



Internal Audit Assessment of Vendor Contract with Operations Management International Inc. (OMI)

June 16, 2025

Pembroke Pines Commissioners

The Honorable Mayor and Members of the City Commission
City of Pembroke Pines, Florida

We have performed the procedures enumerated in Assessment Procedures of this report, which were agreed to by the Commission of City of Pembroke Pines (City) pursuant to our contract dated January 2, 2025, solely to assist you with respect to completing a portion of the City's internal audit plan for the year as of and for the 2025 ended September 30, 2025, which includes the internal audit of Operations Management International, Inc. (OMI, dba Jacobs) vendor contract.

The engagement was performed in accordance with consulting standards established by the American Institute of Certified Public Accountants (AICPA). Our services were provided in accordance with Global Internal Audit Standards established by the Institute of Internal Auditors. We were not engaged to, and did not, conduct a financial statement audit or an examination, the objective of which would be the expression of an opinion on the financial statements or any elements, accounts, or items thereof as part of this engagement. Accordingly, we do not express such an opinion.

Our engagement did not include a detailed examination of all transactions and was not designed, and cannot be relied upon, to discover all errors, irregularities, or illegal acts, including fraud or defalcations, that may exist. Had we performed additional procedures, other findings of significance may have been reported to you. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the Appendix of this report for the purpose for which this report has been requested or for any other purpose.

This report summarizes the scope of the engagement, the procedures performed and the results of our procedures.

Our report is intended for use only by the city management and solely for reporting findings with respect to the procedures performed by us. This report is not intended to be, and should not be, used by anyone other than these specified parties unless express written consent is obtained from Forvis Mazars, LLP.

Forvis Mazars, LLP

Forvis Mazars, LLP

June 16, 2025

Internal Audit Assessment of OMI

Objective and Scope

Objective: Forvis Mazars assessed the vendor’s contract compliance and operational performance, and effectiveness in managing water and wastewater utility billing, revenue collection, monitoring and reporting, and customer service areas related to opportunities for improvement.

Scope: Our scope included assessing the current state of the OMI vendor contract areas:



Billing Operations

Billing requirements, support staff roles and responsibilities, accountability and reporting, and administrative and functional oversight.



Customer Service

Call center performance monitoring, training, call types, roles and responsibilities, and functional oversight.



Revenue Collections

Finance responsibilities, collection, and the reconciliation process.



Monitoring and Reporting

Performance reporting and 2024–2025 Client Monthly Operating Reports, Billing operating procedures, Revenue collection procedures, and control structure.

Internal Audit Assessment of OMI

Background

- We have performed the vendor audit and will present the results today, including observations, recommendations, and management responses.
- Our scope included considerations of related to the accuracy, completeness, timeliness of procedures, handling of errors, disputes, complaints, and compliance with standards, policies, and procedures.
- Our objective was to assess the vendor's contract compliance, operational performance, and effectiveness in managing utility billing, revenue collection, and customer service processes.
- **Observations** are defined as opportunities where Pembroke Pines can align with best practices within the industry, enhance efficiencies of operations, or prevent risks that may have a negative impact on Pembroke Pine's ability to meet their objectives.

General Observations

Contract Management

Oversight of Vendor:

- City Water Utilities:
 - Utilities Director
 - Administrative Assistant to Utilities Director
 - OMI Project Director, Customer Service (CS) Manager

Specific Performance Expectations and Internal Standard Operating Policies and Procedures

- The current contract between the City and Jacobs (OMI) does not include detailed or specific service-level agreements (SLAs) or key performance indicators (KPIs), which are used to measure vendor performance.
- The City does not have formally documented processes defined for the review and analysis of vendor performance related to billing, call center, and vendor reporting processes in alignment with contractual expectations.

Dedicated Vendor Employees	Vendor Structure
<p>21 full-time Customer Service/Utility Billing employees working Monday through Thursday from 7:00 a.m. to 6:00 p.m., consisting of a Project Director, an Operations Manager, a Customer Service (CS) Manager, an Assistant CS Manager, 3 CS Clerks/Cashiers, 2 CS Specialists/Billing, a CS Specialist/Lead, and eleven CS Clerks.</p> <p>1 part-time employee working Monday through Thursday from 9:00 a.m. to 2:00 p.m. consisting of a CS Specialist</p>	<p>12 Agents 3 Cashiers 1 Supervisor 2 Billing Specialist 4 Management</p> <p>© 2025 Forvis Mazars, LLP. All rights reserved.</p>

OMI KPIs

Observation #1 – Develop and communicate specific performance expectations for OMI.

