

City of Coral Gables City Commission Meeting
Agenda Item F-7
January 23, 2024
City Commission Chambers
405 Biltmore Way, Coral Gables, FL

City Commission

Mayor Vince Lago
Vice Mayor Rhonda Anderson
Commissioner Melissa Castro
Commissioner Ariel Fernandez
Commissioner Kirk Menendez

City Staff

City Attorney, Cristina Suárez
City Manager, Peter Iglesias
City Clerk, Billy Urquia
Chief Procurement Officer, Celeste Walker-Harmon
Finance Director, Diana Gomez

Public Speaker(s)

Maria Cruz

Agenda Item F-7 [1:56 p.m.]

Discussion regarding City P-Cards, credit cards and external expense accounts
(Sponsored by Commissioner Fernandez)

Mayor Lago: Moving onto F-7.

Commissioner Fernandez: F-7. In recent weeks there have been conversations about the use of City P-Cards, city funds by members of government in allegedly ways that they shouldn't be using them, and in conversations with staff during my agenda review, I told them I wanted to have a conversation here where we explain to residents the systems that we have in place to protect taxpayer dollars in the City of Coral Gables when it comes to the use of P-Cards, city accounts, and the likes. I know that staff was working on a presentation.

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Mayor Lago: Can I just take a step back for a second. You left something out of your statement. Are you talking about this city or are you talking about other cities?

Commissioner Fernandez: I'm talking about the City of Coral Gables, to make sure....

Mayor Lago: But we don't have issues.

Commissioner Fernandez: We do not. Again, I wanted to explain...

Mayor Lago: I want to be very careful. Everybody's eyes opened up when you said that.

Commissioner Fernandez: I want to explain to residents what systems we have in place as a city. I learned about some of them during my agenda review in order to ensure that these issues do not take place in Coral Gables. It's more of an informative measure.

Mayor Lago: And I value that, but I'm going to go a step further, and if I may, I know its your item. So, in the City of Coral Gables, I instituted \$5,000 per Commissioner. That's what the City of Coral Gables allows per Commissioner. We do not have P-Cards. Zero. Been here eleven years, I've never had a P-Card. Every dollar that I spend either comes from the \$5,000 or from my own pocket, and every single year, as you can see, you can go online and there's a memo that I write from my office that provides every single receipt of those \$5,000, and the Manager can tell you, sometimes its \$3,000 that are left over at the end of the year, sometimes its \$2,500, that all goes back into the General Fund. It does not even roll over year over year. And that is all available for you to see online. So, I want to make sure that I explain, because it's a little ambiguous. In the City of Coral Gables, we're very, very, very careful, very careful in regard to how the money is handled here, especially when you're talking about the elected officials here. We don't have access to P-Cards, to petty cash, we don't have any of that here.

Commissioner Fernandez: Correct. And I think every member of the Commission this past fiscal year returned money to the General Fund, because I don't think everybody used their \$5,000 allotment or whatever it was, depending on when we were elected. Ms. Walker, if you could come up, I'd appreciate it.

Chief Procurement Officer Walker: Good afternoon, Celeste Walker-Harmon, Chief Procurement Officer. I will give you an overview of the P-Cards and what we actually do. So, P-Cards are actually eligible for full and part-time employees, but it has to be designated by your department director. So, if they feel that you have the need for the use of a P-Card to facilitate the operations of their department, they will submit a request to my department. That's reviewed to make sure there is compliance about the status of the employee and then it's routed to the Finance Director, and the City Manager's office before its actually approved. So, it does go through an approval process to make sure that the actual employee is eligible to actually receive the P-Card. Specifically, once they receive the card, they have to go through a training to make sure that they understand the requirements for the use of the P-Card and they are actually required to actually

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sign authorizations to make sure that they abide by the rules of having the actual P-Card. So, once they actually are authorized to use the P-Card, then they are required to make sure that not only that they follow the instructions of Rule 29, which is the HR Rule to actually govern the program, that they comply with the use of the card. So, once they make their purchases, monthly they are required to actually reconcile those purchases and they actually are approved by the department director. So, at the point that they are reconciled, they are actually reviewed to see what type of purchase it was and to make sure that the documentation supports those types of purchases. So, each and every charge is actually required to be reviewed and signed off by the department director. Once that information is reviewed by the department director, it comes back to my department, and then we do another audit to make sure again that the rules were followed. So, we're looking to make sure that it follows the small purchase threshold, which means nothing over \$1,000 is purchased without coming to my office first. That's reviewed to make sure it's in compliance and then I lift the requirements of the P-Card to make sure that it goes through. We actually have a plethora of restricted or prohibited purchases that are listed actually in Rule 29. So again, those purchases are automatically stopped by the bank using the MCC code to make sure that those purchases don't go through. So if there's an issue with one of those purchases and they reach out to my department, they are reviewed and we determine whether or not the purchase should be made and then we lift the controls on the card, but specifically, I wanted to stress that they are reviewed thoroughly as far as compliance is concerned and also there's mandatory training that actually happens with each P-Card. It happens annually and also refresher training for those who come in throughout the year, anyone that we deem might need to be refreshed as far as being compliant with the card program.

