**Taxation, Revenue, and Utilization**

**of Expenditures (TRUE) Commission**

**Daniel Henry, Chair**

**TRUE COMMISSION**

**Meeting Minutes**

**May 5, 2022**

**4:00 p.m.**

**Don Davis Room**

**1st floor, City Hall**

**Attendance:** Commissioners Daniel Henry (arr. 4:06), John Roberts, Velma Rounsville, Bruce Tyson, Dr. Keshan Chambliss

**Excused:** CommissionerRamon Day

**Absent**: None

**Also**: Jeff Clements – City Council Research; Tommy Carter – Council Auditor’s Office

The meeting was convened at 4:01 p.m. by Vice Chair Dr. Keshan Chambliss and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the March 3 and April 7, 2022 Commission meeting were **approved unanimously as distributed**.

Public Comment

None

Invited Speaker – Council Auditor Kim Taylor

Ms. Taylor addressed a series of questions posed to her in advance by several TRUE commissioners. She explained that the Finance Committee acts as the City Council’s Audit Committee. All audit reports are emailed to all council members and to anyone who has requested notification; hard copies are also provided to the council members. Any audit findings that are complicated or potentially controversial are personally discussed with the Finance Chair in advance of the next Finance meeting so the Chair is not surprised or caught off guard if a discussion ensues. Ms. Taylor said she discusses the audits and reports with the Finance Chair in the pre-meeting staff agenda meeting. She then briefly reviews the audits/ reports at the beginning of Finance Committee meetings. Council members frequently call her personally with questions about reports, which doesn’t appear in the record of a public meeting.

Ms. Taylor said that contract management issues, not following standard operating procedures, and excess or inappropriate computer access rights are common findings in the audits her office has conducted, but from her discussions with her counterparts in other jurisdictions she finds that they are common findings in audits in many cities. She doesn’t perceive that these issues are any more prevalent in this mayoral administration than in previous administrations. She noted that there are always some issues when mayoral administrations change and there is substantial turnover of personnel. Her office always follows up on audits with unresolved issues, which may take a year or two depending on the volume of other work to be done and available staff time. She said that from July to September her entire staff is totally devoted to the budget review process so audit work ceases during that time.

Q&A

Commissioner Roberts asked if the Auditor’s Office looks for recurring problems by department to detect patterns. Ms. Taylor said there is a database of all audit reports and findings, but not specifically tracking findings by problem type or department. The office follows up on audits until all items are resolved, but doesn’t require the audited departments to make periodic reports of their compliance because the audits are unique and don’t generally involve a pre-existing document that would be available to submit periodically. If there are multiple follow-ups that don’t resolve the problem, then another audit may be started to find out why. Sometimes the council’s committees take an interest in a particular audit or finding and bring a department head to a committee meeting for questions and discussion about what’s going on.

Ms. Taylor noted that the Auditor’s Office is a member of the Association of Local Government Auditors and is peer reviewed by that body. That’s how they know that some of the issues noted earlier are common findings in governmental audits nationwide.

Commissioner Henry asked about dealing with departmental problems that occur in different “silos” but are common across multiple departments. Ms. Taylor said addressing those issues depends on the mayor’s administration noticing the similarities of findings and dealing with their department heads. The Council Auditor works for and reports to the City Council so has no authority to compel the executive branch to do anything.

Commissioner Henry asked if there is a standard computer access policy for departing employees. Ms. Taylor said there is. Part of the problem of access rights not being shut off may be due to the existence of unique and separate databases not operated under the umbrella of the Information Technology Division. She understands that there may be some departments that have internally developed or purchased off-the-shelf software that they use for internal operational purposes about that are not supported by ITD, which may not even know of their existence. ITD may remove an employee’s email, identification badge and timekeeping system access when they leave employment, but may not be aware of or have any control over specialty databases or systems created within a department. Mr. Clements said he understood that some departments had created stand-alone databases for their internal departmental ease of use and record-keeping because of the challenges posed by the former financial management system (FAMIS) that was recently replaced by the 1Cloud system.

