and then the City actually takes over the  
19 billing for that particular customer.

20 MR. KLEIMAN: But we don't keep that  
21 revenue, right? It goes to Waste Management.

22 MS. BLACKSTOCK: Correct. I think you do  
23 receive an administrative fee --

24 MR. KLEIMAN: Well, an administrative fee  
25 or something, yeah, but that's not a revenue

1 opportunity for us.

2 MS. BLACKSTOCK: No.

3 MS. SABATER: No. But if you're taking  
4 over a service, is it because then you made  
5 Waste Management whole on that service? So you  
6 paid Waste Management for it, but the influx  
7 hasn't come in?

8 MS. BLACKSTOCK: They're not taking over  
9 the service.

10 CHAIRMAN MENENDEZ: The billing service.

11 MS. SABATER: The billing service, like if  
12 you factored a receivable or something, you pay  
13 somebody --

14 CHAIRMAN MENENDEZ: Do they get paid ahead  
15 or are you just doing collections for them?

16 MS. BLACKSTOCK: Collections.

17 MR. KLEIMAN: Yeah, it's just a collection  
18 at that point.

19 CHAIRMAN MENENDEZ: So they're both  
20 outstanding until they collect, and then it  
21 transfers back to Waste Management with an  
22 administrative fee to the City.

23 MR. KLEIMAN: Right.

24 MS. BLACKSTOCK: Yes.

25 CHAIRMAN MENENDEZ: Okay. And didn't a

1 while ago we changed it so that you could like  
2 go after people that were delinquent on their  
3 waste payment?

4 MR. KLEIMAN: On the tax bill.

5 CHAIRMAN MENENDEZ: On the tax bill. We  
6 added it to the tax bill and we got 80 percent  
7 recovery or some significant amount there.

8 MS. BRAVO: So the people who didn't pay  
9 their waste, it was added to the real estate  
10 taxes?

11 CHAIRMAN MENENDEZ: Uh-huh.

12 MR. KLEIMAN: Uh-huh, yes.

13 CHAIRMAN MENENDEZ: That immediately came  
14 around, within a year.

15 MR. KLEIMAN: Yes.

16 MS. SABATER: So did we trace through to  
17 make sure that it had been added to these  
18 individuals' taxes?

19 MS. BLACKSTOCK: Yes. They weren't -- I  
20 don't believe that they were --

21 MS. SABATER: -- delinquent?

22 MS. BLACKSTOCK: With her, she ended up  
23 paying, and that was part of the actual one  
24 instance. She ended up paying whatever was  
25 delinquent.

1           If I remember correctly, part of it was  
2           that she had paid it and maybe there was a  
3           delay in the fact that she had paid.

4           MR. KLEIMAN: I don't remember.

5           MS. BLACKSTOCK: I don't remember,  
6           either -- that's been a long time ago -- as far  
7           as the specifics on that, but I don't think  
8           that anything was that delinquent.

9           MS. SABATER: All right. I guess, maybe,  
10          if we can just get clarification on what  
11          exactly you're doing for the 250 some odd  
12          accounts that --

13          MS. BLACKSTOCK: I do believe that they've  
14          verified and corrected all existing folios  
15          related to Waste Management, and going forward  
16          they've implemented a process whereby all  
17          billing accounts that come over from Waste  
18          Management will be validated against the County  
19          records prior to being entered or created in  
20          the City's billing.

21          So they just weren't going through and  
22          looking at the details when it got transferred  
23          over, but now they have implemented a process  
24          by whereby anything -- the new ones that  
25          transfer over to the City, they're going

1 through and making sure there's not a cancelled  
2 folio.

3 MS. SABATER: But it doesn't get  
4 transferred over to the City unless there's a  
5 delinquency?

6 MS. BLACKSTOCK: Correct.

7 MR. KLEIMAN: But we're saying that it may  
8 not be a real delinquency. It just may be a  
9 bad address, right? Is that the issue?

10 MS. BLACKSTOCK: Correct, as far as the  
11 ones that we looked at, that had already been  
12 transferred, yes.

13 MR. KLEIMAN: Right. Okay.

14 MS. SABATER: But I guess Waste Management  
15 is only assigning them to the City if they're  
16 delinquent.

17 MS. BLACKSTOCK: Correct.

18 MR. KLEIMAN: Delinquent, but -- it appears  
19 delinquent, but it may be just a bad address.  
20 So then the City would correct the address?  
21 I'm asking the question. I'm not saying it.

22 MS. BLACKSTOCK: No. On all of the ones  
23 that get transferred to the City, there is a  
24 delinquency.

25 MR. KLEIMAN: There is a real delinquency?

1 MS. BLACKSTOCK: Yes.

2 MS. SABATER: So why don't we just ask  
3 Waste Management to do that verification  
4 process prior to sending it over to us?

