



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

Daniel Henry, Chair

TRUE COMMISSION Preliminary Meeting Minutes

The minutes of this meeting are not official until reviewed and approved by the commissioners at a future meeting.

February 9, 2023

4:00 p.m.

Don Davis Room

1st floor, City Hall

Attendance: Commissioners Daniel Henry, Velma Rounsville, Ramon Day (arr. 4:11)

Excused: Commissioners Keshan Chambliss, Bruce Tyson

Absent: None

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

The meeting was convened at 4:05 p.m. by Chairman Henry and the attendees introduced themselves for the record.

Approval of minutes

The minutes of the December 8, 2022 commission meeting were deferred pending arrival of a quorum.

Public Comment

John Nooney said that ethics in city government is gone. Public comment should be allowed at every City Council committee meeting. The FIND grant process should be investigated for corruption. The Pottsburg Creek project is an environmental disaster and the subject of a cover-up. He has been shut out of the FIND grant project selection process for the last 3 years. There is no accountability in the system.

Approval of minutes

A quorum having arrived, the minutes of the December 8, 2022 commission meeting were **approved unanimously as distributed.**

Council Auditor’s Report

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

#863 Independent Agency Quarterly Budget Summary for the 12 Months Ending September 30, 2022:

JEA ended the year with a surplus of \$62,073,213 for the electric system and a balanced budget for the water/sewer and district energy systems. All three systems exceeded their budgetary authority so budget amendments to true-up the amounts have been introduced and are pending in committee.

JTA ended the year with a balanced budget, but all 5 divisions exceeded budgetary authority and budget amendments are needed to reconcile actual with budgeted amounts.

JPA ended the year with a \$5.2M surplus, generally from breakbulk and cruise ship revenues and ARP funding exceeding budgeted amounts.

JAA ended the year with a \$48.5M surplus due to parking and passenger charge revenues and COVID funding exceeding budgeted amounts.

Mr. Carter reported that no City budget quarterly report was produced for the fourth quarter of FY21-22 while the Finance and Administration Department worked on completing the City's single audit. A quarterly report has been submitted for the first quarter of FY22-23. In response to a question from Chairman Henry about why JEA went over budget by so much, Mr. Carter said it was largely due to much fuel rates charged to customers on the electric side to cover higher fuel costs. The water and sewer system had a favorable balance due to higher sales and lower than budgeted operating expenses, so transferred approximately \$15 million to pay-go for capital projects in water and sewer and district energy. JTA went over budget because of extra COVID funding reimbursing extra costs and higher fuel costs in the bus and CTC systems. The Skyway had unbudgeted maintenance costs and the St. Johns River Ferry had higher fuel costs. The Engineering Division was overage was due to higher construction and legal services. In response to a question from Chairman Henry about when the City learns that the independent authorities are exceeding their budget authority, Mr. Carter said that is one of the purposes of the quarterly reports. The reports for the first 3 quarters are based on projections and then the 4th quarter report contains the actuals for the year.

#793B Non-residential Solid Waste Fee Audit Follow-up: the original audit identified 14 issues, of which 4 remained outstanding after the first follow-up, and 2 still remain unresolved as of the second follow-up – understated franchise fees remitted to the City and issues with bonds, insurance and annual reports. The original audit identified a \$300,000 underpayment to City by one of the haulers that is now determined to be past the statute of limitations for the City to seek recovery. The underpayment was made several years ago by a hauler that was subsequently acquired by another hauler and the underpayment was not disclosed as a part of a that private sales transaction. The other finding was that certificates of insurance were expired or lacked full documentation and bond documentation and annual reports were incomplete or not timely provided. Departments managing contracts are supposed to run those contracts by the Risk Management Division for its review.

#832A Real Estate Audit Follow-up: the original audit identified 16 issues, of which 9 were cleared as of the follow-up and 7 remain. Remaining issues include departments not confirming that properties were still needed by the City for a public purpose, failure to list surplus properties as available for sale, and issues relating to the property auction process and collection of auction payments. There are accuracy with the capital asset inventory, including a need to cross-reference the inventory with Property Appraiser's ownership database and with the Accounting Division's list of City-owned properties. A new real estate inventory tracking system being developed by ITD and will be implemented in 2024.

