**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Niki Brunson – Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**June 7, 2018**

**3:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** Commissioners Daniel Henry (Chair), John Roberts, Jon McGowan, Greg Rachal (arr. 3:18), Niki Brunson (arr. 3:49)

**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 May 3, 2018 meeting were **approved unanimously as distributed**.

Tommy Carter of the Council Auditor’s Office responded to questions posed at the last meeting regarding JTA’s leave accrual process for bus drivers, which is based on a front-loaded system (all leave available at the beginning of the fiscal year) and drivers schedule their leave for the entire year at the beginning of the year, with priority for dates based on seniority. Sick leave is accrued on a per pay period basis and used as needed. Regarding computer access, JEA management assigns necessary computer rights to new employees at the time of hiring, which is coordinated through the Information Technology Division which actually provides the access to various systems and databases. Employee absenteeism was outside the scope of the audit so was not reviewed.

Mr. Carter reported that the office had released 3 audits/reports since the last committee meeting.

#765A – Supervisor of Elections Follow-up: the original audit found 8 issues, of which 4 have been cleared at the time of the follow-up and 4 of which remain for additional follow-up. The 4 remaining issues are: 1) internal control weakness with payment review and approval process; 2) inadequate access rights to election worker payroll system; 3) lack of proper authorization and inconsistent recording of time; and 4) automated process for calculating hourly pay for early voting workers. The Supervisor of Elections’ Office partially agreed with several of the recommendations and did not agree with others. There will be an additional follow-up report. The committee discussed the Council Auditor’s lack of enforcement authority for its recommendations; its power is through persuasion and media and City Council attention.

#810 – Quarterly Budget Summary for 6 Months Ending March 31, 2018: the report projects a favorable revenue variance of $437,000 and favorable expenditure variance of $8.8 million. Ad valorem tax revenues are running ahead of budget, while state shared revenues (sales tax and cigarette tax) are running short of budget. A majority of the favorable expenditure variance is in the form of salary lapse (salary and benefits not expended during the fiscal year). The committee discussed the fact that a sizeable portion of the salary lapse is in the Sheriff’s Office budget, which seems counter-productive when officers are needed on the streets and have been authorized but apparently bottlenecked by the capacity of the JSO’s police academy to train officers. Commissioner McGowan said that the JSO is hiring officers away from the Beaches cities to supplement the capacity of its academy. Concern was expressed about the continuing trend of JSO under-spending its budget each year because of understaffing, which leads to funds appropriated to the JSO eventually being reallocated to other uses at year-end in a way that ultimately is not transparent to taxpayers. Five of the 22 General Fund subfunds were projected to end the year with unfavorable variances. Commissioner Rachal questioned the number of positions that appear to be vacant over the long term and whether there is a legitimate reason to keep unfilled positions rather than eliminating them if they can’t be afforded or filled.

#728B – JEDC Incentives Audit Follow-up: the original report identified 8 issues; the first follow-up found 1 issue remaining outstanding. That issue, documentation of jobs created by third party employers, has been satisfactorily addressed and the audit is considered closed out.

There being no further business, the meeting was adjourned at 3:57 pm.

Jeff Clements, City Council Research Division

Posted 6.8.18 10:00 a.m.