5 MR. KLEIMAN: I don't know.

6 MS. BLACKSTOCK: I don't know what's in the  
7 contract, as far as that is concerned, and what  
8 their responsibility is.

9 MR. HOLIAN: If they're collecting, they  
10 should collect. In other words, why should  
11 they put it back on the City? "Oh, we didn't  
12 get paid."

13 MS. SABATER: But that's why I'm saying, I  
14 think we're paying them -- we're guaranteeing  
15 payment to them, and then we have to go out and  
16 chase it. So I think that there is some  
17 outflow, but that's what logically --

18 MR. HOLIAN: I agree, completely.

19 MR. KLEIMAN: Okay. We'll follow-up with  
20 that, and basically I'm going to ask, why. Why  
21 is the City now having to do that, instead of  
22 Waste Management having to do that?

23 MR. HOLIAN: Exactly. If we're outsourcing  
24 it to Waste Management, they should be  
25 responsible to collect.

1 MR. KLEIMAN: Right. Right. Okay.

2 MS. SABATER: So maybe there is a  
3 revenue --

4 MR. HOLIAN: Which is what you first  
5 stated.

6 MS. BLACKSTOCK: Any other questions on  
7 that one?

8 CHAIRMAN MENENDEZ: No, we're good.

9 MS. BLACKSTOCK: And the next one that went  
10 to the top of the list for us was with regard  
11 to towing services.

12 MS. BRAVO: Like they had problems?

13 MR. HOLIAN: What could go wrong?

14 MS. SABATER: Is this a recurring theme,  
15 because I've heard this comment before on the  
16 towing companies?

17 CHAIRMAN MENENDEZ: This is the first time,  
18 that I can remember, that we've looked at the  
19 contract with towing.

20 MR. KLEIMAN: Right.

21 CHAIRMAN MENENDEZ: Has there been issues  
22 with towing in the past? I personally have had  
23 plenty, but not that I know of the City having  
24 a problem --

25 MR. KLEIMAN: There's been issues of

1 protest -- the company that has the contract  
2 right now, if they weren't selected, they would  
3 come in and protest in the Chambers, but they  
4 actually did win the procurement process. At  
5 this time, it's being held off, until the  
6 results of this show up.

7 So this company that's being reported right  
8 now on here, which is deemed not responsive in  
9 certain items, they're at the top of the list  
10 for the next contract. So the outcome of this  
11 is going to determine whether they get that  
12 contract or not.

13 So just so you know, we're going to ask  
14 Michelle to be in the chambers during the time  
15 the contract is awarded, because, honestly,  
16 it's going to be a question. If I were a  
17 Commissioner, that's exactly what I would be  
18 asking, "Okay, we found this. Why are we  
19 giving it to them?" That's if the City chooses  
20 to give it to them.

21 MS. BRAVO: How long have we been using  
22 this company?

23 MS. SABATER: Who is it?

24 MS. BRAVO: Downtown Towing, Inc.

25 MR. KLEIMAN: I don't know.

1                   Downtown Towing.

2                   CHAIRMAN MENENDEZ:   You've never been  
3                   towed?

4                   MS. SABATER:   No.

5                   MS. BRAVO:   I've never been towed, either.

6                   MS. SABATER:   Why don't they just boot it?  
7                   I mean, why don't we just have a booting  
8                   process and then --

9                   CHAIRMAN MENENDEZ:   They do that, too.

10                  MR. HOLIAN:   You make more money when you  
11                  tow than when you boot.

12                  MS. SABATER:   Really?

13                  Aren't we, besides being the City  
14                  Beautiful, like the City friendly?

15                  MR. HOLIAN:   Not if you park on the wrong  
16                  spot.

17                  MR. KLEIMAN:   And if you're a resident, you  
18                  get a discount.

19                  CHAIRMAN MENENDEZ:   I took issue that next  
20                  to Ruth Chris and Rocher's, there's a lot and  
21                  it's a City lot.   It's City lot, and in the  
22                  middle, there's a private lot.   And the private  
23                  lot has a meter that looks like a City lot.   So  
24                  if you pay the City lot meter and you put it in  
25                  your car, and they come and like boot you

1 immediately, within minutes, and --

2 MS. SABATER: But the towing is not for the  
3 private businesses? The towing is just City  
4 towing, right, City parking?

5 MR. KLEIMAN: No. No. It's anywhere in  
6 the City. It's any towing service in the City.

7 CHAIRMAN MENENDEZ: An approved towing.

8 MR. KLEIMAN: Like if you need to have your  
9 car towed, you can call Downtown Towing and  
10 you'll get a discount per mile to bring it back  
11 to your house.

