



**Council Auditor's Office 2012/13 Annual Report  
Special Report #741  
Executive Summary**

**Authority**

The position of the Council Auditor is established by Section 5.10 of the Charter of the Consolidated Government of the City of Jacksonville. The Council Auditor is appointed by the City Council and is the Director of the Council Auditor's Office, a department of the legislative branch of the consolidated government. The Council Auditor is responsible for conducting a continuous internal audit of the fiscal operations of the consolidated government and all independent agencies. Audits are selected based on risk factors, reported problems in an area, or at the request of City Council. The Council Auditor's Office conducts legislative review and performs other forms of research as Council Committees, the Council President or individual Council Members may request. The office is also tasked with developing specifications to be included in the request for proposal for outside audit services and assisting in the selection of an outside audit firm for the City's annual independent audit.

**Our Product**

**Audit**

We issued eight performance audit reports and two attestations. In total, we identified 64 Findings, 24 Internal Control Weaknesses, and 23 Opportunities for Improvement in our audits and attestations aimed at improving the City's operations and protecting the City's assets. The performance audits identified \$55,840 in increased revenues and \$281,725 in reduced costs. Additionally, the staff assisted the external auditors on the audits of the City and JEA.

**Legislation**

We reviewed approximately 600 legislative bills. Additionally, the staff is responsible for reviewing the proposed budget for the City and its Independent Authorities.

**Special Projects**

We issued nine special reports and conducted numerous other special projects throughout the year. We also reviewed the submission of audits for City Grant recipients.

**Annual Expenditures**

	FY 11/12 Expenditures	FY 12/13 Estimated Expenditures
Salaries	\$ 1,386,271	\$ 1,424,171
Pension	229,631	271,273
Other Employee Benefits	147,237	146,365
Internal Service Charges	57,770	56,229
Other Operating Expense	26,607	24,287
<b>Total</b>	<b>\$ 1,847,516</b>	<b>\$ 1,922,325</b>



**Council Auditor's Office**

**Annual Report FY 2012/13**

**October 16, 2013**

**Special Report #741**

# ANNUAL REPORT

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



October 16, 2013

Special Report #741

Honorable Members of the City Council  
Jacksonville, Florida

The annual report of the City Council Auditor's Office of Jacksonville, Florida for the fiscal year ended September 30, 2013 is presented for your review. This report provides a description of the mission and goals of the Council Auditor's Office and an explanation as to the types of work performed.

Another productive year resulted in the issuance of 19 reports, in addition to many special projects and numerous hours reviewing legislation and attending meetings of City Council and its committees. A summary of the reports, along with highlights of significant legislation, is included. The Council Auditor's Office also provided staff time to assist in the audits of the City and JEA.

In addition to issuing reports, performing special projects and reviewing legislation, more than 7,000 staff hours were spent from July through September 2013 reviewing the proposed 2013/2014 budgets for the City and its Independent Authorities, preparing handouts with recommendations, and researching numerous questions for Council Members.

### **MISSION AND GOALS**

#### **Charter Authority of the City Council Auditor**

The position of the Council Auditor is established by Section 5.10 of the Charter of the Consolidated Government of the City of Jacksonville. The Council Auditor is appointed by the City Council and is the Director of the Council Auditor's Office, a department of the legislative branch of the consolidated government. The Council Auditor is responsible for conducting a continuous internal audit of the fiscal operations of the consolidated government and all independent agencies. Audits are selected based on risk factors, reported problems in an area, or at the request of City Council. The Council Auditor's Office conducts legislative review and performs other forms of research as Council Committees, the Council President or individual Council Members may request. The office is also tasked with developing specifications to be included in the request for proposal (RFP) for outside audit services and assisting in the selection of an outside audit firm for the City's annual independent audit.

### **Our Mission**

The mission of the Council Auditor's Office is to improve the accountability and effectiveness of local government by actively providing independent and informative services to the City Council and the citizens of Jacksonville. The City Council, Mayor, Independent Agencies and the public need timely, objective, and accurate information regarding the efficiency and effectiveness of the operations of the City and its Independent Agencies. We seek to accomplish our mission by evaluating department and program performance.

