



Council Auditor's Office

Follow-Up on Municipal Code Compliance Division Revenue Audit

January 11, 2024

Report #726C

OFFICE OF THE COUNCIL AUDITOR
 Suite 200, St. James Building



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Honorable Members of the City Council
 City of Jacksonville

The purpose of this report is to document our third follow-up review of our past report #726, Municipal Code Compliance Division Revenue Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We sent a follow-up letter to the Chief Administrative Officer on May 24, 2022, inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report and previous follow-up reports, the auditees' responses to the recommendations, and the auditees' responses to our follow-up letter. We then performed limited testing to verify management's responses. Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

Types of Issues	Original Number of Issues	Issues Cleared Prior to This Follow-up	Remaining Issues Prior to This Follow-up	Issues Cleared During This Follow-up	Remaining Issues
Internal Control Weaknesses	4	1	3	1	2
Findings	6	5	1	1	0
Opportunities for Improvement	2	1	1	1	0
Total	12	7	5	3	2

The following is a brief summary of the remaining issues with responses from Kelli O'Leary, Deputy Chief Administrative Officer, on behalf of the Municipal Code Compliance Division and Marcia Saulo, City Comptroller, on behalf of the Accounting Division that we received on December 14, 2023 and December 18, 2023, respectively.

Internal Control Weakness 1 *Lack of Segregation of Duties*

During the original audit, we found segregation of duties issues with the nuisance, demolition, and administrative lien payments received by the Accounting and Municipal Code Compliance Divisions. We recommended that customers remit payments directly to the Tax Collector. During the first and the second follow-ups, we found there was still an issue with this process.

During this follow-up, we found that payments for administrative liens were still being submitted directly to the Municipal Code Compliance Division while the Accounting Division routed payments through the Tax Collector as we recommended. We assessed the payment handling process at the Municipal Code Compliance Division and found that there were no issues except payments received were not deposited the day they were received as required by the City’s standard operating procedures. During FY 21/22, payments received by Municipal Code Compliance Division were deposited on average 23 days after receipt. We recommend the Municipal Code Compliance Division implement procedures to expedite the process to comply with City policy.

Municipal Code Compliance Division’s Response to the Follow-Up of Internal Control Weakness 1

Agree Disagree Partially Agree

We agree that best practices would include payments being remitted directly to the Tax Collector, however currently there are system limitations with the Tax Collectors office being unable to lookup administrative liens to correctly apply the payments. We have begun a discussion with ITD regarding system upgrades necessary to allow customers to remit payments directly to the Tax Collector’s office. Until these upgrades are made, we have implemented policies and practices that aim to reduce inefficiencies and expedite the transfer of checks to their depositing party. All checks received before 3 PM will be delivered on the same day, while those received after 3 PM will be delivered on the following business day. However, there has been an exception to this new operating procedure due to the excess checks we received from surplus funds issued by the Clerk of Courts during the tax auctions. This increase led to more than two hundred lien payments being made on a single date, which we believe is a rare occurrence.

Internal Control Weakness 2 *Access Rights*

During the original audit, we found various issues with system access rights for both systems used by Municipal Code Compliance Division and the Accounting Division. We recommended that roles with super access be limited, that periodic reviews of system access rights be performed, and that the Municipal Code Compliance Division ensure that access to their system is only provided to users with a valid business purpose and assigned on an individual (instead of group) level. Our first and second follow-up still found issues with the access rights reviews.

During this follow-up, we found that the Municipal Code Compliance Division addressed the issues, but we found that the Accounting Division’s latest review documentation was from 2019 and that access for ten employees terminated between June 2019 and September 2022 was not removed as of October 2022, when we performed our testing (two of those employees had super access).

The Accounting Division informed us on January 1, 2023, that they performed a review and had removed 30 out of 58 users after our testing results were communicated to them. We were also told that a periodic review would be performed where a list would be sent out to each department that had active users and confirmation would be obtained from each department that users still needed the access. When we asked for the details of the latest review that was done in June 2023, we found that a review was performed by looking up each user in the employee directory and then in the list of terminations for the latest 6 months, if one was not found in the directory. While this practice addresses removal of access for employees who were terminated, it does not address reassignment situations when an employee may no longer need access to the database. We found this practice to be insufficient. We recommend that the Accounting Division improve the access removal process to ensure that it is considering employees changing duties.

Accounting Division's Response to the Follow-Up of Internal Control Weakness 2

Agree

Disagree

Partially Agree

Accounting will improve the access removal process for our lien database to ensure that we are considering employees changing duties. We will send a list out to each department that has active users to obtain confirmation from each department that users still needed the access.

We would like to thank the Municipal Code Compliance Division of the Neighborhoods Department and the Accounting Division of the Finance and Administration Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor