**Taxation, Revenue, and Utilization**



**of Expenditures (TRUE) Commission**

**Daniel Henry, Chair**

**MEMBER-TO-MEMBER MEETING OF MEMBERS OF THE**

**TRUE COMMISSION AUDIT COMMITTEE**

**Meeting Minutes**

**February 25, 2021**

**3:00 p.m.**

**Virtual meeting via Zoom platform**

**Attendance:** Commissioners Mark Merritt, John Roberts, Bruce Tyson

**Also**: Jeff Clements and Yvonne Mitchell – Council Research Division; Tommy Carter – Council Auditor’s Office

The member-to-member meeting was convened at 3:01 p.m. and the attendees introduced themselves for the record.

Auditor’s Report

Tommy Carter of the Auditor’s Office reported that his office had released 7 reports since the last Audit Committee meeting:

#798A – JTA Paratransit Audit Follow-Up (<https://www.coj.net/city-council/docs/council-auditor/798a-follow-up-on-jta-paratransit-audit.aspx>): the original audit on JTA’s Connexion service for the transportation disadvantaged identified 13 issues; 9 were cleared by the time of the follow-up leaving 4 issues unresolved. The 4 issue remaining are: 1) manipulated trip data by contractor staff (no evidence of sign-offs on changes); 2) inaccuracies on invoices due to error in productivity assessments under the contract; 3) changes made to signed and completed trip manifests without dates and signatures of reviewer; and 4) excessive late performance due to limitations of the trip reservation system.

Chairman Merritt said this report seems to indicate an unfortunate level of sloppiness in record keeping and noted that the JTA portion of the independent agencies quarterly report also mentioned several accounting errors. Mr. Carter said that JTA has a new Comptroller which may account for a portion of the difficulty.

#838 – Budget Summary for FY20-21(<https://www.coj.net/city-council/docs/council-auditor/838-budget-summary-report-20-21.aspx>): the report summarizes the review and changes made by the Finance Committee and City Council to the Mayor’s proposed budget. The Council increased the Shands Jacksonville indigent care contribution by $4M, appropriated $2.8M to the Social Justice and Community Investment Special Committee for allocation, and increased Public Service and Cultural Service Grants by $100,000. In response to a question from Commissioner Roberts about whether this report has any relation to the City’s Consolidated Annual Financial Report, Mr. Carter said it does not.

#752B – Mayor’s Travel Audit Follow-Up (<https://www.coj.net/city-council/docs/council-auditor/752b-follow-up-on-mayor%E2%80%99s-travel-audit.aspx>): Mr. Carter said the original audit was conducted during the administration of Mayor Alvin Brown. The audit identified 16 issues of which 13 were cleared at the time of the first follow-up. The remaining 3 issues were cleared with this follow-up and the audit is now closed. In response to a question from Chairman Merritt about whether the Mayor’s Office follows the City’s usual travel procedures, Mr. Carter said they do. The problem was that the Mayor’s Office did not comply with the Ordinance Code procedures in some instances, including travel for paid by a third party.

#839 – Council Auditor’s Office Annual Report FY19-20 (<https://www.coj.net/city-council/docs/council-auditor/839-council-auditor-s-office-annual-report-fisca.aspx>): the report highlights what the Auditor’s Office did during the year – 2 performance audits, reviewed 523 legislative bills, produced 7 special project reports, participated in the Solid Waste Rate Review process, and lots of involvement in JEA issues, both special committees and legislative review.

#840 – Independent Agencies Quarterly Budget Summary for the 3 Months Ended December 31, 2020 (<https://www.coj.net/city-council/docs/council-auditor/840-independent-agency-quarterly-summary-for-the.aspx>): the report does not include the COJ budget because of issues with the first fiscal year close-out under the new 1Cloud system. The Finance Department has said its first priority is closing out the fiscal year and providing the information needed for the Comprehensive Annual Financial Report, then they will get to the quarterly summary.

* JEA projects a balanced budget by year end, but will transfer $30M less than budgeted to the fuel stabilization reserve due to lower electric sales and higher fuel costs.
* JTA is anticipating $9M less in CARES Act funding than was budgeted, but the sales tax is over-performing budget. The large deficit of $41.4M in the Bus Division’s cash position was caused by an accounting error that will be corrected by the time of the next quarterly report. Chairman Merritt expressed surprise that such a large discrepancy could go unnoticed. Mr. Carter explained that the Bus Division budget frequently runs a deficit that is corrected by the end of the year when federal grant funds are eventually received. JTA will need to amend its last 2 budgets (FY18-19 and FY19-20) due to expenditures over budget; the JTA Board has approved the amendments but legislation has not yet been filed. Commissioner Roberts asked about JTA’s ridership; Mr. Carter said it dropped substantially during the COVID pandemic and is recovering slowly. He will compare budget summaries and find out how much fares are down year over year.
* JPA is expecting increases in its vehicle and container business lines to offset shortages in cruise business revenues due to the COVID pandemic. Operating revenues (excluding cruise operations) are performing well so far this fiscal year, in part because of additional revenues from dredge spoil disposal tipping fees and fees for JPA employees accompanying port visitors without a TWIC badge while on Jaxport property.
* JAA’s operating revenues are experiencing stress due to the COVID pandemic’s tremendous impact on air travel, but the authority got substantial CARES Act funding to help cushion the blow.

Mr. Carter provided some information in response to questions previously posed by Commissioner Tyson about privately generated solar power and its impact on JEA. Consumer solar power generated 38,000 megawatts in 2020, causing about a $2M loss to JEA. Private solar generation sent 2,360MWh to the grid in the first quarter.

#767A – Clerk of the Courts Audit Follow-Up (<https://www.coj.net/city-council/docs/council-auditor/767a-follow-up-on-the-clerk-of-courts-audit.aspx>): Constitutional officers are audited once every 5 years by the Auditor’s Office. They audited the Clerk’s county functions this time. Fees are being correctly calculated and distributed and the City is being properly reimbursed. 15 issues were originally identified, 9 were cleared by this follow-up, and 6 remain. 3 issues relate to the tax deed system that is being replaced by the new system coming online this month. The report noted that there are still issues remaining to be resolved from Audit #685 from a number of years ago (2007-08) that has left several items on the books that need to be written off (including about $560,000 in original charges and $1.5 million in negative interest generated by accounts with negative balances). The Clerk of the Courts, CFO and City Comptroller need to come to some understanding about how to resolve this issue.

#841 – Supervisor of Elections Audit (<https://www.coj.net/city-council/docs/council-auditor/841-supervisor-of-elections-audit-(1).aspx)>: the audit reviewed payments made to part-time poll workers during the 2019 elections. Issued identified include: inappropriate computer access; inadequate access controls to the payroll spreadsheet; and payments made from the SOE’s full-time payroll system rather than the part-timer election payroll system. Recommendations include:

* Procedures should be created for the review of access rights to the Election Workers payment program and the review should be completed and documented on a regular basis.
* There should be a review of individual election worker payments, at least on a sample basis, and review of total amounts compiled and uploaded into the City’s payroll system.
* Access to the election worker payroll calculation spreadsheet should be limited.
* Each employee should only be paid through one payroll system and for year-round employees it should be the City’s normal payroll system.
* All information required on an election related timesheet should be completed.

The meeting was adjourned at 4:01 p.m.

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