#787B – Compensation and Benefits Division Follow-up: the original audit identified 16 issues, of which were 6 cleared by the first follow-up and 1 still remains after the second follow-up having to do with insurance premium payments by retirees who choose to keep their City health insurance after retirement. It was discovered that several retirees on the 401(k) defined contribution retirement plan who don't get pension checks from the City were not having premium deductions done. The Auditor's Office recommended implementation of a tracking mechanism for those retirees since their number will be growing in the future since all new employees are participating in that plan rather than the defined benefit

plan. The department has asked ITD to devise a mechanism. Chairman Henry asked for further information about what happened when the unpaid premiums were discovered – were they collected from the 3 retirees? Were they paid with ARP funds? How did the department improve its process as they claim?

#864 Public Works Mowing Contract Audit: the audit covered mowing on public properties only, not the City’s contracts for private property nuisance abatement mowing. Payments appear to have been accurately paid, but not always timely. An apparent \$661,000 in overpayments (out of \$8.5 million in total payments) was initially identified but after further research was determined to be a recording issue due to the timing of payments and inaccurate entries in the contract database by contactors. Instances were identified of contractors mowing lots that should not have been mowed, including some no longer owned by the City. Mowing dates in the City database often didn’t agree with the contract terms; there may have been legitimate reasons (i.e. weather) but they were often not documented. Reported mow dates could be changed by the contractors after the actual mow date, and the system has since been changed to prevent that. Excessive computer access rights and inadequate or outdated standard operating procedures were noted.

#865 – Public Parking Audit: the audit found that revenues were generally accurately collected and timely deposited but there was a lack of sufficient cash reconciliation policies and monitoring of gate counts, particularly regarding the use of special access cards by operators that allow free entry in special circumstances. There as a lack of reconciliation of special event parking revenues to gate counts. Policies and procedures were outdated or incomplete. The department was paying internal transactions with checks rather than electronic transfer directives.

In the interest of time and the need for a commissioner to depart shortly, the remaining audit reports were deferred to the next commission meeting.

Commissioner Rounsville said the audits show a general pattern of lack of documentation and asked how often departments are audited to catch the weaknesses that have been identified. Mr. Carter said there have been no findings of wrongdoing or misappropriation of funds in the audits he reviewed, but many findings of weaknesses and shortcomings and opportunities for improvements. Chairman Henry said it seems to him that many of the identified issues result from decentralization that lets departments and divisions “do their own thing” without sufficient supervision. Commissioner Day said the finding in the parking audit regarding the lack of reconciliation of cash collections with gate counts is troubling.

American Rescue Plan Funds Distribution

In response to a request from the Commission at a previous meeting about the City’s use of federal American Rescue Plan funds, Jeff Clements distributed two documents – the City’s ARP spending plan from 2021 describing to the federal government how the funds would be used and a table showing how the funds were allocated in the FY21-22 and FY22-23 budgets.

Audit Committee Report

None

Legislative Tracking Committee:

Commissioner Day noted that two TRUE Commission appointments will be introduced at next week’s City Council meeting.

Chair’s Comments

Chairman Henry said that he had talked to Richard Samples, Director of Investigations for the City Inspector General’s (IG) Office and invited him to this meeting to talk about contract management.

Matthew Lascell, the Inspector General attended in his stead and said the IG's office reads the TRUE Commission's meeting minutes and often picks up on the issues raised and does their own investigations of those issues. The IG takes the Council Auditor's audit findings from one division or department and expands them across the whole City looking for the same issues and weaknesses elsewhere. He clarified some comments made at the last TRUE meeting about IG Office accreditation. Mr. Lascell said they have decided to maintain both of the office's accreditations after previously considering letting one lapse. Mr. Henry asked about the IG Office's contract management findings. Mr. Lascell said that as a result of their work, legislation has been introduced in City Council to hire a new grants manager to bolster scrutiny of grant practices. There is also a re-write of the City's Procurement Code resulting from that work that was introduced by Council Member Cumber at a recent council meeting. Mr. Lascell reiterated that the IG's Office does track what the TRUE Commission and Council Auditor's Office do and definitely use their findings as a springboard for larger work citywide.

Old Business

The Chair asked when a representative of the Finance and Administration Department would be coming to a commission meeting to discuss the issues sent to CFO Joey Greive via letter in December. Mr. Clements said he understood that Mr. Greive would be attending the March meeting.

The Chair asked if the Council staff had received any word from Kim Pryor, Chair of the Urban Core CPAC, about her submitting an application to serve on the TRUE Commission. He understood that she had appointed herself as that CPAC's representative. Mr. Clements said he was unaware of an application being filed by Ms. Pryor. Mr. Henry said he would contact her to get an update.

New Business

None

Commissioner Comments

None

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 – March 2 2022.3

The meeting was adjourned at 5:37 p.m.

Jeff Clements, City Council Research Division

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Posted 2.17.23 2:30 p.m.