



Tax Collector's Office Audit – Remittance of City Funds - #895

Executive Summary

Why CAO Did This Review

Pursuant to Section 102.118 of the Municipal Code, the Duval County Tax Collector's Office, along with the other four named Consolidated Government Constitutional Offices, are to be audited by the Council Auditor's Office at least once every five years. This audit was performed to meet that requirement.

Per Section 11.01 of the City's Charter, the Duval County Tax Collector's Office ("Tax Collector") is responsible for collecting and remitting all taxes, fines, and fees due to the City of Jacksonville ("City"). In fiscal year 2023/24, the Tax Collector collected approximately \$3.39 billion, of which \$2.46 billion (73%) was remitted to the City with the remaining being remitted to the state and other entities.

The Tax Collector's finance area is responsible for remitting funds to the City accurately and in a timely manner. They verify the amount collected, transfer funds from the Tax Collector's bank account to the City's bank account, and initiate data transfers that update the City's accounting system to reflect the remittances from the Tax Collector.

What CAO Found

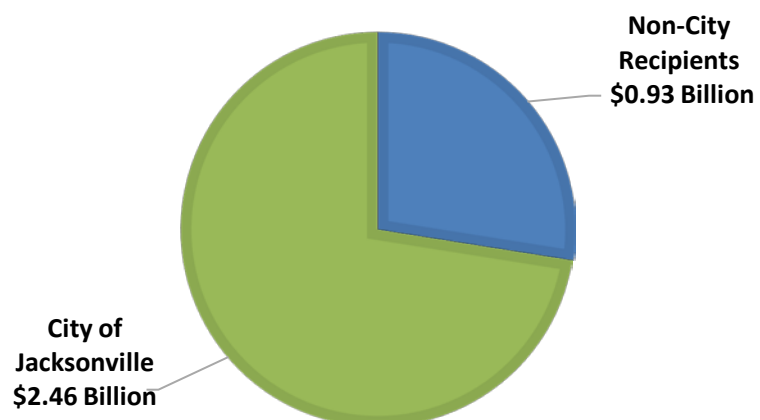
Overall, the Tax Collector's Office accurately remitted all taxes, fines, and fees to the City in a timely manner. However, we did note some issues that need to be addressed as noted below. More specifically:

- Insufficient documentation for some remittance procedures.
- Insufficient procedures for adding, updating and removing access to systems for employees.
- Issues with returned payment service fees practices being inconsistent with written policy and procedures.
- Need for review and additional documentation for voided transactions without a secondary review.

What CAO Recommends

We recommend that the Tax Collector's Office implement and document procedures to address the items noted above and in the report.

FY 23/24 COLLECTIONS





Council Auditor's Office

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November 5, 2025

Report #895

EXECUTIVE SUMMARY

AUDIT REPORT #895

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Honorable Members of the City Council
City of Jacksonville

INTRODUCTION

Pursuant to Section 102.118 of the Municipal Code, the Duval County Tax Collector's Office, along with the other four named Consolidated Government Constitutional Offices, are to be audited by the Council Auditor's Office at least once every five years. This audit was performed to meet that requirement.

Per Section 11.01 of the City's Charter, the Duval County Tax Collector's Office ("Tax Collector") is responsible for collecting and remitting all taxes, fines, and fees due to the City of Jacksonville ("City"). In fiscal year 2023/24, the Tax Collector collected approximately \$3.39 billion, of which \$2.46 billion (73%) was remitted to the City with the remaining being remitted to the state and other entities.

While the Tax Collector's operations are partially funded by transaction fees for providing collection services to the State and various taxing authorities and agencies, the majority of the funding comes from the City's General Fund/GSD, which is used to balance the budget.

There are ten Tax Collector branches that provide several services to citizens (primarily tax collection and a range of driver license and vehicle title services). Many of these services are also available online and some can even be processed by kiosks located within certain grocery stores located throughout the City. Collected payments are deposited into the Tax Collector's bank account and later remitted to the appropriate recipient. In addition to providing services to citizens, branches process payments received by City departments.

The Tax Collector's finance area is responsible for remitting funds to the City accurately and in a timely manner. They verify the amount collected, transfer funds from the Tax Collector's bank account to the City's bank account, and initiate data transfers that update the City's accounting system to reflect the remittances from the Tax Collector.