Commissioner Fernandez: Okay. Now, when it comes to the use of cards to pay for purchases like grocery stores, Costco, Amazon, how does that process work?

Chief Procurement Officer Walker: It depends on how much the purchase is. Anything under \$1,000 can actually go through, if you have the permission of your department director and it's in compliance with the rules on what you're actually using the card for. Anything over \$1,000 has to come to my office. So specifically, if you're talking about use with Amazon, if it is in compliance and it's not on the prohibited list, they are allowed to make those purchases setup with our corporate account, as far as using their P-Card is concerned. Grocery stores and other things that they are purchasing things for the use of the office, or if they have an event, then yes, they are allowed to make those purchases, yes.

Commissioner Fernandez: Okay. And now as far as Amazon goes, what is an approved purchase at Amazon?

Chief Procurement Officer Walker: What do you mean?

Commissioner Fernandez: What would be an unapproved purchase at Amazon? Where is the list of...

Chief Procurement Officer Walker: The unapproved purchases, they are listed in actual Rule 29. So, we have a plethora of things that fall onto that list. So, you are not allowed to buy any personal items, of course alcohol, things of that sort that fall onto that list and that's reviewed. And actually, most of those things are flagged by the bank because the merchant who sells those particular things has an MCC code tied to them. So, if it's flagged by the bank the purchase will not go through actually. So, it will be rejected. Sometimes they are legitimate businesses where they are making a legitimate purchase, so they have to contact my office, give me the details and the information and at that time I can lift the controls on the card.

Commissioner Fernandez: Okay. I was alerted this morning to certain items that were purchased on Amazon that aren't necessarily city official.

Chief Procurement Officer Walker: Okay.

Commissioner Fernandez: Clothing steamers, three mirrors, silverware, pots and pans, resume portfolio folders, blue light blocking glasses, lint rollers, are these things that are approved by the city?

Chief Procurement Officer Walker: Those are things that are approved by the department director.

Commissioner Fernandez: I mean that just doesn't make any sense to me. Why would any department approve a clothing steamer for staff?

Chief Procurement Officer Walker: That is something that you might have to address with that specific.

Commissioner Fernandez: What is the process to audit these receipts? Do we go through an annual audit?

Chief Procurement Officer Walker: We go through a monthly audit. So, my staff goes through the reconciling process. We actually review all of the transactions and all the receipts, review them to make sure that the item itself specifically does not fall on the prohibited list. We make sure that anything over \$1,000 falls on our small purchase process and also anything that is a split purchase. So, we don't allow them because of the small purchase is \$1,000, so we don't allow them to make two-\$500-dollar purchases of the same item. So, we're looking for those types of things, but specifically it is within the department director's discretion, I guess I'll use that word to say what they determine should fit into the operations or what are the needs of their staff. If it is not something on the prohibited list, then I'm not going to flag it as an issue if the department director signed off on it.

Commissioner Fernandez: What was presented to me this morning, I'm a little concerned.

Chief Procurement Officer Walker: Okay.

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*Agenda Item F-7 – Discussion regarding City P-Cards, credit cards and
External expense accounts*

Commissioner Fernandez: That any department director would be approving this. How do we initiate an audit of all Amazon purchases made by the city over the last 24 months?

Chief Procurement Officer Walker: Okay.

Finance Director Gomez: Good afternoon, Diana Gomez, Finance Director. So, just in the conversation I've gotten a notice from a department that says, for instance, the steamer is used to steam and clean the tablecloths for city events, so that's why the city has purchased a steamer, if that was the one that we're talking about.

Commissioner Fernandez: Are there memos.

Finance Director Gomez: Are they what?

Commissioner Fernandez: Is there an explanation when these purchases are made or are they just randomly approved?

Finance Director Gomez: The departments – when they get a receipt they have to indicate on the receipt the reason for the purchase, if its not self-explanatory, and so, then yes, you would go to the receipt, you would look to see on the description all these transactions recently have been coming into our new financial management system, so there is a description as to why you're purchasing the item. And so, those descriptions, I don't know exactly every single description, but typically, the departments do put in a description as to why the item is needed. If it is something that is not self-explanatory, folder files or paper.

Commissioner Fernandez: But a double burner cooker – we don't cook in the City of Coral Gables.