12 CHAIRMAN MENENDEZ: A private business can  
13 contract another towing company, within the  
14 City, for their own lot management?

15 MR. KLEIMAN: That I don't know. I don't  
16 know that.

17 MS. SABATER: I think so.

18 CHAIRMAN MENENDEZ: Yes, you can.

19 MR. HOLIAN: Then you can be on TV, on one  
20 of those shows.

21 CHAIRMAN MENENDEZ: Reality Tow or  
22 something.

23 All right. So we'll go through this.

24 MR. HOLIAN: Exciting. A lot of red  
25 highlights.

1 MS. BLACKSTOCK: So we reviewed the  
2 controls over the towing services, with a  
3 concentration on the monthly reporting package  
4 compliance, appropriate towing fees and  
5 administrative fee compliance, and then  
6 examination of revenues remitted to the City  
7 for the past two years.

8 I can say that we were not successful in  
9 all of those. So what we did, we actually kind  
10 of went through the contract, but we  
11 concentrated on what the City felt were the  
12 high priority items, that had to do with  
13 portions of the contract, specifically  
14 information that they were supposed to be  
15 providing to the City, and that was compatible  
16 with the City's system.

17 And I can tell you, from what we received,  
18 it's not compatible with much of anything. It  
19 was given to us in handwritten form, to begin  
20 with, and then, you know, I asked, because  
21 being an auditor you want something that's at  
22 least in Excel, where you can manipulate it,  
23 pivot it, table it and all kinds of things, to  
24 take a deeper dive, and it was not available.  
25 Some of the older information was not available

1 to us, and it was only provided in, I believe  
2 it was a PDF format.

3 MS. SABATER: What is the revenue that  
4 we're talking about? Or, I guess, it's  
5 unreported revenue, but what do they report on  
6 a monthly basis?

7 MS. BLACKSTOCK: We did not concentrate on  
8 the numbers, you know, the revenue generated  
9 numbers. We were just trying to look  
10 specifically at a particular time frame, which  
11 was October 2016 through September 30th of  
12 2017, and then the following fiscal year, and  
13 we couldn't even get those reports from the  
14 towing company, and what we had originally  
15 asked for, from them, is the number of tows,  
16 who initiated the tow, because then that plays  
17 into who pays, how much is paid, let's charge  
18 to the City --

19 MR. HOLIAN: Did you get any of that info?

20 MS. BLACKSTOCK: Some.

21 MR. HOLIAN: Okay.

22 MS. BLACKSTOCK: So from the information  
23 that we did finally get from them, we were --  
24 the contractor provided us April, November,  
25 December of 2016 and January of 2017.

1           So out of a 24-month period, they were able  
2           to -- they finally provided to us four months  
3           of information.

4           MR. HOLIAN:   How much revenue was in the  
5           four months?   Do you have any idea?

6           MS. BLACKSTOCK:   No.

7           MS. SABATER:   Towing revenue?   Is this  
8           included in the parking budget or --

9           MR. KLEIMAN:   No.   No.   It's included in  
10          the general fund budget.   I don't believe it's  
11          a large sum of money.   I don't have the number  
12          right now.   I can get it for you.   I don't  
13          remember the number right now, but the reports,  
14          the process, has been weak, within the City,  
15          and, obviously, they're completely unresponsive  
16          when getting information to the City.

17          MS. SABATER:   And have we sent them  
18          letters --

19          MR. KLEIMAN:   The Police Department has.  
20          The Police Department actually formalized their  
21          process in September 2017.   They've been trying  
22          to get the reports from the towing service.

23          CHAIRMAN MENENDEZ:   What about the City  
24          Attorney?   They haven't been involved yet?

25          MR. KLEIMAN:   Not that I know of.   No.

1 MS. SABATER: I mean, should they just  
2 cancel the contract with them?

3 MR. KLEIMAN: The contract has expired.  
4 It's on a month to month right now. So,  
5 honestly, the results here should be considered  
6 before they award the next contract, which,  
7 again, Downtown Towing won the process, but  
8 they're holding off waiting for this.

9 MS. SABATER: I guess my question is, just  
10 from an accounting standpoint, if we expect  
11 towing volume every month, were we not getting  
12 money remitted every month or --

13 MS. BLACKSTOCK: We'll get to that.

14 MS. SABATER: Oh, okay.

15 MR. HOLIAN: Oh, this is exciting.

16 MS. BLACKSTOCK: So we requested monthly  
17 reporting packages, as required by the  
18 contract -- it's in Section 2.3 -- and we were  
19 going to examine those for compliance. We did  
20 not even get to that point.