### **Statement of Values**

- We expect excellence in the services we provide: excellence achieved through motivated personnel upon whose abilities, initiative, and creativity we depend.
- We are committed to sustaining a work environment that provides opportunities for personal growth, and supports innovation and change as essential to achieving our vision in a rapidly changing world.
- We expect the development of new ideas and enhancements in our ability to perform and work effectively at all levels of the organization.
- We value our relationships with others.
- We demonstrate integrity and honesty in all facets of our work.

### **OUR WORK PRODUCTS**

Our office performs three essential functions: audits, special projects, and legislative review. These three areas combine to allow us to provide the best value we can to the citizens of Duval County.

### **Audit Function**

#### **Overview**

The audit function of the office conducts performance audits in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), attestations in accordance with the American Institute of Certified Public Accountants (AICPA) and/or GAGAS, and assists the external auditors with the City's Comprehensive Annual Financial Report (CAFR) and JEA's Annual Financial Report. Audit work accounted for over 12,000 hours (or 32%) of the overall time of our office. The standards that we utilize require due professional care in conducting audits, professionally qualified staff, independence, adequate supervision and planning of audit work, reporting of audit results, and periodic review of the office by outside professionals. This enhances the quality of our work product which enables the user agency to place greater reliance on our work.

We select areas to audit based on several factors. We consider areas that provide services to the government and community that may have potential for improvement in the areas of economy and efficiency. Areas at risk for the misuse of assets or resources are more likely to be selected for audit. We also consider areas with a high volume of complaints or concerns identified by the City Council, Mayor, and management. The length of time since the last audit is also considered. Appropriate staff is assigned to the audit based on individual staff qualifications and the number

of staff needed to conduct the audit. See Exhibit A for a listing of the reports and Exhibit B for a brief summary of the reports.

### **Performance Audits**

A performance audit is an engagement that provides findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.<sup>1</sup> This type of auditing may also include steps to determine if the City is in compliance with contracts, laws, regulations and procedures. The benefit of audit work is not always quantifiable. Performance audits result in recommendations that will improve resource utilization, reduce the risk of loss or abuse of assets, increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

#### Results

*We issued eight performance audits during FY 2012/13. These eight reports identified 23 internal control weaknesses, 58 findings, and 23 opportunities for improvement. These performance audits identified \$55,840 in increased revenues, and \$281,725 in reduced costs.*

### **Attestations**

Attestation engagements can cover a broad range of financial or nonfinancial objectives about the subject matter or assertion depending on the users' needs. GAGAS incorporates by reference the AICPA's Statements on Standards for Attestation Engagements (SSAE). The AICPA's standards recognize attestation engagements that result in an examination, a review, or an agreed-upon procedures report on a subject matter or on an assertion about a subject matter that is the responsibility of another party.<sup>2</sup>

#### Results

*We issued two attestations during FY 2012/13 both of which were required by Florida Statutes. We identified 1 internal control weakness and 6 findings during this work.*

### **External Auditors**

The Council Auditor's Office is tasked with engaging an outside audit firm to perform the City's annual independent audit. Pursuant to Section 102.116 of the Jacksonville Municipal Code, the Council Auditor's Office establishes the specifications to be included in the request for proposal (RFP) for the City's independent audit, assists in the ranking and selection of an outside audit firm and negotiates the formal fee and contract terms.

The Council Auditor's Office also provides staff to assist in the audit work performed on both the City and JEA's annual financial audits. Three of our staff members provided a total of 600 hours to assist McGladrey, LLP with the annual financial statement audit and the preparation of the Management Letter. In addition, two of our staff members provided a total of 160 hours to assist Ernst & Young, LLP with the financial audit of JEA.

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<sup>1</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2012), p.17.

<sup>2</sup> Comptroller General of the United States, *Government Auditing Standards* (Washington, DC: U.S. Government Printing Office, 2012), p.16.

### Results

*By providing this assistance, we reduced the cost of the contracts by over \$90,000 and provided staff valuable information and training for future audit work.*

### **Special Project Function**

The special project function releases special reports, which are typically in response to a request by a Council Member or involve a project substantially less in scope than an audit conducted in accordance with GAGAS. This area accounts for over 5,200 hours (or 14%) of the overall time of our office. See exhibit A for a listing of reports and Exhibit B for a summary of the reports.

### **Special Reports**

The Council Auditor's Office performs other reviews to fulfill the City Charter and Ordinance Code requirements of providing the City Council with reports of financial analysis and information pertaining to the operations of the City and its Independent Agencies. As a part of this effort, the Council Auditor compiles and reviews quarterly financial reports from the City and its Independent Agencies and presents reports thereon. The majority of our special project work products are not summarized in formal numbered reports.

### Results

*We issued nine numbered special reports in FY 2012/13. Two of the reviews resulted in one finding, and two opportunities for improvement. The remaining reports were prepared to provide information to City Council and the citizens of Jacksonville regarding the City's financial position and our office's work.*

### **Special Projects**

The Council Auditor's Office performs many special projects that do not result in a report. These are typically small requests initiated by a Council Member. The nature of these projects typically relates to the gathering of information which also assists the office with gaining an understanding of all City operations and properly compiling a risk assessment of the City.

### **Follow-up Reviews**

The Council Auditor's Office conducts follow-up reviews to determine the progress made in addressing findings and recommendations identified in previously issued audit reports. These reviews are performed periodically and are substantially less in scope than an audit conducted in accordance with GAGAS.

### **City Grants**

Per Chapter 118 of the Jacksonville Municipal Code, the Council Auditor's Office is tasked with overseeing the proper submission of annual audits and financial reports by agencies which receive City of Jacksonville grant funding. In addition to assuring that the audits and financial reports are submitted by the appropriate deadlines, the Council Auditor's Office also reviews the audits and confirms that City funding is properly disclosed in each report. The Council Auditor's Office has the authority to remove entitlement of grant funding from an agency that does not follow the provisions of Chapter 118. In practice, the Council Auditor's Office has maintained a "non-compliance list," which includes all agencies that have committed infractions which have

not yet been resolved. The Council Auditor's Office may reinstate entitlement upon the correction of most infractions by the agency.

### Results

*During FY 2012/13, twenty-six organizations were added to the non-compliance list. All organizations were removed once reporting requirements were fulfilled. Payments were withheld for non-compliant organizations until these organizations demonstrated compliance with the requirements of Municipal Code Chapter 118. In addition, Ordinance 2012-464-E was passed by City Council on October 9, 2012. This ordinance removed the St. John's River City Band from the non-compliance list and forgave past violations of Ch. 118.*

## **Legislative Function**

### **Overview**

The legislative review function provides an examination of legislation for all of the Council Committees, with the exception of the Land Use and Zoning Committee, and attends all City Council meetings. It is the role of this team to provide transparency and accountability to each legislative bill that is reviewed. The legislative review function accounts for over 13,100 hours (or 35%) of the overall time of our office, which includes over 7,000 hours related to the annual budget. The following more specifically describes the scope of work performed by each group.

### **Legislation Review**

The legislative review function is performed by staff members in order to provide Council Members with information regarding areas of potential improvement, full disclosure of financial impacts, errors requiring correction and other possible outcomes of pending legislation to assist Council Committees in their decision-making process. Some of the general categories of legislation reviewed are capital project approval and appropriation, grant contracts and appropriations of funds, lease agreements, fair share assessments, and redevelopment agreements. Refer to Exhibit C for a summary of significant legislation.

### Results

*The legislative review process provides City Council Members with information and research that adds to the resources available for their decision making process. During FY 2012/13, we reviewed approximately 600 legislative bills.*

### **Budget Review**

The Council Auditor's Office is also responsible for reviewing the proposed budgets for the City and its Independent Authorities. This review entails an extensive analysis of revenue and expenditures on a line item basis, along with statistical calculations and a review of material changes in funding for expenditures. Our staff interacts with the Budget Office, City Departments and Independent Authorities to complete our analysis and obtain answers to questions regarding budget requests. Approximately 7,000 staff hours were spent from July through September 2013 reviewing the 2013/2014 budget proposals. A report is prepared annually outlining the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

### Results

*Based on our review of the Mayor's Proposed Budget, we brought several concerns to the attention of the Council. Listed below are some of the concerns we raised that were addressed by Council:*

- The balancing of the proposed budget included lapses of \$52,952,439 in total without identifying how the lapses would be met.*
- The proposed budget planned to bill \$35,834,134 of Public Works Public Buildings Division General Fund (GSD) expenses to other General Fund (GSD) areas which significantly inflated the expenses of the General Fund (GSD). Through the City Council's action, utilities and other costs associated with maintaining the City's buildings were placed in an internal service fund and will be billed throughout the fiscal year to the various City departments through a cost allocation model.*
- The budget did not include funds for basic capital maintenance/replacement items such as roadway resurfacing, building maintenance or Fire and Rescue apparatuses.*

*To address the significant budget cuts impacting services to citizens, the City Council ultimately increased the millage rate.*

### **Assistance to Special and Ad Hoc Committees**

The Council Auditor's staff attends special committee meetings to provide background information and aid committee members in their review and deliberations on tasks assigned to the committee. Staff participated in meetings associated with the Better Jacksonville Plan, the Duval County Tourist Development Council, the Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission, as well as various special committees noted below.

The Audit Subcommittee of the City Council Finance Committee was created to study City government performance and to review audits and reports about City finances and operations. The subcommittee meets on an as needed basis to receive information from the Council Auditor and the City's independent auditor. This provides the opportunity for the subcommittee to discuss the reports and ask questions of Council Auditor's staff and the agency staff addressed in the report.

We attended the St. Johns River Ferry Commission meetings where we answered questions and provided guidance related to establishing a budget, making deposits, recording revenues, and paying the contractor. We also reviewed the contractor's cash handling and balancing procedures at the request of the Commission.

Council Auditor reports are forwarded to the TRUE Commission for their review. Council Auditor staff attend the TRUE Commission meetings to answer questions regarding each report released. The TRUE Commission provides recommendations and feedback to the Council President at their discretion.

The Courthouse Oversight Special Committee was created to ensure oversight of all expenditures, change orders, and efficiencies that might be found during the courthouse construction process.

The Ad Hoc Committee on Metro & Urban Parks was established to review recent noise issues at Metropolitan Park and other City parks with similar problems. The goal is to determine a way to improve compatibility with surrounding neighborhoods, while continuing to provide the value from the parks to the City as cultural and recreational venues.

**OFFICE OPERATIONS**

**Our Structure**

Our office is structured in the most effective method for internal audit independence in that we report directly to the City Council. Given the unique nature of functions our office performs, our office is recognized as a model organization and from time to time we are contacted by other jurisdictions who want to better understand our operation.

**Staffing**

As part of the original FY 2012/2013 budget, the office was authorized to fill 19 full-time positions. Positions include the Council Auditor, an Assistant Council Auditor, 16 auditors and one administrative assistant. (Refer to Exhibit D) All auditors have degrees in accounting, including several with graduate degrees. The audit staff members are Certified Public Accountants (CPAs) or in the process of preparing for or taking the CPA exam. Audit staff members are encouraged to obtain a CPA license.

**Expenditures**

The Council Auditor’s Office had expenditures of approximately \$1.92 million in fiscal year 2012/13, as detailed below.

**Annual Expenditures**

	<b>FY 11/12 Expenditures</b>	<b>FY 12/13 Estimated Expenditures*</b>
Salaries	\$ 1,386,271	\$ 1,424,171
Pension	229,631	271,273
Other Employee Benefits	147,237	146,365
Internal Service Charges	57,770	56,229
Other Operating Expense	26,607	24,287
<b>Total</b>	<b>\$ 1,847,516</b>	<b>\$ 1,922,325</b>

*\*Please note that the amounts for FY 2012/13 are pending the final close out of the City’s Annual Financial Audit.*

## **PROFESSIONAL DEVELOPMENT**

### **Summary**

The work of the Council Auditor's Office requires professionals with high standards of integrity, independence, and conduct. Principles are established as a guide for development and improvement of the employee's professionalism. The Council Auditor's Office emphasizes professional development to improve our skills, effectiveness and efficiency. The office provides required continuing education, encourages professional certification, and supports staff involvement in professional associations.