Commissioner Henry asked if the City is any closer to being able to get the quarterly budget summaries released in a timely manner. Ms. Taylor said the latest quarterly report was due by April 30th and she has not seen it yet. The Finance and Administration Department is concentrating on getting the FY20-21 year-end report finished by the state’s June 30 deadline, and that is taking precedence so that the City doesn’t have to ask the state for a deadline extension as happened last year. Hopefully they will be able to get the quarterly reports back on track by the next quarter. Commissioner Henry said it seems that there is always some problem or issue cited for causing the delay and wondered if adding more employees would help get the work done in a timelier manner. Ms. Taylor said having people who know how the financial system works is vitally important so just adding new people without that knowledge might not help much. 1Cloud was not designed for government use and has taken a lot of customization to meet the particular needs of governmental accounting. City Council recognizes that the reports have not been made timely and is concerned that the problem be rectified.

In response to a question from Mr. Henry about the most important aspects of the quarterly report, Ms. Taylor said its value lies in the year-to-date reporting of revenues and expenditures to judge how they are tracking against the budgeted amounts, and especially in the projections to year-end to see if there are any problems looming. In response to a follow-up from Mr. Henry about whether there is any real problem by not having the quarterly reports, Ms. Taylor said there is a lot of data available in the financial systems, but not distilled down to a simple report so it is not nearly as accessible and convenient, especially with regard to projecting revenues and expenditures to the fiscal year-end. Mr. Henry asked if the City Council is able to do its proper fiduciary duty without those reports. Ms. Taylor said they are an important tool so are very helpful, especially the third quarter report as it relates directly to looking ahead to the preparation of the next year’s budget.

Commissioner Henry noted that pending ordinance 2022-321 waives the City’s competitive procurement requirements and extends SMG’s contract to serve as the manager for the City’s public assembly venues (TIAA Bank Field, VyStar Veterans Memorial Arena, etc.) for additional years and asked if that is a wise practice. Ms. Taylor said her staff is reviewing that bill right now. She noted that SMG has been the City’s facilities manager for many years, and that the Jacksonville Jaguars have a contractual voice in who runs TIAA Bank Field, so that’s a factor in the decision. The current contract ended March 2022 and the City extended it until March 2023, pending what happens with this ordinance that would take effect October 1, 2022. Mr. Henry asked if it makes sense to have a new contract extension for many years just before a new mayor’s term begins. Ms. Taylor said that’s a question her staff will be posing. SMG has had the operations contract for City venues for probably 30+ years. She believes there was one competitive process for management services that she could recall, possibly in the 1990s. In response to a question from Mr. Henry about whether information on this contract would be available to the public, Ms. Taylor said it would when the bill gets to City Council. Her office will provide a brief summary of the main terms on the agendas of the committees to which the bill is referred. She said she doesn’t know the details of the Jaguars lease and how that impacts on the venue manager selection process. She would have to do some research to find the last time a competitive RFP process was done for venue management.

Commissioners Rounsville and Henry expressed interest in talking to someone from ITD about computer access policy compliance. Mr. Henry said there could be a serious problem if someone takes advantage of that unwarranted access. Ms. Taylor reiterated that it is problematic with the multiple stand-alone departmental databases that ITD may not even know about.

Commissioner Roberts asked if anyone compares the City’s payroll database against the computer access rights list to identify people not on payroll who still have computer rights. Ms. Taylor said she is not aware of that happening on a regular basis; the City doesn’t have the manpower to do that continuously. She said that hiring new people might not solve the problem – what you need are employees who have been around for years and have great institutional knowledge. When you lose them, that’s when things fall through the cracks. The Auditor’s Office continually cross-trains its employees to always have a pool of capable people who know how things work. They always double-check everything before it goes out the door. Commissioner Chambliss said the computer access rights issue is a serious one and can’t be allowed to continue. There’s too much at stake and policies should be strictly adhered to.