The current contract between the City and OMI (dba Jacobs) does not include detailed or specific KPIs, which are used to measure vendor performance. Through discussions with the Utilities Director, we learned that the City is currently drafting KPIs for Jacobs. At the time of our discussion, these KPIs have been established, communicated, and agreed upon by Jacobs pending Commission approval.

Without clearly defined KPIs:

- There is a limited basis to assess vendor performance, making it challenging to hold the vendor accountable or to identify underperformance.
- Contract renewals may occur without a full understanding of service delivery expectations.
- Disputes with the vendor will be harder to resolve due to vague language or subjective performance expectations.
- Opportunities for process improvements or service enhancements may go unnoticed or missed.

There is limited reporting provided by Jacobs, and as such, limited reviews by the City.

Recommendation: We recommend that the City formalize its KPIs and performance expectations of Jacobs for inclusion in the upcoming contract renewal. KPIs should be based on the City's specific objectives, requirements, and overall best practices. Doing so supports improved transparency, accountability, and effective contract management practices so that the vendor is clear on the City's requirements and expected quality standards in the services provided. We recommend that the City formally document an expected review process of its contract with Jacobs, including performance expectations.

Management Response: We acknowledge that the original Agreement executed on July 23, 2020, did not include detailed KPIs beyond those required by local, state, and federal regulations governing water and wastewater operations. Since that time, KPIs have been developed and are currently included in OMI's monthly reports. A new draft agreement, which incorporates detailed and specific KPIs aligned with the City's objectives and best practices, has been negotiated with Jacobs/OMI and is pending Commission approval on June 18. These provisions address the recommendation to formalize performance expectations and establish a clear framework for ongoing contract review and accountability.

OMI Defined Processes

Observation #2 – Enhance documented internal standard operating policies and procedures.

The Water Utilities department has Standard Operating Procedures (SOPs) functioning as job aids but currently does not have formally documented procedures defined for the review and analysis of day-to-day vendor performance related to utility billing, call center, and reporting processes. Detailed procedures around vendor management and related monitoring establish internal expectations and promotes consistency, accountability, transparency, and proactive risk mitigation. Enhanced policies and procedures:

- Establish clear expectations by defining roles and responsibilities
- Provides for a consistent understanding across departments and vendor stakeholders
- Supports effective oversight and consistent monitoring of vendor performance, issue escalation, and contract compliance checks
- Promotes accountability and provides an audit trail for internal decisions and required approvals
- Strengthens internal controls by supporting control activities such as approvals, segregation of duties, and periodic vendor evaluations

Without detailed procedures focused on monitoring vendor performance, risks of operational inconsistency, non-compliance with contractual terms, overpayments, and reputational damage may not be adequately mitigated.

Recommendation: We recommend that the City enhance its current internal procedures to include best practices and expectations for its operations. We also recommend that any updates to existing procedures or creation of new procedures be communicated to applicable personnel, while tracking the training and practical application during their work.

Management Response: Management agrees with the observation. To date, the City's operational procedures with OMI, Inc. have largely relied on industry standards and verbal communication of expectations. While OMI, Inc. employs experienced and qualified personnel, formalizing and consistently reinforcing written standard operating procedures and policies will enhance service quality. City staff is committed to developing and implementing these procedures and ensuring they are communicated, applied, and supported through ongoing training.

Billing Observations

Billing oversight of OMI personnel and performance

Billing Activity and Processes:

- The City water utilities bills customers once per month, requiring eight cycles of billing to facilitate meter reading and billing generation requirements for the City.
- An account number is assigned to City Water Utilities customers upon activation of services.
- Customers are provided a detailed billing based on requested delivery, with approximately 63% of customers receiving physical paper bills, 17% electronic bills only and the remaining 20% of customers are receiving both paper and digital bills.
- Physical bills are generated by a third-party service provider via mail.
- Billing includes the Meter number associated with the account and the timeframe of services related to each bill.
- Each bill includes charge descriptions, and an amount associated with each charge description, including any adjustments.

