

### Council Auditor Presentation - Report #846: Kids Hope Alliance Grants Audit

Council Auditor Kim Taylor discussed recently released Auditor's Report #846: Kids Hope Alliance Grants Audit. She noted that the KHA receives \$8-10M per year in federal and state grants, and her office reviewed 3 grants in depth for the report. The report found some significant issues with grant management: 1) lack of written standard operating procedures; 2) remaining funds were not always tracked and returned to grantor at the end of the grant period; 3) insufficient management of the grant application process; 4) records retention issues; 5) unallowable costs; 6) federal and state grant applications were not coordinated with City's grants office; 7) issues with informing the KHA board about grant applications; 8) excessive computer access rights; 9) non-compliance with City cash receipt policies; 10) miscalculation of federal grant drawdowns; 11) eligible expenditures were omitted from some grants and some use of funds for improper purposes was identified. Ms. Taylor said that Mike Weinstein, Interim CEO of KHA, and his staff have been very cooperative with the audit process and quick to make recommended changes.

Council Member Morgan asked Mr. Weinstein his reaction to the audit and his expectation for next steps. Mr. Weinstein said this is an opportunity to make big changes at KHA. They are totally reorganizing the office staff because the system wasn't really set up for rigorous oversight as it should have been. He agrees with the Auditor's report and is well into implementation of the recommendations.

Council Member Dennis asked Mr. Weinstein if he is still the Interim CEO. Mr. Weinstein said he is not – he originally intended to be the interim for just a few months but decided to stay on longer due to the COVID pandemic, so he stopped drawing his pension and became a full-time City employee again. He intends to stay for a while until the KHA board decides differently.

Council Member Salem asked about the role being played at KHA by Shari Shuman, whom Mr. Weinstein had mentioned earlier. Mr. Weinstein said she works 10-15 hours a week on audit and compliance issues. The agency is developing a full-time compliance officer position. Mr. Salem said his perception is that the city has not done a good job of contract and grant compliance for a long time, and there are several examples of prominent failures. Perhaps the City needs to consider creating a citywide grant compliance office to be the permanent monitor. Mr. Weinstein said that he has worked for 3 different mayors who have looked at several ways of doing compliance, but kept finding that centralization didn't work because of the departmental expertise needed in the subject area of each grant. He's met with Chief Operating Officer Stephanie Burch, the Office of General Counsel and the Information Technology Division about using KHA as a test case for an improved contract/grant management system through the new 1Cloud financial management system. He expects to have a presentation on the test case by the Finance Committee's budget hearings this summer.

Council Member DeFoor thanked Mr. Weinstein for his transparency and his reputation for integrity – that will help instill confidence in fixing the problems identified by the audit.

**Item/File No.**

**Title History**

### Council Auditor report

Kim Taylor discussed Council Auditor's Report #845: License Fees – Adult Bookstores Audit. The audit found that the Sheriff's Office did not have formally documented processes and procedures for how to handle licenses for these businesses. No license applications were received during the period audited. JSO did identify 12 potential adult bookstores that they will be examining to determine if they should have made application for a license. The audit also found that the Planning and Development Department did not have specific processes and policies related to licensing adult bookstores, but will add them. It was suggested that there needs to be a check box included on development application forms for adult bookstores to identify themselves. There is a need better coordination between the Planning Department and the Sheriff's Office with regard to identifying these businesses. Council Member Cumber said the Zoning Code was amended to add specific requirements for adult bookstores. She thanked the Auditor's Office for doing the audit at her request.

### Public Comment

John Nooney noted several items on the Finance agenda on which he wanted to comment but was not given the opportunity when the bills were heard. He has not gotten to comment at the Finance Committee on several FIND ordinances.

Stanley Scott opposed the local option gas tax extension/expansion. He questioned the ADA compliance of the Riverview FIND project. Old Stanton High School on Ashley Street should not be put in the hands of a private investor. There is no bus line that takes people to the Jacksonville Zoo. Why isn't the swimming pool on Jefferson Street open to the public after so much money was invested in it? There are lots of things the City could be doing to improve the quality of life.