Commissioner Henry asked about the normal process for a mayoral administration turnover, particularly with regard to transfer of financial management knowledge. Ms. Taylor said the legislative branch doesn’t see the day-to-day inner workings of the executive branch, so she couldn’t really say. Some mayors have brought back people from former administrations who had experience in how things work to ensure that continuity of knowledge. The Auditor’s Office works closely with the Finance and Administration Department and helps the transition process as best they can. They also work with incoming council members, particularly if they’re assigned to the Finance Committee, to get them quickly up to speed so they can tackle the budget process.

Commissioner Henry posed a question raised by Commissioner Day at the previous meeting about how council members are briefed about audit findings and if it is possible that some important issues might not get discussed in public if a council member is privately briefed. Ms. Taylor said that sometimes council members ask officials to come to the podium in a meeting and state for the record something that was discussed in private, but that is not always the case.

City Ethics Officer Kirby Oberdorfer said the City is a huge enterprise and City Council deals with a huge number of bills per year, so there’s only so much time available to deal with the myriad of issues. Her perspective on governmental transparency has changed considerably from her time as a private citizen serving on the City Ethics Commission to being an employee of the Ethics Office. Things look different from the inside. She left a summary of the Sunshine Law and its application to meetings for the commissioners to read. She noted that the next board and commission member ethics training session is coming up in late May. That one will be done virtually, alternating with in-person sessions. There is a study guide to be read and completed before the training session to prepare everyone for the scenarios that will be discussed.

Council Auditor’s Report

Tommy Carter of the Auditor’s Office reported that the office has released two reports since the last commission meeting.

#770C – Follow-up on Jacksonville Fire and Rescue Department Payroll Audit. 2 issues remained from the 21 identified in the original audit, and they have been rectified and cleared for this third follow-up: 1) military leave and calculation of the supplemental pay differential, and 2) inconsistency between the language of collective bargaining agreements and current payroll practices.

#857 – Equestrian Center Audit. The audit reviewed management of the City’s contract with the Northeast Florida Equestrian Society to operate the Equestrian Center at the Cecil Field recreation complex. The audit found that the Parks and Recreation Department is not sufficiently monitoring the contract and ensuring proper support of monthly reimbursement requests to the City. The City is getting expenditure documentation, but not asking for or getting revenue support documentation. The audit found both potential underpayments and overpayments. The naming rights agreement has no end date. Parks and Recreation is not accurately keeping good records of revenue transactions. In response to a question, Commissioner Tyson said he thinks the department has several people responsible for contract oversight. Commissioner Henry asked if there are other similar contractual arrangements for other City facilities. Mr. Clements said the more common arrangement is that an athletic association takes full responsibility for maintenance of a park or field complex without a financial reimbursement from the City. Mr. Tyson said the contract details vary park by park; sometimes the City does maintain some portions of the parks (i.e. grass mowing or litter collection in park common areas).

In response to a question from Commissioner Roberts about whether there were any revenue verification records at all, Mr. Carter said there were some, but very few. Mr. Roberts asked how these transactions appear on the City’s books. Mr. Carter explained that a net operating figure is determined each month – if there’s a deficit then the City reimburses the manager for that amount, if there’s a surplus then it’s carried over to future months to offset future deficits. Mr. Roberts asked who audits the Equestrian Society’s books. Mr. Carter said he did not know who normally audits their books, but the Council Auditor did look at the Society’s accounting records in conjunction with this audit to see if they matched the information provided to the City and they did.

Mr. Carter referenced questions posed at the last meeting during the discussion of employee access rights and how those rights are controlled. He said there is a formal employee separation process and a checklist filled out by the departing employee’s supervisor and sent to the Employee Services Department for distribution to ITD, the payroll and timekeeping office, pension office, etc. for them to take needed action. Mr. Carter said he will ask ITD to find out who is the appropriate person to invite to a future TRUE Commission meeting to discuss this issue.

Commissioner Henry expressed amazement that there are departmental computer programs and databases being used independent of Information Technology Division knowledge and control. Mr. Clements explained that it may be an artifact of the old FAMIS financial management system being so hard to use. Departments began keeping frequently needed data in Excel spreadsheets and Access databases for simplicity and ease of access.

Mr. Carter reiterated Kim Taylor’s earlier discussion of the Auditor’s Office’s recent peer review by the Association of Local Government Auditors. The Council Auditor’s office got the highest rating (unqualified pass) following the recent peer review.

Audit Committee Report

None

Legislative Tracking Committee:

Commissioner Roberts reported on several pending items of interest:

2022-276 – a resolution by several council members requesting the Mayor to use the rolled-back millage rate as the basis for the budget for FY22-23. Mr. Roberts said he doesn’t think that cutting revenue in a high inflationary period is a wise move – the City will need the money to pay its higher costs.

2022-277 – an economic development grant to FMS to rebuild the W.W. Gay headquarters building that burned down several years ago. Mr. Roberts said that W.W. Gay was probably insured for the loss and, if so, they don’t deserve to receive City funding for the rebuilding. He questioned where the proposed 60 new jobs are coming from, and how that fact is related to the new building.

2022-331 – authorization to issue health facilities revenue bonds for the benefit of several Baptist Hospital construction projects. The bonds are supposedly attractive because they are not federally taxable and therefore attractive to investors. Mr. Roberts thinks taxable bonds would be better for the finances of the taxpayers.

2022-321 – extension of the public venues management contract with SMG. Commissioner Henry is interested in this bill and wondered if the rest of the commissioners have any interest in exploring this proposal. There was consensus agreement that Mr. Henry had posed some good questions and it may be time for an RFP to be issued to see what alternatives are available in the marketplace.

**Motion** (Roberts) – the commission authorizes the TRUE Commission Chair to write a letter to the 19 council members expressing the commission’s belief that the City should issue an RFP for a new public venues management contract– **approved unanimously**.

Chair’s Comments

Chairman Henry reported that the Inspector General Selection and Retention Committee had met last month and approved a flat budget proposal for next fiscal year, pending more time on the job by the new Inspector General and better knowledge of how the office works and its needs.

Old Business

Public safety staffing proposal - deferred

New Business

Sheriff’s Office budget transfer authority – Council Auditor Kim Taylor and Chief Financial Officer Joey Greive provided a joint letter distributed to the commissioners today. In the letter Mr. Greive indicated that he and Chief Administrative Officer Brian Hughes have met with Sheriff Williams and his staff to discuss the new state law that gives unlimited budget transfer authority to Sheriffs in the state without oversight by the board of county commissioners or the county administrator. He said the Sheriff is committed to transparency and will continue to send transfer requests to the Finance Department for processing, which is necessary for the transfers to take place in any event. Mr. Henry said he is concerned that 2 of the officials involved (Sheriff Williams and Mayor Curry) won’t be in office after July of next year; he thinks this reporting agreement should be enshrined in an ordinance for permanence and enforceability. He will write a response letter on behalf of the commission to Ms. Taylor and Mr. Greive.

Commissioner Comments

Commissioner Rounsville said the Mayor’s Office has made appointments to many other boards and commissions but not to the TRUE Commission, so it seems that the TRUE Commission is not very important in his eyes. Mr. Henry said it might be worth resurrecting the idea of changing the appointment mechanism for TRUE to eliminate some of the seats if they are never going to be filled. Mr. Henry said he had recently talked to Kim Pryor, Chair of the Urban Core CPAC, about their vacancy.

Next meetings

Audit Committee – at the call of the Chair as needed when new audits/reports are released

Legislative Tracking Committee – at the call of the Chair as needed

Full commission – June 2, 2022. Mr. Carter and Mr. Clements will ask ITD about the right person to invite to the meeting to answer questions computer access rights. Mr. Clements will prepare a draft of the TRUE Commission’s annual report for consideration at the meeting.

The commissioners discussed the fact that the scheduled July 7th meeting will fall during the City Council’s summer holiday break, when meetings are discouraged. The consensus of the group was to cancel the July meeting and meet again on August 4th.

The meeting was adjourned at 5:47 p.m.

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