21 From the four months they gave us, we  
22 pulled a sample and we requested it, and we  
23 were never provided any detailed information.

24 MR. HOLIAN: Have you ever looked at any  
25 other towing companies in your career?

1 MS. BLACKSTOCK: No.

2 MR. HOLIAN: Okay. I was just wondering.

3 MS. BLACKSTOCK: I have not.

4 MS. BRAVO: How many other entities  
5 submitted to provide the service to the City  
6 besides Downtown Towing?

7 MR. KLEIMAN: I don't know that. If you  
8 want me to follow-up with that, I can get you  
9 that information.

10 MS. BRAVO: Yes, please.

11 MR. HOLIAN: That or when they see the  
12 report, they're going to do something, anyway.

13 MS. BLACKSTOCK: Also, we noted that three  
14 out of the seven requested monthly reports  
15 could not be found in the City's records. We  
16 noted that administrative fees were not paid in  
17 accordance with the contract requirements, and  
18 we found discrepancies on the amount owed to  
19 the City, as calculated by the contractor.

20 MR. HOLIAN: I would just like to make a  
21 suggestion. When we look at these reports, it  
22 would be helpful to know what revenue, because,  
23 I mean, this is \$20,000 or is it \$250,000.

24 MR. KLEIMAN: No, it's not anything near  
25 that.

1           MR. HOLIAN: You know, we don't want to  
2           spend two hours on something that's worth  
3           \$5,000 or something like that. Not that \$5,000  
4           isn't important, but --

5           MS. BLACKSTOCK: So the first opportunity  
6           for improvement was the payment not submitted  
7           per the contract guidelines. We noted that  
8           administrative fees were not being paid in  
9           accordance with the contract requirements, and  
10          it states that all administrative fees shall be  
11          paid by the 20th of the following month.

12          And because we did not actually get the  
13          reporting packages from the service provider,  
14          we had to go to the City. I believe that the  
15          order is that the contractor is supposed to  
16          supply these monthly reports to the Police  
17          Department. They were not receiving them,  
18          either. From the ones that they did have, that  
19          we looked at, we found that, out of four  
20          provided monthly reports tested, we noted that  
21          all of our selection failed this criteria, all  
22          of the checks received were dated from two to  
23          eleven days after the required submittal date.

24          Additionally, in cases of late payment,  
25          there was no evidence of calculation to

1 determine the amount of late fees that was  
2 required. So there is a revenue generating  
3 that, you know, the reports were filed after  
4 the time line, and there should have been a 1.5  
5 percent fee, that was then charged back to the  
6 towing company, for the late filing, and that  
7 has not been done.

8 MR. KLEIMAN: Can I see your budget book  
9 for a second? I don't think it's delineated in  
10 there. Because it's too small, it's probably  
11 rolled up in something else. I just texted my  
12 staff.

13 MS. BLACKSTOCK: So here I did delineate  
14 the fact that it was \$42.76, but that's only  
15 over what we were able to look at.

16 MS. SABATER: That's just the delinquency.

17 MS. BLACKSTOCK: Correct. And then,  
18 because the City was not provided the rest of  
19 the reports, if you go back and if they don't  
20 have the reports at all, those are all  
21 delinquent, and they all should be accumulating  
22 a 1.5 percent fee, and that's not being done.

23 MS. SABATER: So is that like \$2,800 a  
24 month or --

25 MS. BLACKSTOCK: We did not calculate that.

1 I mean, we can go back and look at that and see  
2 what it would be.

3 MS. SABATER: What you said was \$45, right?

4 MS. BLACKSTOCK: Just the ones that we  
5 tested, that were late. The four reports that  
6 we looked at that were late. If you had  
7 accrued the fee from, you know, the time it was  
8 supposed to be submitted and the time it was,  
9 that difference in the fee would have been  
10 \$42.76.

11 And here's the other part. The contractor  
12 has not submitted the required monthly  
13 reporting packages and also not submitted  
14 payments for the month of January 2018, and  
15 then I don't know why they paid February, but  
16 they did, and then March through September of  
17 2018 has not even been submitted.

18 During our testing of monthly reports, we  
19 noted arithmetic errors and discrepancies in  
20 the amount owed on administrative fees. Now,  
21 mind you, once again, this is information that  
22 we got from the City, that was provided from  
23 the contractor, so we did not get it directly  
24 from the contractor.

25 One monthly report provided support and

1       agreed to the payment received. Three monthly  
2       reports provided support that indicated a total  
3       overpayment of \$55, and three monthly reports  
4       were not provided and we were unable to  
5       determine if the amount paid was accurate.