Billing Cycle 3 Example – March 2025		
Charge Codes	Charge Descriptions	Meters Billed
44	53	4,080
Typical Types of Charges		
WATER	SEWER	SANITATION
MISCELLANEOUS	DEPOSITS/CREDITS	FEES
		CITY TAX

Billing is generated based on meter readings that are completed by water utility operations personnel, with the majority digitally generated during periodic route visits completed monthly. Additional adjustments are assessed based on monthly activity on the account.

Billing Process Oversight of Customer Bills

Observation #3 – Enhance review, approval, and analysis over utility billing.

The Billing department currently uses a “high/low” report to identify potential billing anomalies that fall outside of expected ranges. There is no formal sign-off or documented evidence of the review being done or maintained. The precision and effectiveness of the review cannot be assessed.

A pre-billing workflow review, including defined review criteria and documentation protocols, has not been established or implemented. Without a documented review process performed prior to bill issuance, there is an increased risk that billing errors may go undetected until reported by a customer.

Recommendation: We recommend that the City formalize its review process of the high/low report prior to processing and issuance of bills. This should include:

- Documented evidence of review (e.g., Reviewer sign-off or electronic approval)
- Defined roles and responsibilities to promote accountability

Management Response: We agree with the observation. The City will formalize its review process for the high/low report prior to bill issuance. This will include establishing clear review criteria, defining staff responsibilities, and implementing a documented sign-off process—either in hardcopy or electronically—to ensure accountability and provide evidence of review.

Billing Adjustment Oversight of Personnel

Observation #4 – Monitoring manual billing adjustments performed by billing personnel.

Billing team members currently have system access to enter miscellaneous fees and/or credits to bills such as “Miscellaneous Sewer Charge,” which could be a charge or a credit, as needed. There is a workflow in place where the vendor initiates an adjustment request and then forwards the request to the City for approval before adjustments are made within the system. Evidence of approvals is maintained in hard copy.

Overrides or adjustments of this nature should be restricted to a few key team members through improved logical access or role-based access controls. Further, the current process is not designed to detect unauthorized adjustments that may occur outside of the current approval workflow. As a result, unauthorized or erroneous entries may go undetected.

Recommendation: We recommend that the City strengthen controls over billing adjustments by implementing both preventative and detective controls, including:

- Limiting system access to perform manual adjustments to a small group of authorized individuals with appropriate roles and responsibilities
- Developing and implementing a regularly generated report that captures all adjustments of this nature, including user ID, date, and type of adjustment
- Ongoing reviews of the newly created report to confirm that all adjustments were properly authorized, supported by evidence, and should be performed by a designated reviewer

This will help proactively identify and mitigate the risk of errors or potential fraud related to inappropriate and unauthorized adjustments.

Management Response: Management agrees with the observation. The City will strengthen controls over billing adjustments by limiting system access for manual adjustments to a designated group of authorized personnel. In addition, the City will work with its current software system—or consult with the vendor if necessary—to generate a regular adjustment report that captures key details such as user ID, date, and type of adjustment. This report will be subject to ongoing review by a designated staff member to ensure all adjustments are properly authorized and documented.

Revenue

Processes and Procedures Overview

Cash flows directly from the customer to the City

- The City finance team records bank activity for reporting purposes on Water Utilities revenue monthly.
- Payment is submitted via ACH, manual check, or credit card to the clerk or through the web portal and is associated with the customer account upon payment.
- Payment is applied via the City billing platform to the customer statement and appears on the billing for the date it is applied based on the Retail (POS) Transactions report generated by the Tyler Munis Cashiering system.
- The bank statement reflects the batched credit card settlements and cash/checks batching which may or may not match to the Tyler cashiering batch posted to the General ledger.
- A reconciliation of the Tyler Munis Cashiering system and the bank statement is completed.

Procedures observed during the walkthrough

- Two randomly selected billing payments were selected for walk-through purposes.
- Each selection was traced from the customer billing statement to the bank receipt of funds.
- Batched payments are made to the bank, requiring additional effort by the finance team to identify and understand the make-up of the batched amount.
- OpenEdge is the global payment processor integrated into the Tyler Munis Cashiering system for application to the customer bill, with the date of receipt identified.
- Fees are assessed on the next billing if the payment is submitted by the customer after the due date for the applicable bill.
- A posting ledger is generated daily for the booking of revenue based on the billing of services. A receivable is generated at the time revenue is recognized, and payment by the customer is applied to the receivable at a subsequent date.

