EXECUTIVE SUMMARY

What We Did

We conducted a Limited Scope Travel and Business Expense Audit of the JEA. This Audit was self-initiated by the OIG regarding whether JEA's ***former*** Managing Director/CEO and ***former*** Senior Leadership Team business expense reimbursements and Purchase Card (P-Card) transactions complied with JEA's established policies and procedures. In addition, the Audit reviewed JEA's internal controls related to P-Card administration and monitoring. The audit covered the period of *April 2018 to December 2019*.

What We Found and Recommended

Our report contains seven (7) Findings and thirteen (13) Recommendations (discussed in detail within the report). The recommendations will assist JEA with establishing or strengthening internal controls as well as enhance the administration and monitoring of expenditures in the future.

Finding 1

Non-Compliance with JEA Employee Travel Procedures: Out of Service Area Travel

The request and payment for the cost of three (3) hotel rooms associated with overnight travel to Charleston, South Carolina lacked proper approvals, support documentation, and did not comply with JEA policies and procedures. Questioned Costs**: $4,316.04**

See Recommendations 1, 2 and 3 contained within the report regarding JEA's updating their Travel Reimbursement Directive, Payment Request form, and Employee Travel Policy and Procedure.

Finding 2

Non-Compliance with JEA Payment Request Procedures

The request and payment for the cost of team building luncheon at a Jacksonville Beach restaurant included seventeen (17) alcoholic beverages which were unallowable (**$78.50**). In addition, two incidental meal purchases and an online news subscription lacked proper support documentation and/or did not comply with JEA policies and procedures. Questioned Costs: **$892.50** and **Unallowable** Costs: **$78.50 (excluding tax)**

See Recommendations 4 and 5 contained within the report regarding JEA's updating their Payment Requests Procedures and establish administrative oversight procedures to include periodic compliance reviews.

Finding 3

Non-Compliance with JEA P-Card Procedures: Travel Out of Area Registration Fees

Four (**25%**) of sixteen (16) P-Card transactions did not comply with JEA P-Card Procedures. The use of a P-Card to pay for travel or registrations fees for out-of-service area trainings, such as conferences and workshops is prohibited unless a written procedure exception is approved. Support documentation did not include purchase exemptions authorizing the transactions. Questioned Costs: **$2,028.02**

See Recommendations 6 and 7 contained within the report regarding JEA's enhancing their internal controls procedures and administrative oversight.

Finding 4

Non-Compliance with JEA P-Card Procedures: Offsite Meetings, Team Building and Workshops

Eighteen (**53%**) of thirty-four (34) P-Card transactions for meals and/or/refreshments, offsite meetings, team buildings and workshops which included locations at Jacksonville Zoo, a local wildlife refuge center, a local family entertainment facility, and the Ponte Vedra Beach Resort lacked proper support documentation as well as a split P-Card transaction to avoid the $5,000 threshold, in violation of the JEA P-Card Procedures. In addition a planned event at the Escape Room, which did not have a refund policy, was later cancelled. Questioned Costs: **$30,158.35**

See Recommendations 8 and 9 contained within the report regarding JEA's incorporating accountability measures within their P-Card procedures and enhancing their administrative oversight procedures to address the internal control weaknesses.

Finding 5

Non-Compliance with JEA P-Card Procedures: Prohibited Items

Four hundred eighty-four **(51%)** of the nine hundred forty-five (945) reviewed for meals and/or refreshments, office supplies, computer equipment, gift cards, gifts, licensing fees, training and other meeting expenses were prohibited and lacked proper supporting documentation in accordance with JEA P-Card Procedures. Questioned Costs: **$92,784.90**

See Recommendations 10, and 11 contained within the report regarding JEA's conducting periodic review of P-Cards which include assigned Merchant Category Codes to reduce the risk of fraud, waste and/or abuse.

Finding 6

Non-Compliance with JEA P-Card Procedures: Missing Support Documentation

Support documentation for goods and/or /services (such as: travel, licenses & fees, onsite meals and/or refreshments, lunch, conference space rental fees, and supplies) required to validate P-Card purchases were for legitimate business expenses were missing in 30 (**3%**) out of 945 P-Card transactions. Questioned Costs: **$3,782.98**

See Recommendation 12 contained within the report regarding JEA's establishing a mechanism to ensure compliance reviews are conducted regularly and any guidance provided is consistent throughout JEA, to include on-line.

Finding 7

P-Card Administration and Monitoring

Of the nine hundred forty-five (**945)** P-Card transactions, **506** (**55%**) transactions totaling $**128,754.25** (Findings 3, 4, 5 and 6) did not comply with JEA policies and procedures.

See Recommendation 13 contained within the report regarding JEA's establishing a formal quality assurance review process along with on-going training to mitigate future misuse of P-Cards.

Management's Response

We provided the JEA Senior Leadership Team an opportunity to submit a written response to each of the findings and recommendations as stated in the audit report. It is noted that all seven (7) findings along with thirteen (13) recommendations were accepted. It is further noted that two (2) of the recommendations have already been implemented, six (6) of the recommendations have been partially implemented and five (5) of the recommendations are pending implementation. JEA has committed to implementing the remaining recommendations by March 15, 2022.

The JEA Senior Leadership Team issued the following statement in response to the audit report, "*The only editorial comment we have is a request to highlight that this Audit Report concerned expenditures made by and reimbursements to the former Managing Director/CEO and Senior Leadership Team ("SLT") members from April 2018 to December 2019. JEA has all new leadership and is unable to address the past actions of the former Managing Director/CEO and SLT, so we offer no additional comments regarding the text of the Audit Report. However, we do offer the following summary responses to the recommendations for each of the seven findings.*"

Acknowledgements

We appreciate the collaborative work with JEA Audit Services to complete the Audit. We further thank the current JEA Senior Leadership Team for their patience and acknowledgement of these findings and recommendations.

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Findings and Recommendations

AUDIT OBJECTIVE 1
MANAGING DIRECTOR/CEO PAYMENT REIMBURSEMENTS

To determine if the former Managing Director/CEO business expenses submitted for reimbursement, including travel expenses, complied with JEA procedures, and if the associated expenses were reasonable.

Twenty-five **(25)** payment reimbursement requests, totaling approximately **$41,702**, for business expenses submitted by the former Managing Director/CEO were examined. Six **(6)** reimbursements, totaling **$5,287.04**, did not comply with JEA policies/procedures.

Based on a review of the executed ***Managing Director/CEO Employment Agreements,*** the former Managing Director/CEO agreed to comply with JEA's policies/procedures.

