**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Danny Ferreira, Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**October 5, 2017**

**3:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** TRUE Commissioners Niki Brunson (Chair), Danny Ferreira, John Roberts and Daniel Henry

**Excused:** Commissioner Greg Rachal

**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 audits issued since the last committee meeting.

**Report #799 – Quarterly Budget Summary for the 9 Months Ending June 30, 2017**: the third quarter summary projects a $4.36 million positive variance in the General Fund-GSD, resulting from a $3.99 million positive revenue variance and a $375,000 positive expenditure variance. That figure excludes Hurricane Matthew expenses, which are tracked separately. The largest elements in the expenditure side are a $5 million unfavorable variance in the Fire and Rescue Department budget (largely due to excess overtime), offset by a $2.5 million favorable variance in the Sheriff’s Office and $1 million positive variance in the Neighborhoods Department. The figure includes $8 million expended on the one-time bonus paid to City employees in 2017 as a result of the pension reform legislation. Without that one-time cost the projected positive variance would be closer to $12 million.

**Audit #800** **– City Wire Transfers Audit** - The audit found that outgoing wire transfers were processed accurately, but documented several process weaknesses and areas for improvement, including: wire transfer requests not being initiated in the Accounting System by the requesting department; wire transaction procedures inconsistent with the Ordinance Code and other forms of payment; lack of verification by the Treasury Division of bank account information with vendors; wire transfer requests not always authenticated with the requesting department; some wire transfers not properly documented; Treasurer not required to sign off on all wire transfers; several wire payments did not have the wire instructions provided by the vendor on file; two employees not timely removed from the authorized signature list with the bank. The administration agreed completely or partially with all of the recommendations and changes are being made in procedures in several areas. Commissioners asked questions about the lack of sign-off on some wire transfers by the City Treasurer and about the failure of some transfers to be initiated in the accounting system by the requesting department. The procurement of a new City financial management system was cited by the Finance and Administration Department as the solution to a number of the issues raised by the audit, as the current FAMIS system is difficult if not impossible to program to make some of the recommended corrections. Commissioner Henry suggested the need for creation of, or, if it already exists, better enforcement of an employee separation checklist that ensures that when employees leave City service their keys are returned, computer access is cancelled, signature authority on bank accounts cancelled, etc. Mr. Carter and Mr. Clements said that the City does have a separation checklist, but it apparently is not always completely adhered to when separations occur. As an example, numerous audits have found excessive computer access rights, including former employees no longer working for the City whose access rights have never been revoked.

Mr. Carter reported that now that the budget has been approved, audit work will resume. Commissioners asked several questions about the Sheriff’s internal audit function, what it audits and when and how it reports those findings.

Commissioner Ferreira reiterated his concern from earlier meetings about greenbelted properties and their ability to claim agricultural use status to substantially reduce their tax liability. He is especially surprised that there is no ability to recoup exempted taxes when tracts of greenbelted land are converted to intensive developments.

There being no further business, the TRUE Commission Audit Committee meeting adjourned at 3:50 pm.

Jeff Clements, City Council Research Division

Posted 10.5.17 6:30 p.m.