**Taxation, Revenue, and Utilization**

**of Expenditures (TRUE) Commission**

**Marc Hassan, Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**July 21, 2017**

**2:00 p.m.**

**City Council Conference Room B**

**Attendance:** TRUE Commissioners Niki Brunson (Chair), Keshan Chamblis, Danny Ferreira, Greg Rachal, Gloria Stephens

**Excused:** Commissioner John Pittman

**Also**: Tommy Carter – Council Auditor’s Office, Jeff Clements – City Council Research

See attached sign-in sheet for additional attendees.

Chairwoman Niki Brunson called the meeting to order at 3:02 p.m.

Tommy Carter of the Council Auditor’s Office reported on 3 audits and follow-ups issued since the last committee meeting.

#796 Visit Jacksonville Audit: The audit found that the organization had adequate procedures in place to safeguard the issuance of hard checks, but needed better procedures for the use of ECH electronic transactions. There was a lack of segregation of duties in the financial area (one employee processing invoices, making payments and reconciling bank statements) and the organization was not complying with City travel regulations as required by its contract. There were also insufficiencies in the supporting documentation of payments to employees for items such as bonus pay and cellphone allowances. Visit Jacksonville has agreed to make the changes recommended.

The committee discussed the City’s travel regulations and Visit Jacksonville’s failure to comply with the requirements for pre-approval of travel, documentation of use of private vehicles for business purposes, etc. Jeff Clements explained that the City’s Tourist Development Council is in the process of negotiating a new contract for tourism and convention marketing services with Visit Jacksonville, and has discussed the need for more stringent standards for adherence to travel regulations and for reporting and verifying success in meeting the contract’s objectives (attracting more tourists and convention business to Jacksonville and increasing accommodation occupancy rates and average room rates.

#797 Property Appraiser Homestead Exemption Portability Audit. Mr. Carter explained that the Auditor’s Office audits each of the constitutional officers at least once every 5 years. This audit found a small number of miscalculations for relatively small amounts of money. Commissioner Ferreira reiterated his desire expressed at a previous meeting that the Council Auditor examine the use of greenbelt exemptions and whether properties applying for that exemption are truly being actively managed for silvicultural purposes. Commissioner Rachal suggested that the Auditor do spot-check audits on constitutional officers in less than the 5-year mandated cycle; Mr. Carter said that the Auditor’s Office is able to audit any item of interest at any time and does so when problems or issues arise that merit attention.

#798 JTA Paratransit Audit. Mr. Carter explained the basic rationale for and operation of the federally-mandated paratransit system to serve patrons that are not physically able to ride JTA’s fixed-route bus service. The audit’s findings include: improper levels of computer access rights; improper segregation of duties; improper delegation of approval authority for contract changes. The audit identified numerous instances of the contract service provider altering client pick-up times in the computer to show pick-ups being made on time (within 15 minutes of the appointment time) when those pick-ups were actually made more than 15 minutes late. The audit also identified instances of both overpaid and underpaid invoices that largely balanced out. Of the 4,489 trips that were provided for free, 897 of those rides did not have proper supporting documentation validating the reason for the free transport. The audit found that the contractor has never met the contractual goal of 1.9 trips provided per hour. Mr. Carter explained the JTA’s division structure and the cross-subsidization of funding from one division to another. Commissioner Ferreira questioned how well the JTA is managing this contract and noted that the provider is clearly falling short in meeting its on-time targets. Commissioner Stephens noted that the audit mentions an Amendment #12 to the paratransit contract provides for penalties but is unclear about whether the JTA has the ability to terminate the contract with the provider in the event of fraudulent activity.

There being no further business, the TRUE Commission Audit Committee meeting adjourned at 2:54 pm.

Jeff Clements, City Council Research Division

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