Finding 1: Non-Compliance with *JEA Employee Travel Procedures:* Out of Service Area Travel

Criteria:

1. ***Managing Director/CEO Employment Agreements*** *(Interim Agreement, Section II - Compensation and Benefits (2.4))*

2. ***Travel Expense Reimbursement Directive*** *(Policy Statement; Travel Authorization and Approval; Official Travel…; and Business Area/Department Authority.)*

3. ***JEA Employee Travel Policy & Procedure*** *(Policy Statement; Overview; Procedure (1)(2)(3)(6); Process; Travel Lodging (1); Travel by the Chief Executive Officer)*

Travel to Charleston, South Carolina

According to the ***Travel Expense Reimbursement Directive,*** *"no traveler shall be reimbursed for travel expenses unless* ***written approval*** *has been obtained by an approving authority* ***prior*** *to the commencement of travel."* The directive outlines the approving authority for the Managing Director/CEO to be the JEA Board Chair or Vice-Chair. Additionally, the ***JEA Employee Travel Policy & Procedure*** specifies that the "*Executive Assistant will present all Chief Executive Officer (CEO) travel reimbursement claims statements to the Board Chair along …*" with support documentation as outlined.

The ***Travel Expense Reimbursement Directive*** also states, "*Only those incidents that require a traveler to leave the JEA Service Territory to conduct official business, are considered 'Travel.'*" In accordance with the *Travel Lodging* section of the ***JEA Employee Travel Policy & Procedure***, when incurring travel expenses, JEA employees must select lodging that is

reasonable in cost and must compare rates using search results from reputable travel sites. Additionally, the *Travel Lodging* section states, "*Travelers will be reimbursed for a single room rate; double occupancy rates may be obtained if two travelers share a room.*"

The Audit identified that a JEA Payment Request form and support documentation was submitted on behalf of the former Managing Director/CEO. Support documentation included invoices for three **(3)** hotel rooms associated with a 2-night, 3-day weekend trip to Charleston, South Carolina, from March 29, 2019, to March 31, 2019 (hereafter referred to as Charleston Travel).

A review of the JEA Payment Request form indicates that the expense was for "*Expenses related to team building for new executive team.*" The total cost for the three **(3)** hotel rooms was **$4,316.04**, which was charged to a personal credit card. The three **(3)** hotel room invoices included with the JEA Payment Request form did not list the full names of the SLT in attendance; however, the invoices included handwritten initials consistent with former SLT members.

OIG noted the following deficiencies related to the records and reimbursement of the Charleston Travel:

- The Charleston Travel had not been approved by the JEA Board Chair or Vice-Chair in accordance with the ***Travel Expense Reimbursement Directive.***

- The reimbursement to the former Managing Director/CEO was approved by the former Chief Financial Officer (CFO), which is not in compliance with ***Travel Expense Reimbursement Directive*** or the ***JEA Employee Travel Policy & Procedure.***

- There is no support documentation that the former Managing Director/CEO travel reimbursement request was presented to the Board Chair as outlined in the ***JEA Employee Travel Policy & Procedure.*** In addition, "*Not Approved by Board*" was stamped in red on the JEA Payment Request form for the Charleston Travel by the Accounting Payable.

- The former Managing Director/CEO was reimbursed for all three **(3)** hotel rooms and there was no support documentation to show that a rate comparison was completed as required in ***JEA Employee Travel Policy & Procedure.*** None of the individuals who traveled submitted a travel expense reimbursement.

- In addition, the ***Travel Expense Reimbursement Directive*** specifies travel reimbursement as "*Only those incidents that require a traveler to leave the JEA Service Territory to conduct official business.*" However, although the JEA Payment Request form submitted on behalf of the former Managing Director/CEO to Accounts Payable, indicates that the expenses incurred were "*… related to team building for new executive team,*" there is no other support documentation justifying that Charleston Travel weekend trip was for official JEA business.

- Despite the above-referenced deficiencies, the former Managing Director/CEO was reimbursed the entirety of the travel expense incurred for the three **(3)** hotel rooms, totaling **$4,316.04**.

Based on the lack of adherence to JEA procedures, which included non-compliance with obtaining JEA Board approval prior to the out of service area travel and approval of expenses subsequent to the travel, the OIG considers the $4,316.04 outlined in Finding 1 to be Questioned Costs.

Review of JEA Travel Policy and Procedures

The OIG reviewed and noted the following inconsistency and deficiency with the ***Travel Expense Reimbursement Directive*** and an internal control deficiency with the ***JEA Employee Travel Policy & Procedure:***

- The ***Travel Expense Reimbursement Directive*** requires that the Managing Director/CEO obtain JEA Board Chair or Vice-Chair approval for all travel (with no dollar threshold listed in the policy). However, the directive does not require SLT members to obtain approval for travel expenses below **$7,500**.

- The ***Travel Expense Reimbursement Directive*** *JEA Payment Request* form does not require the traveler to sign the form to certify the validity of the expenses.

- The ***JEA Employee Travel Policy & Procedure*** requires the supporting documents for the Managing Director/CEO's travel to be retained by the "*Chief Executive Assistant*." However, it does not require a copy of the Managing Director/CEO's travel reimbursements and expense documents to be retained by Accounts Payable.

Finding 1 – Recommendations

OIG recommends the following:

1. Update ***Travel Expense Reimbursement Directive, revised April 12, 2017,*** to include clarifying language related to approval authority for SLT travel, regardless of expense thresholds, as well as receiving approvals prior to travel. Provide a copy of the revised ***Travel Expense Reimbursement Directive*** to OIG.
   Management's Response: *JEA will update the Travel Expense Reimbursement Directive in accordance with this recommendation and provide the revised directive to OIG on or before March 1, 2022.*

2. Update the ***JEA Payment Request form*** to include a signature block for the traveler to certify that the expenses being requested are in accordance with JEA polices/procedures.

   Management's Response: *Currently an Expense Report created in Oracle must be submitted by the employee, and then reviewed and approved by the employee's supervisor. AP Travel will work with the Technology Services Department to investigate the possibility*

of the following enhancement to the Oracle system: a pop-up message/acknowledgement (flex field addition or pop-up message) that must be answered by the employee attesting that the expenses being requested are in accordance with JEA policies and procedures.

3. Update the ***JEA Employee Travel Policy & Procedure***, incorporating language within the policy as outlined below:

   Travel by The Chief Executive Officer section:

   a. Language requiring that support documentation for Managing Director/CEO travel is provided to Accounts Payable, and support documentation should also include, but not be limited to approval/authorization of travel by the Chair or Vice-Chair of the JEA Board, copy of the Managing Director/CEO's travel reimbursement claim statements, travel expense support documentation, and post-review approvals by the Chair or Vice-Chair of the JEA Board.

      Management's Response: *The Travel Expense Report and Guidelines section 1 items 6 and 7 currently address the supporting documentation and any lost receipts.*

      OIG Comment: *The travel procedure contains a section titled,* ***Travel by The Chief Executive Officer,*** *that is specific to the Managing Director/CEO documentation. The procedure, as currently written, does not specify if the requirements noted in section 1, items 6 and 7, are applicable to the Managing Director/CEO.*

   b. Language providing for a procedure or process to ensure that Accounts Payable reviews requests for reimbursements and confirms that support documentation provided meets the requirements as stated in the ***JEA Employee Travel Policy & Procedure*** and retain copies for record retention purposes.

      Management's Response: *The JEA Travel Coordinator currently reviews all receipts and expense reports submitted for reimbursement. Expense reports and the receipts are retained in the Oracle system.*

   c. Review this section, and update, if necessary, any outdated employee titles, e.g., *Chief Executive Assistant.*

      Management's Response: *JEA will update the Travel Expense Report and Guidelines (FS A0504 SC 120 Travel) and Travel Expense Reimbursement Management Directive (MD 120) in accordance with this recommendation and provide the revised documents to OIG on or before March 1, 2022.*

   JEA Employee Travel Policy & Procedure includes:

   a. Language to clarify that reimbursements submitted without proper documentation will not be approved, or reimbursed, without an approved documented exception. In addition, exceptions should be clearly outlined in the ***JEA Employee Travel Policy & Procedure.***

Management's Response: *JEA will update the Travel Policy and Procedure in accordance with this recommendation and provide the revised directive to OIG on or before March 1, 2022.*

b. Language to address the consequences for employees who are in non-compliance with the travel related policies and procedures.

Management's Response: *JEA will update the Travel Policy and Procedure in accordance with this recommendation and provide the revised directive to OIG on or before March 1, 2022.*

c. Language to establish a periodic compliance review to verify that all: (1) required pre travel requirements and approvals by the respective Approval Authority were met; and (2) post travel reimbursement documentation and approvals were provided. This periodic compliance review should be performed for travel reimbursement requests submitted at all levels within the organization, including JEA's senior leadership.

Management's Response: *JEA Travel currently reviews all expense reports that are submitted for reimbursement.*

d. Provide a copy of the revised ***JEA Employee Travel Policy & Procedure*** to the OIG.

Management's Response: *A copy of the revised Employee Travel Policy and Procedure will be provided to OIG on or before March 1, 2022.*

Finding 2: Non-Compliance with the *JEA Payment Requests Procedures*

Criteria:

1. ***Managing Director/CEO Employment Agreements*** *(Interim Agreement, Section II - Compensation and Benefits (2.4))*

2. ***JEA Drug Free Workplace Policy*** *(Definitions (Alcohol, Alcohol Abuse))*

3. ***JEA Payment Requests Procedures*** *(Overview; Procedure (2))*

4. ***JEA P-Card Procedures*** *(D. Use Parameters, (3) Prohibited uses (e) Food purchases)*

Reimbursement for Jacksonville Beach Restaurant Lunch – May of 2019

The Audit identified that a JEA Payment Request form was submitted on behalf of the former Managing Director/CEO which included support documentation for a luncheon at a Jacksonville Beach restaurant in May of 2019. The reimbursement request for a total of **$315.47**, included the purchase of alcohol and was charged to the former Managing Director/CEO's personal credit card. A review of the itemized receipt disclosed the purchase of seventeen **(17)** alcoholic beverages totaling **$78.50** (excluding tax). The former Managing Director/CEO was reimbursed for the entire **$315.47**.

Support documentation included a copy of the *Microsoft Outlook* calendar invitation sent on behalf of the former Managing Director/CEO, denoting an *"All SLT Meeting – Team Building Activity"* was scheduled to begin at 9am and end at 5pm. The invitation was directed to sixteen **(16)** SLT members, including the former Managing Director/CEO. Although not a requirement based on available documents the total number of attendees, or who was in attendance for the *"All SLT Meeting – Team Building Activity"* is unclear.

The ***JEA Drug Free Workplace Policy*** states "*The use or being under the influence of alcohol or alcoholic beverages on the job by JEA employee is strictly prohibited."* The purchase of seventeen **(17)** alcoholic beverages indicates that some, if not all, of the attendees may have participated in the consumption of alcohol during the *"All SLT Meeting – Team Building Activity."*

According to the ***JEA Payment Requests Procedures***, *"Every attempt should be made to use the Visa Procurement Card for miscellaneous purchases that do not require a Purchase Order. Examples include food purchases, subscriptions…"* According to the ***JEA Payment Requests Procedures***, food purchases should be placed on a P-Card. Additionally, the ***JEA P-Card Procedures*** *prohibit* reimbursement for alcohol. The JEA Payment Request form was approved by the former CFO, who was listed as an invitee.

Based on the lack of adherence to JEA procedures, the OIG considers $236.97 to be Questioned Costs, and the reimbursement for alcohol totaling $78.50 (excluding tax) to be Unallowable Costs.[1]

Subscriptions and Incidental Meals

Two JEA Payment Request forms were submitted on behalf of the former Managing Director/CEO, one of which included a **$566.34** request for "*merchandise & supplies – mail order*," and a request for two meals totaling **$59.44**. "*Annual on-line subscription*" was handwritten on the support documentation for the subscription. The other JEA Payment Request form included a meal reimbursement request of **$29.75**.

These reimbursement requests, totaling **$655.53**, did not comply with the ***JEA Payment Requests Procedures.*** As noted above in ***JEA Payment Requests Procedures***, subscriptions and food purchases should be purchased on a P-Card; these expenses had been charged to a personal credit card.

The JEA Payment Request form submitted for payment reimbursement for "*merchandise & supplies – mail order*," and two incidental meals were approved by the former CFO. The other JEA Payment Request form that contained a payment reimbursement request for the one incidental meal was approved by the former President/Chief Operations Officer.

Based on the lack of adherence to JEA procedures, which included a lack of adequate documentation to support the expenses incurred, the OIG considers the total of $655.53 outlined in Finding 2 to be Questioned Costs.

[1] *Unallowable Costs* is defined as those costs *prohibited* by policy.

Finding 2 - Recommendations

OIG recommends the following:

4. Update the ***JEA Payment Requests Procedures***, to include the following:

    a. Language of expectations for detailed documentation to support reimbursement requests, including, but not limited to, itemized receipts with the merchant's name, date, amount paid, and details of the goods and/or services purchased.