### **Continuing Education**

Government Auditing Standards require that our staff complete at least 80 hours of continuing education every two years, including 24 hours in subjects directly related to the government environment or government auditing. Those auditors who are CPAs must also complete the 80 hours every two years to retain their active status as Florida CPAs. The professional staff is in compliance with these provisions.

### **Professional Associations**

The Council Auditor and other staff members are members of organizations such as the Association of Local Government Auditors, the Florida Government Finance Officers Association, and the Government Finance Officers Association. Some staff members are also members of the American Institute of Certified Public Accountants and the Institute of Internal Auditors.

### **Quality Assurance**

In compliance with Government Auditing Standards, the Council Auditor's Office undergoes an external quality control review once every three years by an organization not affiliated with the Council Auditor's Office. We participate in the peer review program of the Association of Local Government Auditors through which our office had a peer review and was found to be in compliance with the Government Auditing Standards in March 2012. This peer review covered our work audits performed in accordance with Governmental Auditing Standards between January 1, 2009 and December 31, 2011.

We appreciate the strong support given to us by the City Council. We look forward to continuing to work on finding ways to improve our City and its Independent Agencies.

Respectfully submitted,

Kirk A. Sherman, CPA  
Council Auditor

## **EXHIBIT A**

*All reports are public record and are available to the public in our office or on our web site at [www.coj.net/City-Council/Council-Auditor.aspx](http://www.coj.net/City-Council/Council-Auditor.aspx)*

### **REPORTS RELEASED IN FISCAL YEAR 2012/2013**

#### **Performance Audits**

Report No. 726	Municipal Code Compliance Division Revenue Audit	November 2012
Report No. 728	Jacksonville Economic Development Commission Incentives Audit	January 2013
Report No. 731	Jacksonville Retirement System Audit	March 2013
Report No. 732	Purchasing Card (P-Card) Audit	May 2013
Report No. 735	Interim Audit Report on City Payroll Disaster Recovery Procedures	July 2013
Report No. 736	Police and Fire Pension Fund Audit	July 2013
Report No. 739	Recreation and Community Programming Division Revenues Audit	September 2013
Report No. 740	Information Technologies Billing Audit	September 2013

#### **Attestations**

Report No. 725	Sheriff's Investigative Fund 2011	November 2012
Report No. 729	Report on Statement of County Funded Court-Related Functions, Section 29.0085 Florida Statutes	January 2013

#### **Special Reports**

Report No. 722	JEA Valuation Report	October 2012
Report No. 723	Council Auditor's Annual Report for FY 2011/12	October 2012
Report No. 724	Budget Summary for FY 2012/13	October 2012
Report No. 727	Quarterly Summary for the Twelve Months Ended September 30, 2012	December 2012
Report No. 730	Quarterly Summary for the Three Months Ended December 31, 2012	February 2013
Report No. 733	Quarterly Summary for the Six Months Ended March 31, 2013	May 2013
Report No. 734	Jacksonville Sunshine Law Compliance Review	May 2013
Report No. 737	Follow-up Report	July 2013
Report No. 738	Quarterly Summary for the Nine Months Ended June 30, 2013	August 2013

## ***EXHIBIT B***

### **SUMMARY OF REPORTS**

#### **Performance Audits**

##### **Municipal Code Compliance Division Revenue Audit**

*Report #726 – November 2012*

The focus of this audit was on the assessment, collection, recoding, and depositing of revenue from nuisance abatement, demolition, and administrative liens.

##### *Significant Issues:*

- Lack of segregation of duties regarding the receipt of cash and record-keeping functions.
- Inappropriate access rights for some users of the Tax Lien Database (TLD) and Property Information Contract Solutions system. Also, the TLD is an inadequate system.
- There were no standard operating procedures for processing administrative liens.