Finance Director Gomez: So, at an event, for instance, and I don't know if that's where its from, but in the parks, might they have an event...

Commissioner Fernandez: Development Services.

Finance Director Gomez: Okay. Might they have an event, I don't know, so we would have to go back to that particular invoice, we would have to take a look at it and see what description was given, we would have to see what – discuss it with the department, the individual who purchased it and the department director that approved it. So, we don't question necessarily every single transaction because that is the department's responsibility to do.

Commissioner Fernandez: So, I guess, I go back to my question. How do we initiate an audit of all expenses over the last two years?

Chief Procurement Officer Walker: We can do that. We can pull the actual records of Amazon and actually do a printout and find out exactly every specific item that was done. So we don't have a problem with that, but specifically what would we be looking for, because again, if its not strictly

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outlined that its in violation of the Procurement Card Rule and the department director signed off on it and said it was for a specific city use and they said whatever the specific event or they were using it for, it wouldn't be anything that I would flag as an issue.

Commissioner Fernandez: Right, but again, I mean just off of that, I understand there's a memo that came attached with the clothing steamer, just to use an example, but that should be a red flag to anybody approving these because what is the purpose of a clothing steamer. I mean it's not something that generally would be purchased in a workplace, it would be purchased at home. Love handle grips for smart phones. Every city issued cell phone comes with a case. Why should we be buying special cases for cell phones? Celsius fitness drinks, multiple times. These are very expensive drinks. Why should taxpayers be bearing that burden of these expensive drinks? These are just the questions – when I got this information this morning, I was beside myself, but our duty is to make sure that taxpayer dollars are being used appropriately. We need to find a way to figure out what all the expenses on Amazon were for and make sure there was nothing in there that was inappropriate. We should also not be approving Celsius fitness drinks or pots and pans, silverware, these are things that we should not be, three sets of silverware. Again, you have your system in place. I would like an audit of all expenses on Amazon over the last 24 months, personally, and I would like to make a motion to move forward with that.

Commissioner Castro: I'll second that.

City Clerk Urquia: Mr. Mayor, we have a member of the public requesting to speak on the item, Maria Cruz.

Ms. Cruz: Maria Cruz, Mrs. Maria Cruz. Let me tell you, sometimes when you have time on your hands, you can do many things, and for a long time I kept getting phone calls about when I go into the 427 Building, it smells like a restaurant. What's going on. So, I requested, I was the one that requested the information. I requested the Amazon information. I requested the P-Card information. Let me tell you, the P-Card information is a joke, because all I got was the monthly statements from the bank. All you get is the totals. You don't know what was bought. Okay. So, this morning I said, hello, okay, what the Amazon thing, and let me tell you, based on what's going on with Miami-Dade County Public Schools, this is serious stuff. Okay. When I looked at the Amazon card expenses, several and let me tell you, I know somebody that goes to the building several times a day to deliver. Okay. I didn't know what Poop-Purée was till I looked it up on Amazon. Poop-Purée is something that you put in the toilet, so your poop doesn't smell. You know what, we bought a 16-ounce bottle, and we bought an 8-ounce bottle. If you want something like that, you buy it yourself. You don't have the taxpayers pay. Okay. Tide-to-go-pens – I have that at home when my granddaughters get stains, I can clean it up. Why would we pay for that. Of course, he mentioned the Celsius drinks; lint rollers, you know to get the lint off your clothes. The steamer – what department has tablecloths in the city that they need to steam them? Development Services have their own tablecloths? Okay. Magic eraser sponge – I have it in my house. You know my cat sometimes damages the walls. Double mirror, cosmetic double mirror, one with 3X magnifying, one with the regular one; double burner; pots and pans, why would anybody need in an office a double burner when they have a microwave. By the way, microwave that was replaced