    Management's Response: *JEA will update Travel Expense Reimbursement Directive in accordance with this recommendation and provide the revised directive to OIG on or before March 1, 2022.*

    b. Language to clarify that reimbursement requests submitted without proper documentation or justification as to why the P-Card was not used, will not be approved without an approved documented exception. In addition, exceptions should be clearly outlined in the ***JEA Payment Requests Procedures.***

    Management's Response: *JEA will update procedures to the Payment Request policy and the P-Card Program policy in accordance with the recommendation and provide the revised policies to OIG on or before March 15,2022.*

    c. Language to address the consequences for employees who are in non-compliance with the ***JEA Payment Requests Procedures***.

    Management's Response: *JEA will update Payments Requests Procedure in accordance with this recommendation and provide the revised procedure to OIG on or before March 1, 2022.*

    d. Provide a copy of the revised ***JEA Payment Requests Procedures*** to the OIG.

    Management's Response: *A copy of the revised JEA Payment Requests Procedures will be provided to OIG on or before March 1, 2022.*

5. Establish, update and/or implement administrative oversight procedures to address the following:

    a. Establish a periodic compliance review to verify that all reimbursement request documentation is provided and approved by the respective Approval Authority. This periodic compliance review should be performed for all reimbursement requests submitted at all levels within the organization, including JEA's senior leadership.

    Management's Response: *The Account Clerk Seniors are required to electronically sign and date any payment request received prior to entering it into Oracle to demonstrate that it has been reviewed and is in accordance with JEA policies and procedures.*

b. Provide a copy of any established, updated, and/or implemented administrative oversight procedures to the OIG.

Management's Response: *Copies of applicable oversight documentation will be provided to OIG on or before March 1, 2022.*

AUDIT OBJECTIVE 2
MANAGING DIRECTOR/CEO & SLT P-CARD CHARGES

To determine if the business expenses for the former Managing Director/CEO and former SLT charged to the Executive Assistants (EAs) P-Cards complied with JEA procedures, and if the associated expenses were reasonable.

Nine hundred forty-five **(945)** P-Card transactions, totaling **$235,121.04**, were examined. Thirty-four **(4%)** of the **(945)** P-Card transactions were identified as P-Card transactions on behalf of the former Managing Director/CEO and/or the former SLT. Sixteen **(16)** P-Card transactions were for travel/travel related expenses and eighteen **(18)** P-Card transactions were for offsite meetings, team building activities and/or special events.

Twenty-two **(65%)** of the thirty-four **(34)** transactions, totaling **$32,097.43**, did not comply with one or more of the provisions stated in the ***JEA P-Card Procedures***.

Finding 3: Non-Compliance with *JEA P-Card Procedures*: Travel and Out of Area Registration Fees

Criteria:

1. ***JEA P-Card Procedures*** *(D. Use Parameters, (1)(c) Merchant Category code (MCC) Controls); (3) Prohibited uses (d) Travel; (o) Registration for out-of-service area workshops, conferences, etc.; I. Receipts)*

Travel and Out of Area Registration Fees

The audit identified that four **(4)** of the sixteen **(16)** travel/travel related P-Card transactions did not comply with ***JEA P-Card Procedures***. According to the ***JEA P-Card Procedures***, using a P-Card for travel or registration fees for out-of-service area trainings, such as conferences and workshops is prohibited.

Travel rules/regulations are delineated by JEA and the City of Jacksonville Municipal Code travel policies and provisions. Therefore, JEA business travel must comply with ***JEA Employee Travel Policy & Procedures*** as well as the ***Travel Expense Reimbursement Directive.***

Two **(2)** transactions charged to a P-Card for expenses related to travel and overnight lodging, including one **(1)** round-trip flight and one **(1)** hotel room associated with a 3-night trip to Jackson, Mississippi, in January of 2019. JEA's Oracle justification detailed that the travel was related to legal representation. OIG confirmed with OGC that the travel was related to ongoing

litigation in Mississippi against JEA. The total cost of the flight was **$450.60**, and the lodging totaled **$387.42**, for an overall total of **$838.02**.

In addition, two **(2)** transactions charged to a P-Card for expenses that were related to "*Travel - Out of Area Registration Fees*." The transactions were on the behalf of two **(2)** former SLT members for Oracle training held out of JEA's service area. The registration fee was **$595** per SLT member, a total of **$1,190**, and on each of the two invoices the description was for "*Event Attendance Fees.*"

The ***JEA P-Card Procedures*** provide for a few exceptions whereas a P-Card may be used for travel related expenses. The exceptions include the P-Card of the Executive Assistant to the CEO; the Corporate Card held in the Travel Department; and as needed for Emergency Disaster Response. None of these exceptions applied to the four (**4**) transactions.

Based on a review of ***JEA P-Card Procedures,*** there are built in parameters to restrict P-Card purchases from some merchants. JEA P-Card security features include controls based upon MasterCard / Visa industry-specific four-digit Merchant Category Codes (MCC) that restrict purchases from certain merchants, such as for travel.

JEA P-Card Procedures requires that a written purchase exception request to remove the MCC restriction be documented and approved prior to attempting a purchase with a restricted merchant. The exception request must include a brief description as to why the purchase is required, and the P-Cardholder must have Management approval.

A written purchase exception request and approval was not included in the support documentation for the four **(4)** transactions. Therefore, based on a review of these transactions, the ability to complete a transaction deemed restricted may indicate that the P-Card did not have the appropriate security control features in place to prevent the restricted transactions.

The four (4) P-Card transactions, totaling $2,028.02, were not in compliance with JEA P-Card Procedures.

Based on the lack of adherence to JEA P-Card procedures, including a lack of adequate documentation to support the expenses referenced above, the OIG considers the total of $2,028.02 outlined in Finding 3 to be Questioned Costs.

Finding 3 – Recommendation

OIG recommends the following:

6. Review and update *JEA Employee Travel Policy & Procedure and the Travel Expense Reimbursement Directive* to ensure that reimbursement and travel procedures cover City employees (i.e., Office of General Counsel) conducting official JEA business. At present, the policy does not clarify whether representatives from the Office of General Counsel are considered a stakeholder and/or a City Official.

   Management's Response: *JEA will update the JEA Employee Travel Policy & Procedure and the Travel Expense Reimbursement Directive in accordance with this recommendation and provide revised documents to OIG on or before March 1, 2022.*

7. Develop and implement administrative oversight procedures to periodically review and assess the MCC assigned to P-Cardholders to evaluate for necessity, accuracy, and to correct inaccurate assignments. Provide a copy of any newly developed procedure to OIG.

   Management's Response: *Profiles are created at the bank level, which are used to set up a card when it is issued. JEA has various categories that can be selected from when an application for a new P-Card is received. JEA maintains these categories at the bank level. If a P-Cardholder changes roles at JEA, a review of continued need and appropriate categories of a P-Card is performed.*

Finding 4: Non-Compliance with *JEA P-Card Procedures*: Offsite Meetings, Team Building and Workshops

Criteria:

1. ***JEA P-Card Procedures*** (*Policy Statement; D. Use Parameters, (3) Prohibited uses; I. Receipts; M. Tax Exemption*)

The ***JEA P-Card Procedures*** outline the authorized and *prohibited* uses of the P-Card and requires that all purchases be supported with a detailed and itemized receipt signed by the P-Cardholder. Section *OM 30000 181 Business Expenses* of the ***JEA P-Card Procedures*** details the requirements for "*Meals and/or Refreshments"* expenditures for working sessions which are authorized by a JEA Chief/Vice President/Director.

The section further states *"if the purchase of food is for a 'working session' scheduled to last two (2) or more hours, then the meeting agenda and JEA Business Expense Form signed by the Director (or higher level) approval must be attached to the receipt."*[2]

[2] According to *JEA Audit Services*, the intent of ***JEA P-Card Procedures*** is to allow meals and refreshments when a "*working session*" is at least two hours in duration.

The Audit identified eighteen **(18)** P-Card transactions, totaling **$30,158.35**, on behalf of the former Managing Director/CEO and/or the former SLT for expenses associated with offsite meetings, team buildings and workshops that did not comply with the ***JEA P-Card Procedures***.

Offsite Safety Meeting

A P-Card transaction of **$4,502.25**, annotated in Oracle as "*Training & Other Meeting Expense,"* organized and approved by the former VP/General Manager/Wastewater Systems for an offsite safety meeting, had insufficient support documentation to substantiate the expenditure.
The ***JEA P-Card Procedures*** state the following for meals and/or refreshments for Safety Meetings: *"For safety meetings only: Managers may use the P-Card to purchase safety refreshments for safety meetings of any duration to promote corporate safety initiatives with the approval of the area Director. A Manager or Director's card must be used for this purpose and a JEA Business Expense Form must be completed and must accompany the expense receipts."*[3]

Based on a review of the support documentation for the event and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda; signed itemized receipt of transactions, and JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required.

The support documentation provided during the Audit was an unsigned and non-itemized copy of a Visa charge card receipt with only the total amount of the expenditure and a purchase exception request e-mail to the former VP/General Manager/Wastewater Systems, requesting the removal of the MCC restriction.

Further, based on a review of the support documentation there was no way to determine what was provided in the form of meals, refreshments, costs associated with renting the event center, the total number of attendees and who attended the Offsite Safety Meeting.

Finally, the event description on the purchase exception request e-mail referred to the meeting as "*a Safety Celebration,"* which differed from the justification entered into Oracle, "*W/WW All Safety Meeting."* Based on the different descriptions of this event and lack of detail in the support documentation, it is unclear whether this was a safety meeting or a safety celebratory function.

[3] The ***JEA P-Card Procedures*** do not define Manager or Director. For the period under review, SLT members did not have P-Card, and EAs would make purchases on behalf of SLT members. The procedures are unclear as to whether SLT members are "Managers or Directors."

Customer Service Meetings

Two **(2)** transactions totaling **$2,196.44**, on the behalf of the former VP/Chief Customer Officer, lacked sufficient support documentation to substantiate the expenditures. The expenses for an "*All-HR Quarterly Meeting*" and "*CX Training*" held at the Jacksonville Zoo were expensed in Oracle to "*Training & Other Meeting Expense*" and the expenses attributed to each meeting were **$1,229.85**, and **$966.59**, respectively.

All-HR Quarterly Meeting

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda; signed, itemized receipt of transactions; and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required.

The support documentation for this meeting was an unsigned and non-itemized copy of a Visa charge card receipt with only the total amount of the expenditure. Based on the available documentation, there is no way to determine what was provided in the form of meals, refreshments, and costs associated with the meeting. Although not a requirement, based on available documents the total number of attendees, or who was in attendance is unclear. The **$1,229.85** transaction was approved by the former Manager of EAs.

CX Training

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required.

The support documentation mentions that the *CX Training* was organized by the former VP/Chief Customer Officer. An unsigned itemized receipt was retained as part of the support documentation. However, one of the two-line items, for "*Misc. Supplies, AV rental, Beverages*" was grouped together on the receipt and does not reflect the respective cost breakdown for those items purchased for the meeting. In addition, the invoice was not signed by the P-Cardholder, as required.

Finally, the event description on the invoice was "*JEA Teambuilding Event,"* which conflicted with the description entered into Oracle as, "*CX Training*." The **$966.59** transaction was approved by the former VP/Chief Customer Officer and the former Managing Director/CEO.

SLT Retreat & Future of JEA Workshop

The Audit identified three **(3)** transactions charged to a P-Card, totaling **$4,397.00**, on behalf of the former Managing Director/CEO, did not have sufficient support documentation to substantiate the P-Card expenditures. More specifically, two **(2)** transactions totaling **$3,350.00**, related to an "*SLT Retreat*" held at a local wildlife refuge center and one **(1)** transaction totaling **$1,047.00**, for a "*Future of JEA Workshop*" to be held at a local Escape Room.[4] All three **(3)** transactions were expensed in Oracle to "*Training & Other Meeting Expense.*"

SLT Retreat

According to the *Microsoft Outlook* calendar invitation, the "*SLT Retreat*" was organized by the former Managing Director/CEO. Based on a review of the two invoices, the total cost for the "*SLT Retreat*" was **$4,450.00**, which included a previous deposit of **$1,100**, not expensed a P-Card. There was no support documentation for the **$1,100.00** deposit, which would have established when the deposit was paid, the method used, who paid the deposit and whether the deposit was reimbursed.

The expenses listed on the two invoices and the Letter of Agreement for the "*SLT Retreat*" were broken down as follows:

- **$ 240.00** Sixteen **(16)** Continental Breakfasts with Sandwiches
- **$1,725.00** Meeting space, coffee break, and buffet lunch (for fifteen **(15)** participants)
- **$ 60.00** Two **(2)** Facilitators Lunches
- **$ 405.00** 20% service charge
- **$ 420.00** Twenty-four **(24)** Souvenir Water Bottles at **$17.50** each
- **$1,600.00** Sixteen **(16)** Private (2-hour) Wildlife Tour at **$100** per person

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. The invoices, although itemized, were not signed by the P-Cardholder, as required.