6               MR. KLEIMAN: Let's just keep in mind,  
7       also, that I know the revenue number is very,  
8       very small, because the fact that I have it  
9       rolled up into something else means it's really  
10      insignificant, this is not about revenue to the  
11      City. Honestly, this is about a service to the  
12      City's residents, any of the users that are in  
13      the City, to make sure that this towing company  
14      is above board in the way they're maintaining  
15      themselves. So that's what the audit is more  
16      about.

17             As you can see, they're fairly  
18      non-responsive. They're not very well-managed.  
19      Whether that, then, extends to how the towing  
20      happens and all of their record-keeping, I  
21      don't really know.

22             MS. BLACKSTOCK: We couldn't test that far,  
23      because we couldn't test the rest of what the  
24      contract says that they're supposed to be doing  
25      and providing services to the City, because we

1 didn't have a detailed information.

2 CHAIRMAN MENENDEZ: I'm just kind of  
3 confused, because we're still using them month  
4 to month and we can't get information from  
5 them. I mean, when does this report go to the  
6 Commission? I mean, has it already been seen  
7 by the Commission?

8 MR. KLEIMAN: No. No. No. You guys see  
9 it first. Actually, our Procurement Assistant  
10 Director has seen it already. She's already  
11 aware of this now. And then the recommendation  
12 still has to be made to decide, okay, is this  
13 bad enough not to give the -- award the  
14 contract to the company?

15 My opinion is, yes, but I'm not the one who  
16 makes that decision. It will be presented to  
17 the City Commission and they're going to have  
18 to make a decision, and I can guarantee you  
19 that there's going to be a protest, if it's  
20 not, and that's why we're going to have  
21 Michelle, Crowe, represented there to discuss  
22 the findings.

23 MR. HOLIAN: I'm personally very clear on  
24 how this is leaning, where it's going to go in  
25 the Commission. I think I'm done listening to

1       this, to tell you the truth. I think it's  
2       great --

3               MS. BLACKSTOCK: Do you think that there's  
4       anything else that needs to go into this  
5       report?

6               MR. HOLIAN: You don't have anything to put  
7       into the report. You don't have the  
8       information, you can't get the information and  
9       I think you've done a great job considering you  
10      don't have any information.

11              MR. KLEIMAN: And the police can't get the  
12      information.

13              MR. HOLIAN: Right. So I think, don't  
14      waste any more time on it. I think the  
15      Commission needs to look at this report, and  
16      will probably feel the same way most of us  
17      feel.

18              CHAIRMAN MENENDEZ: The only thing is, you  
19      haven't brought the City Attorney into it. If  
20      it's a material breach of contract, you guys  
21      should bring the attorney --

22              MR. KLEIMAN: Remember, this is new. This  
23      is new here, the findings.

24              MR. HOLIAN: I think it's very clear. I  
25      mean, you can't do your job, because they're

1 not giving you the information, and we don't  
2 even know whether they're doing their job or  
3 not, or how much they're doing it.

4 MR. KLEIMAN: So, in a way, this was a  
5 success, doing it --

6 MR. HOLIAN: I think it's very much a  
7 success. I just don't want to spend any more  
8 time on it.

9 MR. KLEIMAN: Right. Totally understood.

10 MS. BLACKSTOCK: Okay. And, lastly, was  
11 the Public Works Automotive Division.

12 MR. KLEIMAN: Okay. Just so you know --  
13 this is a follow-up -- the money is so low,  
14 what we get, that the actual doesn't even  
15 require me to budget it. If it's under \$1,000  
16 or under a couple of thousands of dollars, I  
17 don't budget it, because if there's no solid  
18 trend of money, I don't budget it, because it  
19 would not be conservative.

20 CHAIRMAN MENENDEZ: Okay. So we're now at  
21 Public Works Automotive Division.

22 MS. BLACKSTOCK: So what we looked at, on  
23 this particular internal audit, acquiring,  
24 maintaining, disposing of all City vehicles and  
25 motorized equipment, to ensure that the City's

1 equipment meets the needs of the City, conduct  
2 maintenance and repair work and operate the  
3 fuel dispensing system, and some of the other  
4 maintenance and repair items for the City,  
5 including fuel storage and how it's dispensed.

6 We included, on Pages 5 through 8, just  
7 some of the reporting that comes out of the  
8 system, that shows the usage, and the main part  
9 that we wanted to show here was the consistency  
10 of the usage for the City, and I think that  
11 where we did see spikes, specifically on Page  
12 5, in 2007, the third quarter, of course,  
13 was -- we all know there was a hurricane, so  
14 the usage is going to go up because the City  
15 vehicles were out there trying to get things  
16 cleaned up.