STATEMENT OF OBJECTIVE

To determine whether the Tax Collector's Office accurately remitted all taxes, fines, and fees to the City of Jacksonville in a timely manner.

STATEMENT OF SCOPE AND METHODOLOGY

The time period selected for this audit was fiscal year 2023/24 (October 1, 2023 through September 30, 2024). Our audit consisted of:

- documenting and assessing management controls surrounding the collection and remittance of funds,
- reviewing relevant laws, rules, and regulations,
- reviewing written policies and procedures,
- discussions with Tax Collector personnel, and
- detailed testing of all collections remittable to the City within the audit scope.

To confirm we had a complete population of amounts remittable to the City, we obtained from the Tax Collector's cashiering system all transactions recorded during the audit scope period and calculated the total amount collected. Then, we obtained the Tax Collector's bank statements and compared the total amount collected with actual deposits.

To confirm collections were accurately remitted to the City, we extracted from the population of transactions those with amounts due to the City and recalculated each remittance we expected to occur (either by the day or month collected depending on the collection type). Then we tied each expected remittance to one or more amounts transferred from the Tax Collector's bank account to the City's bank account.

To confirm collections were remitted in a timely manner, we verified ad valorem taxes were remitted at least as frequently as required by Florida Statutes. For other collections, we verified that the time taken to remit them was consistent with Tax Collector's policies (typically three to five business days after collection) and that the current practice did not violate state law. We also verified the time between the remittance's transfer and the City's receipt was reasonable.

To confirm collections were recorded accurately in the City's general ledger, we recalculated the amount for each general ledger account based on the transactions within the population and compared the recalculation to the amount actually recorded in each account.

For collections related to the accounts receivable subledger, the Tax Collector's cashiering system updates the City's financial system with the payment data. Due to this, we performed an alternative test by confirming the cashiering system properly updated the City's financial system. We also recalculated the collected amount for each fund and compared with the accounts receivable subledger, then investigated all differences and made inquiries to the City's Accounting Division to determine the cause of these differences as applicable.

REPORT FORMAT

Our report is structured to identify Internal Control Weaknesses, Audit Findings, and Opportunities for Improvement as they relate to our audit objective(s). Internal control is a process implemented by management to provide reasonable assurance that they achieve their objectives in relation to the effectiveness and efficiency of operations and compliance with applicable laws and

regulations. An Internal Control Weakness is therefore defined as either a defect in the design or operation of the internal controls or is an area in which there are currently no internal controls in place to ensure that management's objectives are met. An Audit Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures. An Opportunity for Improvement is a suggestion that we believe could enhance operations.

STATEMENT OF AUDITING STANDARDS

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

AUDITEE RESPONSES

Responses from the auditee have been inserted after the respective finding and recommendation. We received responses in a memorandum from Jim Overton, Tax Collector, on October 27, 2025.

AUDIT CONCLUSION

Overall, the Tax Collector's Office accurately remitted all taxes, fines, and fees to the City in a timely manner. However, we did note some issues that need to be addressed as noted below.

AUDIT OBJECTIVE

To determine whether the Tax Collector's Office accurately remitted all taxes, fines, and fees to the City of Jacksonville in a timely manner.

Internal Control Weakness 1 – Insufficient Documented Procedures for Remittances

When we reviewed the Tax Collector's procedures for remittances, we found that the standard operating procedures did not address the steps (including manual adjustments) needed to be taken by employees to process all types of remittances. We found out that the Tax Collector's staff that process remittances had separately created and used printed-out guides to assist with the processes. Management was aware of these guides, but they had not been formally reviewed, documented, approved by management, and centrally located. Best practice is for management to approve procedures for critical processes and have them easily available to staff and management. This is especially important in instances of employee turnover.

Recommendation to Internal Control Weakness 1

We recommend management ensure there are approved documented procedures for all remittance types that are maintained in an accessible location to applicable staff.

Tax Collector Response to Internal Control Weakness 1

Agree ☒ Disagree ☐ Partially Agree ☐

We will follow the recommendation by creating and approving documented procedures for all types of remittances. They will be maintained in a location accessible to the applicable staff.

Internal Control Weakness 2 – Insufficient Documented Procedures for System Access

During our review of system-related controls, we found the Tax Collector lacked documented procedures for:

- How to add a user and grant them an appropriate access-level to the systems maintained by the Tax Collector's Office during their onboarding, including identification of the employee(s) responsible for adding the employee, how to document any required approvals, and how long to retain that documentation.
- How to adjust or remove a user's access when the individual's employment changes including identification of the employee(s) responsible for making the changes, how to document any required approvals, and how long to retain that documentation.

