**Taxation, Revenue, and Utilization**

**of Expenditures (TRUE) Commission**

**Niki Brunson – Chair**

**AUDIT COMMITTEE MEETING MINUTES**

**January 24, 2019**

**3:00 p.m.**

**City Council Conference Room B**

**Suite 425, City Hall**

**Attendance:** Commissioners Daniel Henry, John Roberts, Greg Rachal, Niki Brunson (arr. 3:09)

**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 3:00 p.m. by Chairman Henry.

The minutes of the October 11 and November 15, 2018 Audit Committee meetings were **approved unanimously as distributed.**

Tommy Carter of the Council Auditor’s Office reported that the office had released 2 audits/reports since the last committee meeting.

**#778A: Jacksonville Aviation Authority (JAA) Payroll Audit Follow-up** - Issued 01/22/2019

Mr. Carter reported that the original audit identified 10 issues (3 internal control weaknesses, 5 findings and 2 opportunities for improvement) of which 9 were cleared in the follow-up report. The one remaining internal control issue has to do with computer access rights – lack of a Standard Operating Procedure for testing and documentation of computer access rights and continuing to allow multiple users to utilize a shared “superuser” account. The JAA responded that it has since drafted and adopted an SOP and will formally review access rights twice a year. A shard supervisor account has been eliminated and the authority will pare down the number of “superusers” to 5 persons (and eventually 4) in the authority’s human resource office.

In response to a question from Chairman Henry about the ability of the Auditor’s Office to identify common findings and trends in audits, Mr. Carter said he would have to ask the audit manager if there is a mechanism other than reading each report (perhaps by means of a database search) to identify common findings across audits. Mr. Henry said that excessive computer access rights is a perennial issue in many audits and may be a topic for the TRUE Commission to investigate. The committee had questions about how promptly the City (either an employee’s home department or the Employee Services Department) terminates employee computer access when an employee is leaves City service or moves to another department and who is ultimately responsible for ensuring that inappropriate access is actually removed.

**#821: Quarterly Summary for the Twelve Months Ended September 30, 2018** - Issued 12/13/18

Fiscal year 2017-18 ended with a favorable revenue variance of $2.71 million, largely driven by a favorable variance of $7.99 million in ad valorem taxes and negative variances in State Shared Revenues of $5.4 million and $1.6 million in debt proceeds (debt not issued until needed – there is an offsetting variance in the expenditure report). The year ended with a favorable expenditure variance of $15.5 million, primarily due to a positive variance of $2.9 million in the Fire and Rescue Department, $4 million in the Sheriff’s Office and $2.2 million in the Office of General Counsel (representing a legal settlement not yet paid out). The favorable variance is 1.1% of the total General Fund budget. $10.8 million of the net favorable balance is allocated to the FY18-19 budget as a revenue source.

In response to a question from Chairman Henry, Mr. Carter reported statistics on FEMA reimbursements for damages due to Hurricanes Matthew and Irma. Some reimbursement has been received for Matthew expenses, but none yet for Irma. The Irma expenses are still in the process of being tabulated and sent to FEMA for certification before a reimbursement request can be submitted.

Mr. Carter explained the process of estimating state shared revenues over a course of several months as the budget is being prepared by the administration and then reviewed by the Finance Committee. Jeff Clements suggested that the committee members, if interested, access the video of the Finance Committee meeting of January 15th at which Council Auditor Kyle Billy gave an explanation at the beginning of the meeting about how the state shared revenues are estimated and the complications involved in the state formulas.

Commissioner Henry asked Mr. Carter for further details on a large variance in the City Venues – City (4K1) Sub-fund which has to do with a credit not properly recorded, and on JEA’s use of $57 million from its fuel rate stabilization fund. Commissioner Roberts asked about the Solid Waste Enterprise Fund (Subfund 441) – if there was a positive revenue variance in FY17-18 which included repayment of a loan from the General Fund, then why take out a new loan in FY18-19? Mr. Carter and Mr. Clements explained that the General Fund subsidizes funds with negative balances when enterprise fund revenues aren’t sufficient to cover operations. The Council Auditor points out these funds in the budget process and during the quarterly budget updates to the Finance Committee. In response to a question from Mr. Henry, Mr. Carter looked up the Sheriff’s Office’s position vacancy count in the third quarter and fourth quarter reports – the number of vacancies is smaller in the fourth quarter than in the third.

Mr. Henry, who serves on the Duval County Election Advisory Panel, asked about what sort of financial transaction takes place when City employees are detailed to act as poll workers on Election Day if the number of part-time poll workers is insufficient to meet the election’s staffing needs. Specifically, are the salaries of those employees for that day charged to the Supervisor of Elections’ budget rather than their home department’s budget? And are the employees paid their usual City wage rather than the hourly rate that the part-time poll workers earn?

There being no further business, the meeting was adjourned at 3:55 pm.

Jeff Clements, City Council Research Division

Jeffc@coj.net 904-630-1405

Posted 1.25.19 5:30 p.m.

Tape: TRUE Audit Committee 1.24.19 – Legislative Services Division