17 But, for the most part, other than those  
18 spikes that you will see, especially on 8, you  
19 can see, it's on a very consistent basis, even  
20 the unleaded fuel, as opposed to diesel.

21 MS. SABATER: I guess, should there be an  
22 expectation that it should be coming down? Do  
23 we have natural gas in any of the trolleys  
24 or --

25 MR. KLEIMAN: I don't believe we use

1 natural gas, but we're always expanding our use  
2 of electric vehicles. I think we have the  
3 largest electric fleet of any city in Florida.  
4 So we should start seeing gas, eventually, the  
5 use of gas, go down.

6 MS. SABATER: Okay. When, I guess, just to  
7 set an expectation?

8 MR. KLEIMAN: I don't know. That I'm not  
9 sure.

10 MS. SABATER: Okay.

11 MS. BLACKSTOCK: So the items that we  
12 specifically looked at, that we felt had a  
13 higher risk rating, had to do with authorized  
14 users. That one can be found on Page 13.  
15 During our testing of authorized user access,  
16 there were instances where terminated employees  
17 were not removed from the fuel master system.  
18 We obtained a sample of five retired employees,  
19 and once these were cross-referenced with the  
20 fuel master authorized user list, we noted that  
21 three out of the five employees selected were  
22 still in the database as authorized fuel users.  
23 We verified that there was no usage, so they  
24 weren't going in and using it for their own  
25 personal use after the termination date.

1           Current controls include that the Human  
2           Resources Department, collecting the fuel card  
3           from the employee at their departure or during  
4           the employee's debriefing. If this procedure  
5           does not occur, then the terminated employees  
6           could continue to have access to fuel.

7           So our recommendation is that the listing  
8           be updated on a regular and ongoing basis and a  
9           procedure should be developed to where the  
10          Human Resources Department sends to the  
11          Automotive Division a list of all retired and  
12          terminated employees, on a monthly basis, so  
13          that they can be taken out of the fuel master  
14          system, on a higher level, as well.

15          So the response was, the system has been  
16          updated and all unauthorized users removed and  
17          regular updates are now received from the Human  
18          Resources, and the system is updated upon  
19          request.

20          MR. KLEIMAN: Upon receipt.

21          MS. BLACKSTOCK: Yes. So they have control  
22          over who has access, and so they can go in  
23          there and shut it down, as well, not just, you  
24          know, the physical taking of the card that the  
25          employee has. They can go into the system and

1       also terminate the employee from use. So that  
2       has been put into place.

3               MS. SABATER: So HR can now go into the  
4       system --

5               MS. BLACKSTOCK: No, but they are providing  
6       that list on a current basis to the Automotive  
7       Division, and then the person who has access to  
8       the system can go in and very timely shut down  
9       the access of that user.

10              MS. SABATER: Is there like an output  
11       report on changes and who is added to the fuel  
12       system, that they could then send back to HR,  
13       just for confirmation purposes, and even just  
14       somebody monitoring when someone gets added,  
15       that it's a valid add, since it seems to be  
16       like they're disjointed systems?

17              MS. BLACKSTOCK: I don't think that we've  
18       tested in detail the adding of employees and  
19       when that is done.

20              MS. SABATER: I'm just saying, if there is  
21       like an exception report that tells you, these  
22       many people were added this month, and these  
23       many people were deleted, then that information  
24       could be sent to HR just to validate --

25              MS. BLACKSTOCK: I don't know if that would

1 be an HR function or IT.

2 MR. KLEIMAN: I mean, the report would be  
3 run by Automotive, because they're in control  
4 of that system. Whether it's being done, I  
5 can't tell you. If that's a question, you want  
6 me just to follow-up with, we will.

7 MS. SABATER: Yeah. I just think, as a  
8 procedure, if they can just provide a change  
9 report for the month and then validate --  
10 there's also a risk that people are being  
11 added, that shouldn't be added.

12 MS. BLACKSTOCK: But is that done in HR,  
13 and would they have that information? That  
14 would be my question. Because another thing  
15 that we did notice is that when we were asking  
16 questions, as far as the automobiles and who  
17 has access and who uses, that is more at a  
18 department level, and not necessarily  
19 communicated back to the Automotive Division,  
20 like who has -- because one of our questions  
21 was, well, who has the list of all of the  
22 individuals who have take home vehicles? And  
23 that was kind of, "Well, there isn't one that  
24 the Automotive Division has, because it's based  
25 on a department by department level."

1 MS. SABATER: But shouldn't HR know if  
2 someone has a vehicle that they're taking home,  
3 just from a liability perspective? Usually HR  
4 is the keeper of any, you know, company issued  
5 items.

