**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Marc Hassan, Chair**

**Chris Brady, Vice Chair**

**Audit Committee Meeting Minutes**

**May 4, 2017**

**3:00 p.m.**

**City Council Conference Room B**

**Attendance:** TRUE Commissioners Niki Brunson (Chair), John Pittman and Danny Ferreira

**Also**: Tommy Carter – Council Auditor’s Office, Jeff Clements – City Council Research; Dr. Johnny Gaffney – Mayor’s Office

TRUE Commissioner Niki Brunson called the meeting to order at 3:06 pm.

Tommy Carter of the Council Auditor’s Office reported on 2 audits and 1 audit follow-up issued since the last committee meeting.

#726A – Municipal Code Compliance Division Revenue Audit Follow-up: Mr. Carter explained the findings, which included excessive computer access rights and failure to segregate functions with regard to receiving, depositing and reconciling payments received by the Division instead of by the Tax Collector’s Office, and problems with the lien database (which is maintained in a Microsoft Access database). Some improvements have been made but others are still in process, particularly with regard to the lien database. Another problem was identified with the timeliness of transmission of liens to a collection agency; that process has been discontinued as the resulting collections were not worth the cost. Another follow-up report will be conducted next year.

#792 – Risk Management Workers Compensation Audit: the findings included excessive computer access rights, inadequate documentation of review and approval of workers comp incident reports, failure to always utilize the procurement process when purchasing services related to case investigation, inaccurate and/or untimely payments to claimants, and violations of City cash handling policies. The division agreed with some of the recommendations and partially agreed with others, stating that insufficient staffing led to a failure to fully segregate functions with regard to creation, payment, reconciliation and close-out of case files.

Mr. Carter noted that former Council Auditor Kirk Sherman had retired on April 14th and former Assistant Council Auditor Kyle Billy had been appointed to the position.

#793 – Nonresidential Solid Waste Franchise Fees: the primary finding was that the franchise haulers were all calculating their fee on different bases and not in compliance with the City’s definitions of gross receipts, leading to an under-collection of $335,000 in calendar year 2015. The companies also were not always in compliance with the payment bond, insurance and reporting requirements and the Solid Waste Division lacked standard operating procedures for various processes related to the franchise fees. The division is working with the Office of General Counsel to determine how to collect the under-paid fees for as many years back as allowable by the statute of limitations. The Solid Waste Division will begin requiring signatures on affidavits by all franchise haulers certifying that they are properly calculating and remitting the fee in accordance with the Ordinance Code.

With no further business, the TRUE Commission Audit Committee meeting adjourned at 3:40 pm.

Jeff Clements, City Council Research Division

Posted 5.4.17 4:00 p.m.