



Council Auditor's Office

Follow-up on Defined Contribution Audit

November 15, 2023

Report #815B

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 second follow-up review of our past report #815, Defined Contribution 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 and follow-up report can be found on our website.

We sent follow-up letters to the City’s Chief Administrative Officer on February 22, 2023, inquiring as to the status of the original audit report recommendations after the first follow-up report. We reviewed the recommendations from our audit report and previous follow-up report, the auditees’ responses to the recommendations, and the auditees’ responses to our follow-up letter. We then performed limited testing to verify the responses.

Based on the response 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	3	1	0	1
Findings	6	5	1	1	0
Opportunities for Improvement	6	6	0	0	0
Total	16	14	2	1	1

The following is a brief summary of the remaining issues with responses from the Finance and Administration Department we received on November 14, 2023.

Supplemental Internal Control Weakness 3 *Not Following City’s Cash Receipts SOPs*

In the original audit we found that Pension Office employees were not following the City’s cash receipts standard operating procedures (SOPs). We recommended that the Pension Office establish a new process of handling incoming checks consistent with the instructions provided in the City’s cash receipts SOPs. Additionally, the office should train staff on all updated processes.

During our first follow-up testing, we noted that the Pension Office had implemented some new procedures that included handling incoming checks consistent with the instructions provided in the City's cash receipts SOPS and staff were trained on all updated processes. However, employees were still not performing monthly reconciliations between the checks received and the City's accounting system in accordance with the City's cash receipts SOPs.

As of this follow-up, we found that the reconciliations were still not being performed. Not following all the City's cash receipts procedures could lead to various issues such as misappropriation of funds, unintentional errors related to the accounts funds are credited to, and loss of checks/payments. We continue to recommend that the Pension Office ensure that all City policies related to handling cash are followed.

Management Response to the Follow-Up of Supplemental Internal Control Weakness 3

Agree

Disagree

Partially Agree

We agree the Pension Office has not been complying with step 26 (of 27) of the cash receipts SOP which states at the end of each month the Pension Office will "Verify all deposits from the previous month are complete by verifying entry within ICloud". Many ICloud entries from the Tax Collector are lumpsum entries and may include several checks and/or ACHs which makes it difficult to trace a specific check deposit amount. The Pension Office plans to work with the Tax Collector to obtain detail information which will assist in performing the ICloud entry verification.

We would like to thank the Finance and Administration Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

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Council Auditor