6 MR. HOLIAN: Anything.

7 MS. BLACKSTOCK: We will follow up on that  
8 one.

9 MR. HOLIAN: HR should definitely know who  
10 has a car. Definitely.

11 MS. BLACKSTOCK: So that was our  
12 Opportunity Number Two, was take home vehicles.  
13 So the City allows employees in certain  
14 management professional positions to take home  
15 City vehicles on a regular basis. The City  
16 extends this benefit to Public Safety  
17 Employees, which is the biggest -- police and  
18 fire -- well, not fire. That was another  
19 thing. I was like, yeah, they're not going to  
20 let them take home the fire trucks.

21 And that includes a 24-hour on call  
22 requirement. You know, some of the emergency  
23 personnel that have to have vehicles in the  
24 event of an emergency. We noted that there is  
25 no centralized system or policy to track the

1 usage of City vehicles, and when we requested a  
2 listing of take home vehicles, the department  
3 was unable to provide one, due to the  
4 decentralized nature of the policy.

5 So we recommended that the City implement  
6 procedures to establish a current listing, at  
7 each department, containing all take home  
8 vehicles, and that this list should be provided  
9 to the City's Automotive Division.

10 So it seems to me like we need to have a  
11 further follow-up discussion with HR to make  
12 sure that they're in the loop, as well. And,  
13 then, of course, his response was, other than  
14 installing the GPS devices on these take home  
15 vehicles, which is not exactly cost efficient  
16 or practical, the Automotive Division cannot  
17 functionally track the use of each vehicle.

18 MS. SABATER: How many vehicles are we  
19 talking about?

20 MR. KLEIMAN: I don't know. I'm not sure.  
21 I mean, it's the entire police fleet. It's a  
22 good amount on the fire fleet. And then  
23 there's a certain number of Public Works  
24 employees, that are on recall duty, but they'd  
25 be less than police and fire. Police is every

1 vehicle.

2 MS. SABATER: The police doesn't have --

3 CHAIRMAN MENENDEZ: Police doesn't have GPS  
4 already --

5 MS. SABATER: Maybe we should identify --

6 CHAIRMAN MENENDEZ: Doesn't the police  
7 already have GPS in their cars? You would  
8 think they would.

9 MR. HOLIAN: They have to.

10 CHAIRMAN MENENDEZ: They have to.

11 MS. SABATER: And then maybe we should  
12 identify the classes of vehicles to see what it  
13 really would cost, if it's necessary.

14 MR. HOLIAN: If you have a GPS in the  
15 vehicle, the person will think twice about  
16 driving it all over the County, for sure.

17 MS. BLACKSTOCK: Well, and that's another  
18 thing, there are very specific policies that  
19 are in place for the different types of  
20 employees and what is allowed and what isn't  
21 allowed. I mean, very detailed, like for  
22 lunch, or on your way home, you can deviate,  
23 but you only deviate "X" amount. So those  
24 policies are there and they are in place  
25 specifically for police, fire, you know, all of

1       those types.

2               CHAIRMAN MENENDEZ:   There's no way to track  
3       it, unless there's an incident.

4               MS. BLACKSTOCK:   Right.

5               MS. SABATER:   And, I guess, have there been  
6       issues?

7               MS. BLACKSTOCK:   No one ever made a concern  
8       to us that they were having issues, but it was  
9       something that we just looked at, to see, you  
10      know, if there was any type of abuse in  
11      personal mileage or anything like that, because  
12      that was kind of where we were going to look.

13              So that was another reason why we included  
14      all of the fuel usage, to show that it's, you  
15      know, very stable from month to month and year  
16      to year on the actual uses, because that's  
17      where you would want to see if there was any  
18      type of abuse.

19              MS. SABATER:   Unless they're consistently  
20      abusive.

21              MS. BLACKSTOCK:   Exactly.

22              MS. BRAVO:   But going back to what Carmen  
23      said, it should be going down, if we're going  
24      to electric vehicles --

25              MR. KLEIMAN:   Well, again, electric

1 vehicles are light, light, light vehicles.  
2 Even the vehicles they're replacing are light  
3 vehicles. So most of the fuel is used by the  
4 heavier vehicles, like garbage trucks. So you  
5 may see a slight decrease. You're not going to  
6 see a direct line down or anything. Unless,  
7 all of a sudden, they make garbage trucks and  
8 things like that --

9 MR. HOLIAN: And if fuel prices go up, it  
10 doesn't make a difference.

11 MR. KLEIMAN: That's true.

12 I just texted the automotive director to  
13 see if the police vehicles have GPS devices.

14 MS. BLACKSTOCK: And then very quickly, I  
15 wanted to go through our year one. Like we had  
16 said before, Public Works is still open.