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already, they were on the second microwave. How do I know, because I'm looking at how things are bought. That Amazon from double burner, by the way, this is only about a month, because I didn't have time, there were 700-sum pages. I didn't have time to go through everything. The double burner, okay, and the pots and pans were \$164.92, okay. Feminine hygiene items – I went to the bathroom here and the bathrooms for the employees have those items. Why do we buy? Do you know how many coffee makers there are in the 427 Building? There's one Keurig on every floor. Oh, we buy expresso capsules, I call them cups, they are called capsules, one package for \$40, another package for \$34, because it was a variety pack. I checked with people; nobody knows where there is a Nespresso machine in that building. There's an electric Cuban coffee maker and two Keurigs and a commercial coffee maker that's rented or leased because they pay hundreds of dollars every month for it. Okay. Let's see what else interesting stuff I got. Two packets of 100 Christmas disposable cups, two packs. Bladeless desk fan, okay. Talking about going to the store, oh, throw pillows, white throw pillows to be put where the public sits, okay. I never knew there was a dishwashing block soap, \$10 each, dishwashing, I thought it was liquid, this is block soap, okay. Black paper – this was interesting. Somebody was applying for a job, I think, resume portfolio folder, very fancy resume portfolio, only \$16, okay. A golf umbrella. Permanent marker set for \$22.35. I buy markers when I do the backpacks. Himalayan salt, I didn't even know what it was, I asked my daughters. Picture frames; graduation cards; Swiffer dusters. We don't have people that come and clean, they have to do their own cleaning. By the way, the pack was a five-gallon stock pasta pot for \$32.69. Somebody was cooking spaghetti, I guess. Let's see if I find anything interesting here. Okay. When you talk about going to the supermarket, I'm going to tell you that this month Publix was four times, Costco, even Target, Panera, you know we spent a lot of money. This is, I'm telling you it's a report not a very long report, I didn't get to everything, okay. Now, I heard you say that nothing over \$1,000 goes, except going through you, right. Well, Havanna Harry's was paid for \$1,400, okay, \$1,400, but not including the tip, the tip was separate. I don't know. Let me tell you, now that I have time, I will continue searching the 700-and-sum pages on Amazon and hopefully when I get the invoices for the P-Card, I will make sure because to me, as a taxpayer, some of this is not appropriate, and I'm sorry, I suggest that you check and see who's approving because you may have an issue.

Commissioner Menendez: Mayor, if I may.

Mayor Lago: Yes.

Commissioner Menendez: And I know there's a motion and a second on the best buy, once that information is available, I would like, obviously, the administration go through it, and if you could sit down with each elected official to go over it, because let's say there are 100 items that are sort of questionable, but if there's a reasonable logical explanation for 90 of those, I'd much rather come here and discuss the 10 that are still questionable and not have employees, departments be put in front of the public when we already know that there's a justifiable answer. I don't think that's the right thing to do with anybody. So, if we could sort of go through it behind the scenes, and if its justifiable then so be it, if there are some things that aren't, then those are the focal points, in my opinion, because I don't think its fair to drag people that perhaps did nothing wrong and yet

we cast a light upon them that's – it sways public opinion in a way that's not correct under the circumstances. That's the only thing I ask.

Commissioner Fernandez: You wanted a timeframe.

Finance Director Gomez: Right. To go through two years' worth of transactions is going to take a lot of time and I want to make sure that we set a reasonable expectation.

Commissioner Fernandez: What do you feel is reasonable?

Chief Procurement Officer Walker: I would like at least two to three months and even before we go through that, if I could read what the prohibited purchases are, so that you understand what our process is and what we're actually looking for, and again, we don't micro-manage the decision that the directors, it is at their discretion on what's actually purchased by their staff or their operations and in our system they do offer an explanation or comments for what the specific purchases are for. So, specifically the prohibited purchases are alcohol beverages, ammunition, purchases over \$1,000, which have to come through my team, no cash refunds, computer equipment, construction projects, consulting services, entertainment, fines and late fees, gasoline, gifts and donations, goods and services that are restricted by our specific department, high risk industries which includes shopping and other things like that, independent travel charges, contractors, insurance, legal fees, lobbying, maintenance contracts, medical services, beauty spas, miscellaneous services, post stamps, splitting the purchases, certain retail stores, vehicle repairs, and other additional goods or services that are deemed by myself. So, there's the general overall what we're looking for. Those things are specifically considered in violation or going against what they are actually purchased for. So, if it doesn't fall into that specific category when it's identified, that's not something that my staff flags as an issue if it's approved by the director of the department. So, I just wanted to be specific about that.

Vice Mayor Anderson: I do have a question for you. This rule, what was it, 29.

Chief Procurement Officer Walker: 29.

Vice Mayor Anderson: How long ago was that drafted?

Chief Procurement Officer Walker: Well, the P-Card Program was implemented in 2003 and the code...that one particular rule gets updated whenever its necessary. So, it's been updated several times, but it was initially implemented in 2003 when the P-Card Program went in place.

Vice Mayor Anderson: I'm going to ask the language for the rule to be circulated to each one of us and the information, because we don't necessarily want to have a protracted meeting over stuff, as the Commissioner indicated that is normal expenditures. So, thank you for your time.

Chief Procurement Officer Walker: You're welcome.

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Commissioner Fernandez: So, I would amend my motion to give you three months to conduct the audit.

Commissioner Castro: And I'll second that one as well.

Mayor Lago: So, we have a motion and a second.

Vice Mayor Anderson: Yes

Commissioner Castro: Yes

Commissioner Fernandez: Yes

Commissioner Menendez: Yes

Mayor Lago: Yes

(Vote: 5-0)