



JACKSONVILLE CITY COUNCIL

**TRUE COMMISSION
AUDIT COMMITTEE MEETING MINUTES
April 4, 2013
2:30p.m.**

**City Council Conference Room B
Suite 425, City Hall
117 W. Duval Street**

Attendance: Committee Members Marcella Lowe (Chair), Tom Martin, Joe Andrews, Danny Becton

Excused: Patti Anania

Also: Jeff Clements – Council Research Division

The meeting was called to order at 3:02 p.m. by Chairwoman Lowe.

#731 – Jacksonville Retirement System Audit

In response to commissioner questions, Tommy Carter of the Council Auditor's Office reported that the pension fund had last been audited in the 1990s and explained the basics of the DROP, BACKDROP and PLOP programs, all of which are options allowing employees nearing full retirement to freeze their accumulated pension benefit and accrue additional funds for a lump sum payout at the time of retirement. He also explained that recordkeeping for the pension plan is done by a relatively new software system called JaxPension, which replaced the former manual recordkeeping and pension benefit calculation methodology. The conversion process from manual to automated processing was somewhat problematic but the difficulties are being addressed and rectified. Mr. Carter also noted that management in the pension office was recently changed and better operations are expected.

The committee discussed the pension benefit calculation errors and the fact that the report notes that incorrectly calculated benefits will continue to be paid until the death of the retiree and that retiree's spouse unless corrections are made. The committee urged that needed corrections be made immediately to reduce the on-going impact of incorrect benefit payments. Mr. Carter noted that the pension office is working with the Office of General Counsel to explore the legal issues and processes involved in recouping funds from incorrect payments. Mrs. Lowe emphasized the need for quicker follow-up by the Council Auditor's Office in cases, such as this one, where audits identify high potential for fraud or other potentially serious shortcomings. She believes that a return visit within 60 days of the audit release is warranted to check on the audited department's immediate response and concrete procedural changes rather than waiting 12 to 18 months for the usual follow-up visit to see if anything has been done.

Motion (Lowe): recommend that the TRUE Commission accept Audit #731 with recommendations for immediate Council Auditor follow-up in two areas – Supplemental ICW #1, fraud prevention, and Supplemental ICW #2, failure to remove employee data access rights – **approved unanimously**.

The committee's next meeting will be on May 2nd at 2:30 p.m.

There being no further business, the meeting was adjourned at 3:55 p.m.

Jeff Clements, Chief
Council Research Division
630-1405

Posted 4.10.13
11:00 a.m.