The *Microsoft Outlook* calendar invitation for the *"SLT Retreat"* conflicted with the justification entered into Oracle, documented as *"Location reservation for SLT meeting."* The former VP & Chief Compliance Officer approved the **$3,350.00** expense and the P-Card expense in Oracle.

[4] Based on a Google search, an Escape Room is an establishment that provides team-building challenges in multiple escape rooms.

Future of JEA Workshop

According to the *Microsoft Outlook* calendar invitation, the "*Future of JEA Workshop*" to be held at a local Escape Room, was organized by the former Managing Director/CEO. Based on a review of the invoice, the total cost for the "*Future of JEA Workshop*" was **$1,047.00** for up to ten **(10)** participants. The former VP & Chief Compliance Officer approved the invoice and the P-Card expense in Oracle.

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, a signed, itemized receipt by the P-Cardholder was not included in the support documentation, as required. Additionally, the entire cost of the event was pre-paid, and the cancellation policy on the online payment confirmation stated, "*All sales are final*."

Based on sworn testimony of a former Executive Assistant (EA), who provided support directly to the former Managing Director/CEO, this event was cancelled, and no refund was allowed. There was no support documentation to substantiate that the event was attended or cancelled. The *Microsoft Outlook* calendar invitation for the "*Future of JEA Workshop*" conflicted with the justification entered into Oracle, as *"SLT Workshop & Team building."*

Meetings Held at Local Family Entertainment Facility

The Audit identified five **(5)** transactions, totaling **$4,943.77**, charged to several P-Cards, for meetings held at a local Family Entertainment Facility,[5] that did not have sufficient support documentation to substantiate the P-Card expenditures.

Specifically, these transactions included two **(2)** transactions totaling **$1,455.90** related to a "*Taleo Project Offsite;"*[6] one **(1)** transaction totaling **$290.25** for "*Deposit for Safety Team Builder;*" and two **(2)** transactions totaling **$3,197.62** for deposits related to "*Deposit for Negotiation Kick-off Meeting"* and "*Negotiation Kick-off Meeting."* All five **(5)** transactions were expensed to "*Training & Other Meeting Expense.*"

Taleo Project Offsite Meeting

According to the *Microsoft Outlook* calendar invitation, the "*Taleo Project Offsite*" held in April of 2018, at a local Family Entertainment Facility was organized by the Director of Employee Services. Based on a review of the invoice the total cost for the "*Taleo Project Offsite*" was **$1,455.90** and was for twenty-five **(25)** participants. The former VP & Chief Compliance Officer approved the itemized receipt and the P-Card expense in Oracle.

Based on the itemized receipt, two **(2)** transactions consisted of a deposit of **$592.60** charged to a P-Card, approximately one week before the event, and the final payment of **$863.30**, which was collected on the day of the event. There was no support documentation for the deposit; however, the deposit was listed on the final itemized receipt.

[5] According to the website for the local Family Entertainment Facility, activities such as bowling, billiards, laser tag, and other various games are offered.

[6] Based on a Google search, Oracle Taleo is a standalone acquisition suite for finding and hiring candidates.

The expenses listed on the itemized receipts for the "*Taleo Project Offsite Meeting*" are outlined below. The following separate line-item charges were the total costs for twenty-five **(25)** participants:

- **$147.25** "*Activity*"
- **$147.25** "*Activity*"
- **$103.00** "*Activity*"
- **$103.00** "*Activity*"
- **$ 81.25** Unlimited Soda
- **$ 73.75** Fresh Baked Cookies
- **$385.75** "*Just for Fun*"
- **$ 62.50** Shoe Rentals

The following separate line items were one-time charges:

- **$108.15** "*Open $ Grat*"
- **$100.00** Room Rental Fee
- **$252.15** Service Charge
- **$144.00** Tip

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda, an itemized invoice for the deposit paid, and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the itemized receipt for the meeting does not sufficiently support official JEA business and was not signed by the P-Cardholder.

Deposit for Safety Team Builder

One **(1)** transaction in the amount **$290.25** was listed in Oracle as "*Deposit for Safety Team Builder."* Based on a review of the local Family Entertainment Facility *"Event Order,"* form this was a deposit for *"JEA - Strike Zone"* and listed *"Buffet, Private Room (3) hours, Bowling (2) hours"* for ten **(10)** participants. Based on final receipt this event was held in May of 2019.

The final receipt listed the following separate line-item charges for ten **(10)** participants:

- **$ 32.50** Unlimited Soda
- **$160.00** "*Tex Mex*"
- **$ 69.80** "*Activity*"
- **$ 29.70** Shoe Rentals

The following separate line items were one-time charges:

- **$ 38.50** "*Open $ Grat*"
- **$300.00** Room Rental Fee
- **$ 99.75** Service Charge
- **$ 61.25** Tip

During the Audit, the local Family Entertainment Facility confirmed the total cost for the *"Safety Team Builder"* was **$691.75**, which included the deposit of **$290.25**, expensed to a P-Card. A Visa card was used to pay for the remaining balance of **$401.50**; however, it could not be determined whose card was used due to a lack of support documentation. There was no itemized receipt for the deposit, however, the deposit was listed on the *"Event Order"* form. In addition, the deposit was listed on the final itemized receipt, which OIG obtained from the vendor.

Support documentation included an e-mail request from the P-Cardholder to the former Manager of EAs requesting that the P-Card MCC restriction be lifted and the subsequent approval. However, based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda; the signed, itemized receipt; and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the "*Event Order*" form alone does not sufficiently support official JEA business.

Negotiation Kick-Off Meeting

The Audit disclosed two **(2)** transactions in May of 2019, listed in Oracle as related to a *"Negotiation Kick-off Meeting."* Based on a review of the local Family Entertainment Facility *"Event Order"* form, a deposit in the amount of **$1,082.01**, was made for *"Buffet, Private Room (1) hours, All You Can Play Activities, Bowling (2) hours and FunCard"* for fifty **(50)** participants.

Based on a review of the itemized receipt, the total cost for the event was **$3,197.62** and was for seventy **(70)** participants. The transaction was approved by the former Manager of EAs.

According to the itemized receipt, **$1,082.01** was applied as a deposit to a P-Card approximately one month before the event, and the remaining **$2,115.61** was paid, by P-Card, after the event. The expenses listed on the itemized receipt for the "*Negotiation Kick-off Meeting*" are outlined below.

The following separate line-item charges were the total costs for seventy **(70)** participants:

- **$ 412.30** "*Activity*"
- **$ 412.30** "*Activity*"
- **$ 288.40** "*Activity*"
- **$ 288.40** "*Activity*"
- **$1,080.10** "*Tex Mex*"
- **$ 175.00** Shoe Rentals

The following separate line items were one-time charges:

- **$154.30** "*Open $ Grat*"
- **$ 34.22** "*Open $ Grat*"
- **$541.12** Service Charge
- **$352.60** Tip

Support documentation for this event included an e-mail request from the P-Cardholder to the former Manager of EAs requesting that the P-Card MCC restriction be lifted and the subsequent approval.