Payment Options	Bank Reconciliation Challenges
The ability to pay past bills and current bills by the customer.	System batch to customer reconciliation challenges occurred.
Payments may come in the form of ACH, manual check, or credit card payment.	Credit card fee situations and timing of transactions, and netting of fees in Tyler Munis system challenges exist.

Revenue Processes and Procedures

Observation #5 – Delayed bank reconciliations related to customer water utility payments.

As of the time of review, reconciliations of bank deposits related to sub-ledger customer utility payments have only been finalized up to December 2024. This means that deposits are not being verified or reconciled in a timely manner to the billing system before amounts are reported as part of the City's financial statements. The lag in the sub-ledger reconciliation process is due to complications with utilizing the existing reporting in the Tyler-Munis system, primarily the credit card transactions, and continues to be a challenge experienced by the finance team.

There are documented expectations regarding the frequency, timing, or responsibilities for completing the bank reconciliations as part of the financial reporting process. The delay in the sub-ledger reconciliation process may increase the risk of financial statement errors and reduce the opportunities for the City finance team to detect errors timely or identify trends.

Recommendation: We recommend that the City work to resolve its system limitations that hinder its ability to reconcile cash receipts timely. Management should consider adding this process, once updated, to its month-end checklist for each close cycle.

Management Response: The Finance Department recognizes the critical importance of timely reconciliations in ensuring the accuracy and integrity of financial reporting and has consistently prioritized the completion of reconciliations in a timely manner. The lag in sub-ledger reconciliation is primarily attributed to system-related challenges within our ERP platform, Tyler-Munis—specifically in how credit card transactions are posted to the general ledger. These technical issues have impacted the department's ability to efficiently match cash receipts to corresponding bank deposits.

We have initiated a comprehensive review of our reconciliation procedures to identify opportunities for improvement. And as part of this effort, we will engage with the Tyler-Munis support team to explore enhanced methods for aligning system postings with bank activity. Once completed, Finance will add this to the month-end checklist for each close cycle.

Customer Service

Performance expectations and call center oversight

- Call center representatives are supplied to the City by Jacobs
- Current call center systems are not optimized to generate automated tracking and metrics needed for effective monitoring and oversight

Manually Generated Metrics	Phone System Generated Metrics
Phone Call Types	Logged In Time
Total Customer Inquiries	Inbound/Handled Count
Total Incoming Calls	Not Ready/Not Answered Count
Total Outgoing Calls	Outbound Count
Miscellaneous Calls	Talking, Working, Reserved, Ready, Not Ready Statistics

- The phone system-generated metrics are limited to a report called the Utilities – Weekly/Monthly Agent Summary Report that identifies each agent's name and various metrics related to inbound, outbound, handled, talking, and other general statistics.
- Call center customer service agents utilize the Tyler Munis system to log information obtained from customers during each call by accessing the platform, categorizing the issue type, and recording pertinent information obtained from the interaction with the customer.
- The management of the call center can access and listen to recorded calls from the phone system.

Customer Service Metrics

Observation #6 – Identify and formalize specific and generally expected metrics for its call center function.

Jacobs is responsible for operating the City’s utility customer call center. Over the months of May 2024 through April 2025, the Customer Service Center received an average of 2,800 calls monthly. Jacobs does not have a call center management system capable of systematically capturing and reporting data for performance-related metrics in real-time call center operations.

The performance reporting and metrics that are reported to the City by Jacobs are manually compiled. The calls are reported to the City by type of call and call count. The reports include details about the call topics, such as: billing issues/verifies, account information changes, balance inquiries, new/final accounts, delinquent accounts, water/sewer issues, sanitation issues, low pressure issues, water quality composition issues, and miscellaneous complaints.

Manually tracking call center metrics introduces several operational and oversight risks:

- Reporting and data inaccuracy: The manual nature of the customer service call center process is more prone to human error, manipulation, and could lead to unreliable and inconsistent performance reporting.
- Limited transparency and insight: Without automated tracking, the City lacks real-time visibility into service levels, call center volume, and its ability to monitor or respond to emerging customer service concerns.
- Customer service impact: There is an inability to proactively monitor key indicators like hold times and customer resolution rates, which may result in undetected service degradation and reduced customer satisfaction.

Recommendation: The City should consider requiring the vendor to implement a call center software solution that enables automated tracking and reporting of expected performance metrics and related audit trails for validation and traceability. We further recommend that the City provide formal call center KPIs to Jacobs for inclusion in the next contract renewal as it relates to the vendor’s performance expectations.