##### **Jacksonville Economic Development Commission Incentives Audit**

*Report #728 – June 2012*

The purpose of this audit was to determine whether jobs creation data reported to the JEDC by the local incentive recipients was accurate. This audit was conducted based on the Finance Audit Subcommittee's request for follow-up work on the Jacksonville Economic Development Audit (Report #711).

##### *Significant Issues:*

- Lack of compliance with job creation requirements as well as incorrect reporting
- Inadequate job creation and clawback for job creation requirements in agreements
- Wage requirements in the incentive agreements were not consistent.
- There was a lack of adequacy and consistency in the definitions for employment requirements in the incentive agreements, which could lead to the creation of jobs that do not satisfy the City's intention and vision.

##### **Jacksonville Retirement System Audit**

*Report #731 – March 2013*

This audit was performed due to the ongoing conversation regarding pensions throughout the nation and the size of the annual pension payroll. The audit focused on payments to members of the General Employees' and Correction's Officers' Retirement Plans.

##### *Significant Issues*

- There were numerous issues that caused the pension payments to be inaccurate. This included issues with retro pay, early retirement penalty calculation, and the amounts and/or periods included in final compensation calculation.
- There were errors with the switch from employee payroll to pension payroll.
- There were inconsistencies between the Municipal Code and office policy.
- There was a lack of segregation of duties and inadequate policies and procedures.

## **Purchasing Card (P-Card) Audit Report**

*Report #732 – May 2013*

The focus of this audit was on whether there was a proper control structure in place and that the control structure was properly functioning for the City's P-Card program.

### *Significant Issues:*

- P-Card Policies and Procedures were insufficient to support the P-Card Program.
- There was no Program Auditor for the P-Card Program.
- P-Card holders and managers did not receive formal training for the proper use of P-cards.
- Proper and timely approval did not take place for many transactions.
- Proper documentation was not on file for many transactions.
- Subordinate employees were approving transactions for their superiors.

## **Interim Audit Report on City Payroll Disaster Recovery Procedures**

*Report #735 – July 2013*

In the early stages of an audit of the City's payroll office, we identified numerous issues related to the payroll-related disaster recovery procedures. Consequently, an interim report was issued to ensure timely notification of known issues so that the management could correct them. The necessity for expedience was amplified by the fact that the discovery coincided with the beginning of Hurricane Season. A final report will be issued once the audit is completed.

### *Significant Issues*

- Sensitive payroll data was not adequately safeguarded.
- Procedures to transmit direct deposit information to the bank were inadequate.
- Current practices regarding the processing of salaries and wages in the event of an emergency did not reflect the written standard operating procedures.

## **Police and Fire Pension Fund Audit**

*Report #736 – July 2013*

This audit was performed due to the ongoing conversation regarding pensions throughout the nation and the size of the annual pension payroll. The Police and Fire Pension Office processed a total pension payroll of \$91 million and refunds of \$313,593 during FY 2010/11 and a total pension payroll of \$48 million and refunds of \$177,254 during the first half of FY 2011/12. The audit focused on payments to members of the Police and Fire Pension Plan and the Senior Staff Voluntary Retirement Plan.

### *Significant Issues*

- Application of the effective retirement date for DROP members was inconsistent and enabled pensioners to receive benefits in excess of those permitted by the Ordinance.
- The compensation amount utilized to calculate the cost of time service connections had significant issues when employees received special payments once per month.
- There were issues with the termination of pension benefits in the event of death and the transfer of benefits to survivors.

## **Recreation and Community Programming Division Revenues Audit**

*Report #739 – September 2013*

The Recreation and Community Programming Division had revenues of approximately \$750,000 in FY 2011/12 from recreational community center rentals, summer camps, tennis facilities admissions, athletics-related fees, pavilion rentals, special use and vendor permits, tennis lessons, after school programs, field trips, and aquatics fees at Cecil Recreation Complex

### *Significant Issues*

- Sales taxes from center rentals were not collected from customers and remitted to the State for more than three years.
- There were multiple violations of the City's Standard Operating Procedures on cash receipts.
- Employees did not have access to standard operating procedures.
- Various issues regarding cash register operations and the recording, depositing, and safeguarding of revenues were found.
- Monthly revenue reconciliations were not consistently performed.