However, based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda, and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the itemized receipt and the itemized *"Event Order"* form for the meeting do not sufficiently support official JEA business and was not signed by the P-Cardholder.

Meetings Held at a Ponte Vedra Beach Resort

The Audit identified seven **(7)** transactions, totaling **$14,118.89**, charged to several P-Cards, for four **(4)** meetings held at a Ponte Vedra Beach resort, which did not have sufficient support documentation to substantiate the P-Card expenditures.

Specifically, these transactions included one **(1)** transaction totaling **$3,555.76**, related to a *"Future of JEA Workshop…;"* one **(1)** transaction totaling **$600**, for *"All SLT Meeting (Offsite);"* two **(2)** transactions totaling **$2,749.56**, for deposits related to *"SLT Offsite Meeting [Breakfast Provided];"* and three **(3)** transactions totaling **$7,213.57**, related to *"All SLT Offsite Meeting."*

All seven **(7)** transactions were expensed to *"Training & Other Meeting Expense."* The breakdown of expenses, and the missing or insufficient documentation for each event are as follows:

"Future of JEA Workshop…" held June 26, 2018

According to the *Microsoft Outlook* calendar invitation, the *"Future of JEA Workshop…"* held in June of 2018, at a Ponte Vedra Beach resort was organized by the former Managing Director/CEO. Based on a review of the invoice, the total cost for the *"Future of JEA Workshop…"* was **$3,555.76**, of which was **$215.04** was in sales tax. The former VP & Chief Compliance Officer approved the final invoice and the P-Card expense in Oracle.

The line-item listed on the receipts and *"Event Order"* forms for the *"Future of JEA Workshop…"* were broken down as follows:

- **$592.00** Sixteen **(16)** Banquet Breakfasts
- **$177.19** Service charge and sales tax on Banquet Breakfasts
- **$672.00** Sixteen **(16)** Banquet Lunches
- **$201.13** Service charge and sales tax on Banquet Lunches
- **$116.00** *"Assorted Cookies"* two **(2)** @ $58
- **$ 36.00** *"Assorted Soft Drinks"* six **(6)** @ $6
- **$ 40.00** Gallon Coffee
- **$ 57.47** Service charge and sales tax on cookies, soft drinks, and coffee
- **$500.00** Room Rental

- **$ 32.50** Sales Tax for Room Rental
- **$580.00** Meeting Room Projector Package
- **$168.00** Three **(3)** Flip Chart Packages
- **$ 90.00** Labor for Meeting Room Projector Package
- **$193.60** Service Charge for Meeting Equipment Rentals
- **$ 32.80** Loss Damage Waiver for Meeting Equipment Rentals
- **$ 67.07** Sales Tax for Meeting Equipment Rentals

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda, and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the receipts provided included sales tax, which conflicted with the P-Card entry in Oracle, which reflected that no sales tax was paid.

Based on a review of the records, the Audit was unable to identify whether a sales tax refund of **$215.04** was applied to the former EA's P-Card.

"All SLT Meeting (Offsite)" held April 4, 2019

The support documentation for the *"All SLT Meeting (Offsite)"* included a copy of the "*Event Order*" form and a *Microsoft Outlook* calendar invitation for a meeting held in April of 2019, at a Ponte Vedra Beach resort organized by the former Managing Director/CEO. The calendar invitation also listed optional attendees, which included individuals from a Washington D.C. Consulting Firm. The expenses listed on the *"Event Order"* form for the *"All SLT Meeting (Offsite)"* listed one line item as *"Meeting"* for **$600**, as well as an additional line item for *"PM Refreshments"* for twenty **(20)** participants, with no charge listed.[7]

Based on a review of the *"Event Order"* form, the final cost for the *"All SLT Meeting (Offsite)"* was unable to be determined because the payment method is listed as *"Bill to Special Account."* The former Managing Director/CEO approved the total amount charged to a P-Card.

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the final cost of the meeting, the meeting agenda, the final itemized invoice, and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the "*Event Order*" form alone for the meeting does not sufficiently support official JEA business.

"SLT Offsite Meeting [Breakfast Provided]" held June 11, 2019

The support documentation for the "*SLT Offsite Meeting [Breakfast Provided]"* included a copy of the final invoice totaling **$2,749.56**, and a copy of the *Microsoft Outlook* calendar invitation organized by the former Managing Director/CEO.

[7] According to the *"Event Order"* form, PM Refreshments were to be charged based on consumption at the following rates: **$85** per gallon of coffee; assorted cookies at **$72** per dozen; and soft drinks at **$7** each.

Based on a review of the support documentation, a deposit of **$450** prior to the meeting, and the remaining balance of **$2,299.56** was charged to a P-Card after the meeting. The former Managing Director/CEO approved the total amount charged to the P-Cards.

The line-item charges listed on the invoice[8] for the *"SLT Offsite Meeting [Breakfast Provided]"* were broken down as follows:

- **$ 831.98** Banquet Breakfast
- **$ 381.66** Coffee Break(s)
- **$ 450.00** Meeting Room Rental
- **$1,160.00** Audio Visual Rental

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required.

"All SLT Offsite Meeting" held August 19, 2019, and August 20, 2019

The support documentation for the *"All SLT Offsite Meeting"* included a copy of two invoices totaling **$7,213.57** for the event, with a **$6,763.57** balance owed after a credit of **$450** from a prior deposit had been applied. In addition, the support documentation included a copy of the *Microsoft Outlook* calendar invitation organized by the former President/Chief Operations Officer and included a Washington D.C. Consulting Firm representative as one of the required attendees. Based on a review of the invoices, the meeting was held over two days; however, the *Microsoft Outlook* calendar invitation for the first day was not provided.

Based on a review of the support documentation, the balance of **$6,763.57** for the two-day meeting was split into two **(2)** transactions. One **(1)** transaction of **$4,859.97** was charged to one P-Card. The remaining balance of **$1,903.60** was charged to another P-Card. The former Manager of EAs approved the **$4,859.97** transaction, and the former Managing Director/CEO approved the **$1,903.60** transaction.

