**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Danny Ferreira, Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**December 7, 2017**

**3:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** TRUE Commissioners Niki Brunson (Chair), Danny Ferreira, John Roberts, Ben Wasson

**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 3:04 p.m.

Tommy Carter of the Council Auditor’s Office reported on audits and reports issued since the last committee meeting.

**#760A** (Jaxport Accounts Payable Follow-up): the original audit identified 5 issues and the follow-up found that all 5 have been rectified. The audit is considered closed.

**#766A** (Jaxport Payroll audit Follow-up): the original audit identified 4 issues and the follow-up found that 2 have been rectified and 2 remain pending - an internal control weakness (lack of sufficient SOPs) and an opportunity for improvement (required adjustment of data for holiday and regular hour reporting in the same time period). Jaxport has had discussions with its data processing company about a programming fix for the reporting of regular and holiday hours, which is underway.

**#762A** (City Payroll Audit Follow-up): the original audit identified numerous issues: excess computer rights access is still problematic despite some improvements being made; lack of segregation of duties in the payroll office not completely resolved. Another follow-up report will occur in the future.

**#754A** (Tax Collector Collection and Remittance of City Funds Follow-up): the original audit identified 4 issues. Two have been cleared and 2 remained – computer access rights and cashing of personal checks in the office. The two unresolved issues have since been cleared - the CFO’s computer access rights have been removed and the practice of allowing cashing of personal checks in the office has been rescinded.

**#732A** (Purchasing Card Use Follow-up): 11 issues were originally identified and 9 were cleared at the time of the follow-up. The two remaining issues are insufficient cardholder information on file with the program administrator and cards potentially being issued to personnel without their being notified and being held in the office. Policies have been changed to correct the first remaining issue and the second may have been solved during the switch to a new P-card processor.

**#801** (2017-18 budget summary report): the report reviews the changes made by City Council to the Mayor’s proposed budget during the budget hearing and final approval process. City Council appropriated $4 million above the Mayor’s proposal as funds were identified and reprogrammed during the hearing process. The Auditor’s Office identified additional revenue of $4.8 million and expenditure reductions of $1.9 million during the budget process for a total positive impact of just over $6.7 million.

Commissioner Roberts suggested that the City consider using available resources to buy back some of its outstanding debt. Consideration should be given to the relative value of buying back the debt and reducing debt service versus using available resources for additional capital or operational spending.

Commissioner Ferreira asked about the City’s annual funding contribution to Jaxport. Mr. Carter explained that the City contributes a portion of its communication services tax (a 50/50 split between the City and JPA), a flat $800,000 cash contribution (which represents the value of one mill of taxes at the time of consolidation in 1968), and a contribution based on an interlocal agreement among the entities equaling ¼ mill applied to JEA’s electric sales. Jeff Clements and Tommy Carter explained the port’s status as a leasing port rather than an operator port (the docks, buildings and associated facilities are leased to private shipping companies that in turn hire subcontractor companies to actually move the freight, vehicles, etc.). Jaxport’s revenues come primarily from leases and not from cargo operations, although crane operators at the terminals are Port Authority employees.

There being no further business, the TRUE Commission Audit Committee meeting adjourned at 3:52 pm.

Jeff Clements, City Council Research Division

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