**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Niki Brunson – Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**May 3, 2018**

**3:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** Commissioners Niki Brunson, John Roberts, Jon McGowan (3:04), Daniel Henry (3:04), Clayton Levins (3:50)

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

See attached sign-in sheet for additional attendees.

The meeting was called to order at 3:02 p.m.

The minutes of the April 5, 2018 meeting were **approved unanimously as distributed**.

Tommy Carter of the Council Auditor’s Office reported on one follow-up report issued since the last committee meeting, #763A – JTA Payroll Audit Follow-up. The original audit identified 24 issues (9 internal control weaknesses, 8 findings and 7 opportunities for improvement). The follow-up found that 20 items have been cleared leaving 4 internal control weaknesses still pending that will be followed-up again.

Commissioner Henry questioned how JTA’s computer access rights control works. Internal control weakness #2 found too much access by multiple employees, including conflicting access rights. Mr. Carter explained that JEA has its own IT department separate from the City’s, so someone in JTA’s IT operation should be responsible for adjusting these rights; ultimately the responsibility falls to the CEO to ensure proper management practices. Mr. Henry said that in his experience with his company, all of his computer access was shut down automatically when he changed jobs within the company and it had to be reactivated for his new job. That seems like a good standard procedure to ensure safety of the system. JTA is in the process of acquiring a new timekeeping system for its management employees which should have better functionality to deal with this issue.

Another internal control weakness is that bus drivers are not required to attest to hours worked if they work their normal shift. New functionality is being added to JTA’s current payroll system that should be able to address this issue – it will be a management decision if attestation on normal shifts will be required. Bus driver leave time (both annual leave and sick leave) accumulation is not automatically calculated, it’s manually calculated and input annually. Commissioner Henry asked how, if leave isn’t automatically processed, do employees and management keep track during the year of how much leave each person has and how much is available to use? Commissioner Roberts was curious about how bus driver leave scheduling works – do employees bid on or have a seniority system for requesting leave?

Commissioner Henry asked about whether there’s a process for the TRUE Commission or the Audit Committee asking follow-up questions and requesting additional information on some point. Can questions be asked via the Auditor, or posed directly to the auditee? He will suggest a question or two for the full commission to consider at its meeting to be directed to the JTA for response.

In response to a question from Commissioner Henry about how paper payroll checks are processed on the City side, Jeff Clements and Mr. Carter explained the separation of functions between the Employee Services Department (which tabulates attendance and leave hours) and the Treasury Division of the Finance and Administration Department (which makes the direct deposit payments and prints checks for the few employees who still receive a paper check). The follow-up recommended to the JTA that its new timekeeping system automatically interface with the pay system (ADP) and employee scheduling system so that there would be no need for manual data entry.

Mr. Carter also reported that the Auditor’s Office had received the results of its tri-annual peer review by the Association of Local Government Auditors. The office was reviewed by a 3-member panel and was given the highest ranking available from the association.

Mr. Carter reported that 5 or 6 audits/reports in process in various stages of completion. The Council Auditor is hoping to get most or all of them finished and released before Mayor presents his FY18-19 budget proposal to the City Council around July 15th, after which all employees will be devoted full-time to the budget review process into September.

With regard to Report #807 – The Potential Sale of JEA: Things to Consider, Commissioner Roberts said that JEA’s revenues come from its customers and any revenue over necessary expenditures constitutes a hidden tax on the citizens of the City. JEA shouldn’t be given credit for doing good things for the community (i.e. sponsorship of events, construction of infrastructure, providing water quality credits) out of corporate good citizenship when it’s really just collecting and distributing an alternative form of tax. If a private utility took JEA’s place, the City could levy alternative taxes on it to achieve the same end.

The group discussed JEA’s degree of independence from the City as an “independent” authority. Jeff Clements stated that despite City Council’s ultimate approval of JEA’s budget, the Finance Committee and City Council do not do in-depth review of specific programs and budgets within the overall JEA budget. The authority retains a degree of independence in its operations, as was evident several years ago when the City Council was unable to prevent the JEA management from making “pay for performance” supplemental payments to employees, but could reduce the budget by an equivalent amount and force JEA’s management and board to find cuts in other areas to retain those payments.

Commissioner McGowan asked for clarity on how the TRUE Commission acts on audits. What’s the process for issuing findings and making recommendations for future action? Mr. Clements explained the process of accepting an audit without comment or making a motion to recommend some specific action which must be approved by the full commission, then is drafted and sent out as directed.

Commissioner Henry asked Mr. Carter to review the audit work papers on the JTA Payroll Audit and tell him how leave is requested and processed and what is JEA’s process for controlling computer access rights (authorizing and removing). Commissioner Roberts asked about how absenteeism is tracked for bus drivers and what the discipline system is for excessive absenteeism. Mr. Carter will talk to the auditor who performed the audit to see if these items were covered.

There being no further business, the meeting was adjourned at 3:56 pm.

Jeff Clements, City Council Research Division

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