## **Information Technologies Billing Audit**

*Report #740 – September 2013*

This audit came about due to the ongoing issues with the Information Technologies Division's (ITD's) billing model discussed during the annual budget process in recent years. ITD is tasked with maintaining and supporting the information and data processing systems and applications, communication systems, software and hardware licensing, and many other facets of the City's information technology. ITD's actual expenditures for FY 2011/12 were \$41,292,440.

### *Significant Issues*

- The inventory counts utilized as the basis for billing had significant inaccuracies.
- There were limited instances where a using agency could be billed for services not received.
- ITD overreacted to perceived billing issues and switched to billing based on remaining budgetary capacity during FY 2011/12 for many areas.
- There were issues with billing and collection of radio service costs with outside agencies.
- ITD needs to bill actual costs whenever reasonable.

## **Attestations**

### **Sheriff's Investigative Fund 2011**

*Report # 725 – November 2012*

This attestation is required by Section 925.055(2) of the Florida Statutes. We examine and express an opinion on a schedule of Cash Receipts and Disbursement of the Criminal Investigative Fund of the Office of the Sheriff.

### **Report on Statement of County Funded Court-Related Functions, Section 29.0085 Florida Statutes**

*Report #729 – January 2013*

This attestation involves the City's compliance with Sections 29.008 and 29.0085 of the Florida Statutes, which detail the City's funding of court-related functions that are County requirements

pursuant to State Law. The reports are prepared by the City's Accounting Division and certified by our office before being sent to the State.

## **Special Reports**

### **JEA Valuation Report**

*Report #722 – October 2012*

This report was prepared to fulfill a City Council Member request. The report calculated the value of JEA's cash flows to the City and compared it to the value of JEA's cash flows to an Investor Owned Utility (IOU).

### **Council Auditor's Office Annual Report FY 2011/12**

*Report #723 – October 2012*

This report provides a summary of the activities and accomplishments of the Council Auditor's Office during the fiscal year ended September 30, 2012.

### **Budget Summary for FY 2012/13**

*Report #724 – October 2012*

The Budget Summary Report details the major points of the City Council approved budget. It details the major changes that occurred from the Mayor's Proposed Budget to the approved budget and includes suggestions to create a better process for the following year.

### **Jacksonville Sunshine Law Compliance Review**

*Report #734 – May 2013*

This report is a requirement of the Ordinance Code that states we must perform an annual review and report on Council notices, meeting locations, and minutes to determine whether the City Council is in compliance with the Jacksonville Sunshine Law Compliance Act.

### **Audit Follow-Up Report - 2012**

*Report #737 – July 2013*

This report is a follow-up review to determine the progress made in addressing findings and recommendations identified in previous issued audit reports. These reviews are performed periodically and are substantially less in scope than an audit conducted in accordance with Government Auditing Standards.

### **Quarterly Summaries**

*Reports #727 (December 2012), #730 (February 2013), #733 (May 2013), & #738 (August 2013)*

The City and Independent Agencies are required to submit to the Council Auditor's Office quarterly financial statements by specified dates. The Council Auditor's Office is tasked with compiling the information and submitting a report to the City Council. The purpose of these reports is to identify budget problems as early as possible to allow for corrective action.