Also, while the Tax Collector did have a policy on annually reviewing access rights within the cashiering system, that process did not ensure users were confirmed to be current employees. Instead, the process relied on managers manually checking each user which is prone to human error. Additionally, this policy did not explicitly cover other systems besides the cashiering system (e.g., the banking portal).

As a result of this internal control weakness, we found:

- Five users of the cashiering system were separated from employment, separated from employment and rehired, changed positions, etc. while retaining their original access.
- Five users in the system for tracking returned payments were either separated from employment or were initially given a higher access level than needed for their job duties.

After our inquiry, the Tax Collector stated that access was either removed or changed to address these issues.

Additionally, we found one of eight user accounts in the Tax Collector's accounting system was tied to more than one employee within the City's Technology Solutions Department, which creates an internal control weakness since no actions can be tied to a single employee. Each account should be associated with one employee.

Recommendation to Internal Control Weakness 2

We recommend management develop and implement documented procedures for adding, updating, and removing employee system access. We also recommend updating current procedures to strengthen the annual review of system access and include all major systems. Lastly, all user accounts should be tied to unique users.

Tax Collector Response to Internal Control Weakness 2

Agree ☒ Disagree ☐ Partially Agree ☐

We will follow the recommendation by developing and implementing documented procedures for adding, updating, and removing employee system access to systems where the Tax Collector's Office maintains user access levels. We will also update the current procedures for our annual review of system access to verify active users are current employees and to include the review of other systems. We will work with Microsoft and the City's Technology Solutions Department to determine if the system administrator user account can be modified or removed.

Internal Control Weakness 3 – Issues with Charging Returned Payment Service Fees

During our test of controls, we found the Tax Collector had a process for charging service fees to customers that contradicted their written standard operating procedures (SOPs). As allowed by the Florida Statutes, the written SOPs stated that the fee should be \$25 for items \$50 or less, \$30 for items above \$50 but less than \$300, and the greater of \$40 or 5% of the returned item amount for items \$300 or greater. Per the Tax Collector, it had been an unwritten policy that the service fee be capped at \$40 for property tax returned items and \$100 for non-property tax returned items. The system used for tracking returned payments already automatically applied the \$40 cap on property taxes, but a manual adjustment was needed for the \$100 cap for other items.

Recommendation to Internal Control Weakness 3

We recommend management update the SOPs to reflect the current process. Additionally, if possible, they should work to ensure the system is being programmed to be consistent with written SOPs.

Tax Collector Response to Internal Control Weakness 3

Agree ☒ Disagree ☐ Partially Agree ☐

We followed the recommendation by updating our Returned Payment SOP to reflect the current process. The City's Technology Solutions Department also made changes to the returned item system so that it is programmed to be consistent with the Returned Payment SOP.

Internal Control Weakness 4 – Voided Transactions with No Secondary Review

We tested one month of voided transactions and found 44 out of 243 voided transactions (18%) were approved by the same employee that processed the transaction. While the cashier was a manager with void approval rights in the cashiering system, there was no review by another manager to confirm these voids were appropriate. According to the Tax Collector's procedures, a cashier must not have the ability to void without a supervisor, and managers were able to approve their own transaction's void if 1) they were the only manager in the office, 2) they would note the reason for the void, and 3) they were held responsible for any errors. While it may be necessary due to business volume to allow managers to void their own transactions, there should be a timely review of all voids to ensure they were done correctly and appropriately.

Recommendation for Internal Control Weakness 4

We recommend management develop and implement a documented process for reviewing transactions created and voided by the same employee (manager). Additionally, in addition to just noting the reason for the void, they should be noting the reason a separate manager is not able to void the transaction.

Tax Collector Response to Internal Control Weakness 4

Agree ☒ Disagree ☐ Partially Agree ☐

We will follow the recommendation by updating our Voiding Transactions SOP to require the employee to notate the reason they are voiding their own transaction and to notify the Branch Operations Division. The SOP will also require the Branch Operations Division to review the voids to confirm they are appropriate and to investigate as needed.

We appreciate the assistance and cooperation we received from the Tax Collector's Office throughout the course of this audit.

Respectfully submitted,

Kim Taylor

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