



Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission

Niki Brunson – Chair

AUDIT COMMITTEE MEETING MINUTES

April 12, 2019

3:00 p.m.

City Council Conference Room B

Suite 425, City Hall

Attendance: Commissioners Daniel Henry

Excused: Commissioners Jim Mazur and John Roberts

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 3:04 p.m. by Chairman Henry.

Tommy Carter of the Council Auditor’s Office reported that the office had released 3 reports since the last committee meeting.

#780A - Jacksonville Sheriff's Office Payroll Audit Follow-up Report: the original report identified 23 issues (7 internal control weaknesses, 14 findings and 2 opportunities for improvement), of which 7 had been cleared by the time of the follow-up, leaving 16 issues remaining (5 internal control weaknesses, 10 findings and 1 opportunity for improvement). JSO, the Employee Services Department and Information Technology Division were all involved in the response to the audit. They have prioritized implementation of the City’s new ERP system and the items covered in the JSO’s collective bargaining agreements first. Efforts are underway on Internal Control Weakness 3 – secondary review of manual payroll changes within JSO before sending to Payroll. A new employee has been hired and SOPs are being drafted for the process. JSO questions the cost/benefit and timing of the recommendation regarding a batch edit check and doesn’t see the need since new ERP may solve the issues, so does not consider it worthwhile to deal with that recommendation at present.

#779A - Affordable Housing Consultant Services Audit Follow-up Report: the original report identified 13 issues (12 findings and 1 opportunity for improvement), all of which have been resolved by the time of the follow-up.

The group briefly discussed council district bond funds – where do they come from, how much is left in the accounts, and how they are authorized for expenditure. Mr. Clements explained that the funds derived from a variety of one-time sources over the years (i.e. funds originally allocated for a potential U.S.S. Saratoga historic ship museum, Loblolly wetlands mitigation bank revenues, and various bond issues) and are usable for district capital projects (typically park projects or public facility beautification) at the discretion of the district council member. Expenditures for projects costing under \$100,000 can be authorized by the council member by a memo to the Finance and Administration Department directing the expenditure. Projects valued at \$100,000 or more required full City Council approval via an ordinance.

#823 - Stormwater Fee Audit Report: the report found that the user fees were accurately assessed and collected, but identified several internal control weaknesses, findings and opportunities for improvement related to the calculation of the fee (including gross amounts, reductions, adjustments, credits, and discounts) that need to be addressed.

- Fees were not always calculated consistently across similar properties.
- Much of the fee calculation process was manual and we noted errors as a result.
- Public Works lacked written standard operating procedures for the annual billing process.
- Some approved fee exemptions and credits were not supported by a completed application.
- Some approved fee exemptions were not timely removed after the property was sold to a non-eligible owner.
- Some pond credits approved were based on construction permits instead of operating permits.
- Rate studies required to ensure equity of service charges were not conducted periodically.

The department agrees with the recommendation to automate the system as much as possible, within budgetary limitations. It will create a systematic approach to use prior to the implementation of an automated calculation system and will request funding in the FY19-20 budget for a consultant to review residential parcels across the City for their percentage of impervious surface coverage.

The report found that 501(c)(3) exemptions are sometimes not timely removed when property changed ownership. The audit's closing comment noted an overall lack of supervision of the fee calculation process, mostly done by 1 person through all phases of the process (calculation, input, exemption determination, refund approval, etc.). It recommends more automation and better SOPs for uniformity of the calculation process. In response to a question from Commissioner Henry about whether the audit made any calculation of how far off the manual calculations were compared to what an automated system would produce, Mr. Carter said that the study found that 56 right-of-way parcels were affected by a calculation methodology change, with an estimated loss of \$12,000 in revenue per year for the years after the methodology change.

There being no further business, the meeting was adjourned at 3:43 p.m.

Jeff Clements, City Council Research Division

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Posted 4.12.19 5:30 p.m.

Tape: TRUE Audit Committee 4.12.19 – Legislative Services Division