## *EXHIBIT C*

### **LEGISLATION REQUIRING SIGNIFICANT REVIEW IN FISCAL YEAR 2012/2013**

- **2012-568:** Ordinance authorizing 1<sup>st</sup> amendment to agreement with Duval County Fair, Inc. to avoid conflicts between fair and Florida-Georgia football game dates and provide compensation for moving expenses totaling \$240,000 in 2013.
- **2012-636:** An ordinance approving a settlement between the City and the United States of America under the Americans with Disabilities Act.
- **2012-703:** Ordinance authorizing redevelopment agreements with Pope & Land Enterprises for residential/retail development in Brooklyn Area. Authorizes REV grant of \$5,154,000 and maximum indebtedness by the City of \$1,800,000 for infrastructure improvements to be constructed by developer.
- **2013-13:** An ordinance appropriating \$287,000 in grant funds from St Johns River Water Management District for the Lincoln Villas Septic Tank Phase-Out project.
- **2013-53:** Ordinance transferring \$3,500,546 to remove extraordinary lapses in all general fund departments to fund janitorial services for parks, right-of-way mowing, return recaptured funds to the JIA and Soutel/King Community Redevelopment Areas, return part of recaptured funds to the Office of General Counsel (OGC) for outside legal counsel and establish designated contingency for Jacksonville Sheriff's Office (JSO) tuition reimbursement and venue JEA electricity credit.
- **2013-87:** Ordinance transferring \$31,227,511 from the Unified Courthouse program and appropriating \$291,985 to encumber funding for and require build-out of State Attorney's office in Old Federal Courthouse.
- **2013-89:** An ordinance appropriating \$11,036,722 from general revenues received through refinancing and refunding debt to the Downtown Economic Development Fund (\$9,000,000) and Countywide Economic Development Fund (\$2,036,722) for economic revitalization investments.
- **2013-179:** An ordinance authorizing a lease agreement with GIV Imeson, LLC for space at One Imeson Park Boulevard for use by the Supervisor of Elections Office.
- **2013-187:** Ordinance appropriating \$14,315,088 in banking funds to purchase the Haverty/YMCA Building (aka Jake Godbold Building) from Police & Fire Pension Fund Board of Trustees.
- **2013-209:** An ordinance reorganizing and renaming various departments and divisions. This bill had not yet been approved as of the end of the 2012/13 fiscal year.
- **2013-249:** An ordinance appropriating \$2,000,000 (FDOT grant) and reappropriating \$3,425,000 from Northbank Riverwalk Renovations project to fund the New Artist Walk Extension project.
- **2013-287:** An ordinance creating a new ethics code section regarding whistleblower protection.
- **2013-288:** An ordinance regarding Pope & Land Enterprises and Ordinance 2012-703-E, authorizing the purchase and sale of properties adjacent to the project.
- **2013-366:** Ordinance creating new category of Police & Fire Pension plan member based upon hiring after 10/1/13, establishing pension benefits for these members and revising contribution percentages for existing members. This bill was denied.
- **2013-382:** An ordinance authorizing transfer at year's end of excess funds saved by JSO to a Special Council Contingency account designated for the Sheriff and to authorize Sheriff to transfer up to \$500,000 into or out of any department line item within the Sheriff's accounts. This bill was withdrawn, but Ordinance **2013-589-E** was enacted allowing the Sheriff to apply \$7,000,000 in saved funds towards the fiscal year 2013/14 budget.
- **2013-489:** An ordinance authorizing a 5<sup>th</sup> amendment and restated lease with Gator Bowl Association, Inc. to extend the lease term through the 2019-2020 college football season, increases the base rent from \$80,000 to \$95,000, updates insurance and indemnity requirements and deletes references to "Software Signage Revenue."

*EXHIBIT D*

**CITY COUNCIL AUDITOR'S OFFICE STAFF**

Staff members as of September 30, 2013:

Kirk A. Sherman, CPA, Council Auditor  
Janice Billy, CPA, Assistant Council Auditor  
Kyle Billy, CPA, Principal Auditor  
Kim Taylor, CPA, Principal Auditor

Chedly Broche  
Robert Campbell  
Thomas Carter, CPA  
Sean Costigan, CPA  
Elena Korsakova, CPA  
Edward Linsky  
Carmen Martin, CPA  
Michelle Minerich  
Brian Parks, CPA  
Phillip Peterson, CPA  
Heather Reber, CPA  
Jeff Rodda  
Trista Straits, CPA  
Aaron A. Wilkins

Administrative Assistant  
Mary Fletcher