

**City of Coral Gables City Commission Meeting**  
**Agenda Item I-1**  
**September 10, 2019**  
**City Commission Chambers**  
**405 Biltmore Way, Coral Gables, FL**

**City Commission**

**Mayor Raul Valdes-Fauli**  
**Vice Mayor Vince Lago**  
**Commissioner Jorge Fors, Jr.**  
**Commissioner Pat Keon**  
**Commissioner Michael Mena**

**City Staff**

**City Manager, Peter Iglesias**  
**City Attorney, Miriam Ramos**  
**City Clerk, Billy Urquia**  
**Budget Director, Keith Kleiman**

**Public Speaker(s)**

**Michell Blackstock, Auditor**

---

Agenda Item I-1 [10:35:06 a.m.]

Presentation of Internal Audits for the Development Services Department, Community Recreation Department and the Procurement Division of the Finance Department

Mayor Valdes-Fauli: OK. Time Certain – I-1, Mr. City Manager. Thank you.

City Manager Iglesias: Our Assistant Director for Budget will make the presentation, Mayor.

Budget Director Kleiman: Good morning Mayor and Commission. This morning we have three finalized internal audits to present to you. We are going to go over Development Services, Parks and Recreation and Procurement. I'm going to introduce Michelle Blackstock and she will take you through the details.

City Commission Meeting  
September 10, 2019

---

[Date]

1

Ms. Blackstock: Good morning and thank you. Very quickly, we went through all of these departments and also looked at Procurement and purchasing cards. When we did this, we reviewed the policies and procedures. We conducted in-depth interviews with key personnel, and we made observation. With the Development Services Department specifically, we tested...firmness and also eleven code violations for compliance with the policies and procedures of the City. We came up with a total of 14 opportunities for improvement within the department, and of those two we identified as a higher risk; ten we rated as a moderate risk; and then of course two we rated as a lower risk. Very quickly, I just wanted to present to you the higher risk items, the two that we found. One of them was that the employees have access to the permits, that they have access to the permit modules within EDEN. They also have the ability to edit and delete fees without approval or independent review. For this particular one, we would recommend this capability be restricted to an appropriate level of the management. Part of the issue here is that sometimes when we set up policies, long time ago, we don't necessarily go back and look at all of the details of the restrictions that are in place for our employees and what they are allowed to do and not do. So, on this one I think, in particular management has come back and said that they are implementing a new software system, InterGov, and with that implementation they are going through all of the details of all of the accesses of employees to make sure that this will not be an issue going forward. The second higher risk, observation that we made is that employees are able to edit and approve permits on other employee's behalf. The current system does not maintain a log or a list that would identify such occurrences, so it would be kind of difficult to find that. We did not find any instances, I can tell you doing our review procedures and testing that this was occurring. It just brings to the attention that it could occur. So management has indicated that this concern was discussed in a directors meeting, to spread the awareness so everyone is aware of it, and that once again that InterGov, when they implement that procedure all approvals will be limited for each different permitting discipline, including the building and the plumbing. As far as the moderate risk, I'm just going to do a very quick overview of those. We noted large volumes of hard copy documents that are physically moved to different locations for the approval process. So, the opportunity is to implement an electronic storage in accordance with the state retention policies and development an electronic tracking and approval process. Management had responded to us that they have started this process and that they were working with the City Clerk's office for retention and also developing a tracking system and also that will be much easier when they implement InterGov there will be an electronic approval processes. Two other opportunities to implement an automated process for invoicing and entering of fines. We just kind of looked at this and found out it was a very manual process. So management is in the process of updating the fee structure and also the remaining implementational will occur once with the implementation of InterGov. So all of that would be more automated as opposed to a clerk having to manually put in a fine number again. The remaining opportunities that were saw were implementing a review process of closed code enforcement cases not always was there a follow-up to make sure that the cases had all been

City Commission Meeting  
September 10, 2019

properly vetted and made sure they were closed to a good conclusion to the City, to allow code enforcement officers to actually red tag construction sites when they are there and its very obvious that there is not a permit on site. Previously they had to bring out an inspector to put that red tag on and so, management has for the most part made sure that those two have been immediately taken care of and remedied. We also found that there could probably be an institution of regular training for the code enforcement employees and then also a procedure for the establishment of liens and fines, where there is a clear process of making sure that there is a segregation of duties involved with that. So, management is also working on implementing a new procedure for that. The next report that I wanted to go over was for the Parks and Recreation Department. Once again, we reviewed policies and procedures, conducted in-depth interviews, and we made observations and also tested 40 participant registrations across the various different programs within departments. We looked at 25 items and inventory, and we also looked at five inventory purchases for compliance with all the policies and procedures that department has in place. There were four opportunities for improvement, two of which we rated as a higher risk. Those were that during the testing, they also, Parks also moved to a new system called RecTrack, and we just found that some of the older registrations that were brought over, not necessarily all of the scanned documentation for proof of residency or waivers, insurance liability waivers had all transferred over probably, and I think there were only four instances where we did not find all of that documentation that had been transferred over. So, they are going to look at that and make sure that there is a review process in place, so that all the documentation is included in RecTrack. They also had a difficult time when we were testing the actual numbers, and you know auditors like those numbers, and so we were tracking the fees to make sure they agreed with the approved City fee structure; and then we had a difficult time because there was not enough detail included in RecTrack specifically for the tennis lessons where it was based on hours, as opposed to a fee. So, its kind of difficult to trace that so there was not necessarily an audit trail. Also on the fees, the discounts that were given to either volunteers or employees, which are allowed, we just didn't see the proper documentation, we couldn't tell where they were a volunteer or whether they were employees, so it was a little bit difficult. So management has also updated the procedures to make sure that there is proper documentation that's included in RecTrack for a proper audit trail. As far as the moderate risk, we know that the current registration policy was a little bit outdated and was considered a draft, and so they are still in the process of finalizing the formal written policies and procedures that include the implementation of RecTrack. So, I'm sure by now that this is probably complete, if I know the people and individuals that we worked with in Parks and Recreation. And then lastly, during the inventory observation, we noticed that they were not doing a regular inventory observation. We are not saying it has to be detailed every single quarter or anything, but just maybe on an annual basis and that's more just to make sure that the inventory that they have is where its supposed to be and it should be used for the intended purposes, and also the safety of the equipment, just to do a check to make sure that maybe all the playground equipment is safe for use. Lastly is

City Commission Meeting  
September 10, 2019

Procurement and purchasing cards. In this particular internal audit, we actually tested 20 purchase orders and then we did that overall the different levels, because there are certain cutoffs on dollar amounts and the procedures that are associated with each of those dollar amounts. We looked at 15 bids; 23 awarded contracts; 15 independent contractor payments; and 25 emergency purchases, along with 20 purchasing, specific purchasing card transactions for compliance. There was only one observation that was identified as high risk, and this had to do with the purchasing card holders and purchasing card transactions. We noted that there were six instances in which card holder was both the user of the card and the approver of the transaction; and four instances where purchasing card transaction was initiated and then subsequently approved for the same individual. Management got back to us and indicated that in the purchasing card program it permits department directors to have cards that they personally are assigned to them and act as the designated approver and that immediately a change will be made to the policy to require the reviewer validation of that purchase by another key individual within that department for them, so that there is another set of eyes that are looking at it and not just theirs. And that is all that I have to present to you all.

Mayor Valdes-Fauli: Any comments?

Vice Mayor Lago: Well put together, great presentation. Thank you.

Mayor Valdes-Fauli: Thank you – very thorough and we appreciate it.

Commissioner Keon: Thank you so much. I really think your being here and you are doing process auditing will only make us so much better in the City. Everytime you come before us, I'm grateful for your presence.

Ms. Blackstock: Thank you. And just a note that we are keeping, Elsie is very diligent about keeping track for us, and in our year four we are going to go back to the higher risk items at a minimum to address those and do a follow up as well.

Vice Mayor Lago: Thank you.

Mayor Valdes-Fauli: Thank you.

[End: 10:39:25 a.m.]