17 Elsie works so diligent with me on her  
18 harassing them -- that's a bad word -- but we  
19 do harass them, to see when they will be ready  
20 for us to come back out and get that audit  
21 done.

22 Other than that, I do believe the only  
23 other one was the Payroll and HR, which we  
24 discussed today, and will get finalized.

25 For our year two, we have Procurement

1 Disbursements and P Cards, that the field work  
2 has been completed, and it's in my review. So  
3 we're going to draft the report on that one.

4 Help me out, Elsie? What other ones do we  
5 have open, that we discussed this morning?

6 MS. ELSIE: You have included them.

7 MS. BLACKSTOCK: The Parks and Recreations  
8 is also in process. We're just waiting on  
9 inventory. So the City has provided that to us  
10 today. And so we'll get through the inventory  
11 process, so we can finalize that audit, and it  
12 will get the interim review, and then the draft  
13 report will done and discussed with the  
14 department.

15 And Development Services, I think we're  
16 finalized, and we just have a few open items,  
17 maybe, that we need to get through, and then we  
18 will also get that report drafted and to you.  
19 And hopefully those will be the next three  
20 reports that come to you all.

21 CHAIRMAN MENENDEZ: Perfect.

22 And at some point, we'll ask you to just  
23 bring back open items, which we used to see  
24 before, I guess at the end of the year or  
25 something like that.

1           MR. KLEIMAN: So one question, then. Part  
2 of the process is, we present this to the Board  
3 first. If you're satisfied with the reports,  
4 then we can have them reported to the  
5 Commission. We're tentatively on the  
6 Commission Agenda for this coming Tuesday, for  
7 these four reports. Is this Board comfortable  
8 with us presenting them or would you like to  
9 have some of these questions answered first and  
10 we'll put off the presentation to the  
11 Commission to a later date?

12           MS. SABATER: I mean, I think they  
13 definitely need to know about the issues with  
14 the towing company, if there's a contract.

15           MR. KLEIMAN: Right. Uh-huh.

16           MR. HOLIAN: From a timely manner, I mean,  
17 I'm comfortable submitting the reports, if you  
18 also submit our concerns or what we requested,  
19 if that moves the process along. You know, and  
20 say, "Hey, these are the reports, but these are  
21 some of the items that the Audit Committee also  
22 asked for to support these reports."

23           MR. KLEIMAN: That we can do, because these  
24 are fairly easy questions to answer. So we'll  
25 get this information and we can supply that,

1 and Michelle will be the one presenting it.

2 MR. HOLIAN: To keep the whole thing going,  
3 because if we wait to do it -- and I've been on  
4 the Board for a while, and I was here when the  
5 internal auditor, we had internally, and this  
6 is head and shoulders above what I've ever seen  
7 from an audit perspective. So kudos to you  
8 both. Nice job, from my perspective.

9 CHAIRMAN MENENDEZ: I agree. Thank you  
10 Elsie, too, for joining us today.

11 All right. And, then, with that said, is  
12 there any open discussion items anyone wants to  
13 bring up at this point? No?

14 MR. KLEIMAN: Let's schedule a date.

15 MS. SABATER: It's the 5th --

16 MR. KLEIMAN: Diana was curious if you guys  
17 -- are we taking off December? Do you want to  
18 take off December?

19 CHAIRMAN MENENDEZ: A week before, if  
20 there's no pending items, we can take it off.

21 MR. KLEIMAN: I have nothing from the  
22 budget side.

23 MS. SABATER: Keep the date.

24 MR. KLEIMAN: You want to hold on to  
25 December 5th?

1           MR. HOLIAN: Hold on to the date and then  
2           send it out a week in advance or two weeks in  
3           advance, saying, "We have nothing on the  
4           agenda."

5           MR. KLEIMAN: Is December 5th the tentative  
6           date?

7           CHAIRMAN MENENDEZ: Penciled in and we'll  
8           probably --

9           MR. KLEIMAN: We'll send out e-mails to  
10          select another date if --

11          CHAIRMAN MENENDEZ: Thank you everyone.

12          MS. SABATER: Meeting is adjourned.

13          (Thereupon, the meeting was adjourned at  
14          9:10 a.m.)

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C E R T I F I C A T E

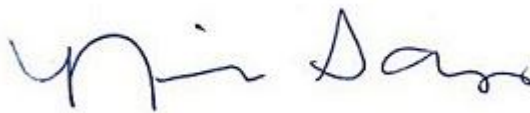
STATE OF FLORIDA:

SS.

COUNTY OF MIAMI-DADE:

I, NIEVES SANCHEZ, Court Reporter, and a Notary Public for the State of Florida at Large, 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 15th day of November, 2018.



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NIEVES SANCHEZ