Customer Service Metrics

(Continued)

Observation #6 – Identify and formalize specific and generally expected metrics for its call center function.

The call center KPIs outlined below represent a recommended baseline standard and are commonly recognized across call centers of all sizes and call volumes.

- Average Speed of Answer (ASA): average time it takes for a call to be answered by an agent
- Average Handle Time (AHT): average time spent on each call (including talk, hold, and afterwork)
- First Call Resolution (FCR): measurement of calls resolved on the first contact without the need to call back
- Average Abandon Rate (AAR): measurement of callers who hang up before reaching an agent
- Customer Satisfaction Surveys (CSS): measurement of caller satisfaction with their service
- Average Occupancy Rate (AOR): measurement of the time that agents spend handling calls versus waiting for calls
- Escalation Rate: percentage of calls that are directed to a supervisor

In the absence of KPIs, the City cannot effectively monitor the performance of the customer call center vendor, limiting its ability to ensure the delivery of consistent and quality services to the public. Without these in place, there is a risk of inefficient services and unresolved customer concerns going unnoticed. This gap undermines the City's ability to uphold transparency and accountability in the management of the outsourced services. These metrics facilitate the setting of expectations for front-line customer service representatives and enhance operational oversight of the call center activities.

Management Response: We agree with the observation and acknowledge the need to strengthen oversight of the City's utility customer service call center operations. While Jacobs currently provides manually compiled reports on call types and volumes, these lack performance-based metrics needed to assess service quality.

To address this, the City will work with Jacobs to implement call center management software that enables automated tracking and reporting. Once in place, KPIs will be established and incorporated into the proposed agreement, pending Commission approval.

Call Center Oversight

Observation #7 – Perform an analysis and review of call center call details.

There are no formally documented expectations around reviews or analysis of the call center reports submitted by Jacobs to the City. The reports currently lack sufficient detail and contain limited metrics required for adequate oversight and monitoring by the City of the call center operations.

Without a formalized process defined for reviewing and analyzing performance data, the City cannot ensure the vendor is meeting expectations or delivering services in line with its contractual obligations, which reduces the City's ability to hold Jacobs accountable for declining or poor performance.

Recommendation: In conjunction with enhancing performance reporting and expectations required of Jacobs, the City should establish and document internal procedures for monitoring and evaluating vendor-provided call center performance reports. This should include assigning responsibility, defining thresholds for acceptable performance, and outlining escalation steps if issues are identified. Doing so will strengthen accountability and support continuous improvement in service delivery by the call center and the utility personnel to the customer.

Management Response: As committed in response to Observation 6, the City will work with Jacobs to implement call center management software capable of generating detailed performance reports. Once the relevant metrics are established, the City will develop and implement formal internal procedures for reviewing and analyzing these reports. This will include defining responsibilities, setting performance thresholds, and outlining escalation protocols to ensure effective oversight and accountability.

Appendix

Appendix A: Assessment Procedures

Below are procedures performed prior to this presentation:

- Read the current contract to identify clauses relevant to OMI's performance requirements
- Obtained existing documentation, policies, and procedures for the in-scope areas and assessed the process and design of controls
- Conducted walk-throughs with process owners and key stakeholders, both within the City and at the vendor
- Obtained or observed support for each process within the City or vendor processes
- Identified potential gaps and opportunities for improvement and drafted observations and recommendations

Contact

Forvis Mazars

Dan O’Keefe CPA, CFE, MBA

Commission Auditor

P: 800.683.5401

Dan.okeefe@us.forvismazars.com

Christie L. Clements, CIA, CISA, CRMA

Managing Director | Internal Audit

Internal Audit Industry Leader: Nonprofit, Education, Public Sector

P: 317.363.6718

Christie.Clements@us.forvismazars.com

Eddy Castaneda, CPA, CFE, MBA

Senior Manager

P: 800.683.5401

Eddy.castaneda@us.forvismazars.com

The information set forth in this presentation contains the analysis and conclusions of the author(s) based upon his/her/their research and analysis of industry information and legal authorities. Such analysis and conclusions should not be deemed opinions or conclusions by Forvis Mazars or the author(s) as to any individual situation as situations are fact-specific. The reader should perform their own analysis and form their own conclusions regarding any specific situation. Further, the author(s)’ conclusions may be revised without notice with or without changes in industry information and legal authorities.

© 2025 Forvis Mazars, LLP. All rights reserved.