The line-item charges listed on invoices for the *"All SLT Offsite Meeting"* are outlined below. The following separate line-items totaling **$4,859.97**, were charged to a P-Card:

- **$ 450.00** Deposit April 9, 2019 (applied from a previously cancelled meeting)
- **$1,640.19** Banquet lunch
- **$ 427.88** Coffee Break(s)
- **$ 464.86** Coffee Break(s)
- **$1,782.81** Banquet Breakfast
- **$ 61.35** Patio
- **$ 267.12** Sales Tax Adjustment (deduction)
- **$ 600.00** Meeting Room Rental

[8] Sales tax was initially listed on the invoice but was adjusted after the meeting date. In addition, the refreshments were to be charged based on consumption at the following rates of $85 per gallon of associated coffee and teas; and bottled water and assorted soft drinks at $7 each.

- **$ 39.00** Sales Tax
- **$ 600.00** Meeting Room Rental
- **$ 39.00** Sales Tax
- **$ 78.00** Sales Tax Adjustment (deduction)

The following separate line-items totaling **$1,903.60**, were charged to the former Manager of EA's P-Card:

- **$ 951.80** AV Rental
- **$ 60.10** Sales Tax
- **$ 951.80** AV Rental
- **$ 60.10** Sales Tax
- **$ 120.20** Sales Tax Adjustment (deduction)

Based on a review of the support documentation for the meeting and the requirements outlined in the ***JEA P-Card Procedures***, the meeting agenda for the first day of the meetings, the meeting agenda for the second portion of the second day of meetings, and the JEA Business Expense form, signed by the Director (or higher level), were not included in the support documentation, as required. In addition, the invoice for the transactions totaling **$4,859.97**, was not signed by the P-Cardholder.

The balance of **$6,763.57**, was paid the same day on two different P-Cards (split transactions), one transaction in the amount **$4,859.97**, and a second transaction of **$1,903.60.** According to the "*Policy Statement*" section of the ***JEA P-Card Procedures,*** splitting transactions to avoid exceeding the **$5,000** P-Card purchase threshold is *prohibited*.

Based on the lack of adherence to JEA procedures, including a lack of adequate documentation to support and/or justify the expenses incurred, the OIG considers the grand total of $30,158.35 for Offsite Meetings, Team Building and Workshops, as outlined in Finding 4 to be Questioned Costs.

- ***$4,502.25 outlined in Finding 4, Offsite Safety Meeting.***
- ***$2,196.44 outlined in Finding 4, Customer Service Meetings.***
- ***$4,397.00 outlined in Finding 4, SLT Retreat & Future of JEA Workshop Meetings.***
- ***$4,943.77 outlined in Finding 4, Meetings Held at a Local Family Entertainment Facility.***
- ***$14,118.89 outlined in Finding 4, Meetings Held at a Ponte Vedra Beach Resort.***

Review of *JEA P-Card Procedures*

The OIG reviewed and noted the following deficiency with the ***JEA P-Card Procedures:***

- The ***JEA P-Card Procedures*** include language addressing the liability and subsequent disciplinary actions for misuse, abuse and non-compliance by P-Cardholders, however liability does not extend to managers requesting and/or approving the purchase of the goods and/or services.

- According to the ***JEA P-Card Procedures***, the P-Card may *"only be used for reasonable, prudent, and legitimate JEA-business expenses incurred in the course of the P-Card work for JEA."* In addition, ***JEA P-Card Procedures, P-Cardholder Management section,*** states the following: *"Before approving P-Card transactions … managers should review every transaction for reasonableness by assuring that … a. the goods and services were purchased for a valid and allowable JEA business purpose."* However, the ***JEA P-Card Procedures*** do not define or address whether the P-Card should be used for team-building meetings or events, and/or whether team building is considered a *"Special Event"* and should follow the *"Special Event"* outlined procedures.

Based on the review of the eighteen **(18)** transactions related to *Finding 4, P-Card Usage: Offsite Meetings, Team Building and Workshops Questioned Costs*, individuals with approval authority, failed to perform due diligence in ensuring documentation and transactions were in accordance with the ***JEA P-Card Procedures*** prior to approving the P-Card transactions.

Further, the documentation for the transactions associated with the "*Training & Other Meeting Expense*" related to the local wildlife refuge center, the local Escape Room, and the local Family Entertainment Facility, totaling **$9,340.77**, did not adequately support official JEA business. Based on documentation and testimony obtained, it could not be determined if the meeting held at the local Escape Room, totaling **$1,047**, was conducted, or cancelled. Further, JEA procedures are unclear as to whether P-Cards may be used for team-building events.

The OIG noted one instance of split transaction in violation of the ***JEA P-Card Procedures***, "*Policy Statement"* section, which states, *"For the purpose of this policy, "split purchases" is defined as the use of the P-Card to fragment the purchase of goods and services that exceed $5,000 in total and where a "reasonable" and "prudent" purchaser could have foreseen the full extent of the purchase."*

Finding 4 - Recommendations:

OIG recommends the following:

8. Update the ***JEA P-Card Procedures,*** incorporating language within the policy as outlined below:

    a. Language to establish accountability for the individuals with P-Card approval authority. ***JEA P-Card Procedures*** should extend accountability to all parties involved in the P-

Card purchase transaction. Language may include: *Any improper purchases may result in the cardholder and/or the approving authority being liable for the costs incurred.*

Management's Response: *JEA will update the JEA P-Card Procedures in accordance with this recommendation and provide the revised procedure to OIG on or before March 1,2022.*

b. To ensure the meeting space and associated expenses incurred are for official JEA business, incorporate language requiring detailed meeting documentation to include a brief justification, as well as an attendance list with legible names, JEA titles, and signatures of the participants and the date and time of the meeting/event.

Management's Response: *JEA will update the JEA P-Card Procedures in accordance with this recommendation and provide the revised procedure to OIG on or before March 1, 2022.*

c. Update current procedures to address pre-payment, non-refundable or "*all sales are final*" deposits/transactions.

Management's Response: *JEA will update the JEA P-Card Procedures in accordance with this recommendation and provide the revised procedure to OIG on or before March 1, 2022.*

d. Provide a copy of the updated ***JEA P-Card Procedures*** to the OIG.

Management's Response: *A copy of the revised JEA P-Card Procedures will be provided to OIG on or before March 1, 2022.*

9. Establish, update and/or implement administrative oversight procedures to address the following:

a. Ensure that the justification entered into Oracle and P-Card transaction support documentation is consistent, complete, and has sufficient details to justify the transactions are for official JEA business.

Management's Response: *This recommendation is already addressed in the P-Cardholder Management section I. e. of the current JEA P-Card Procedures.*

b. Establish a compliance review procedure to verify that P-Card transactions do not contain sales tax (when applicable) or that JEA has been refunded sales tax when charged.

Management's Response: *This recommendation is already addressed in the JEA P-Card Procedures, as JEA currently lists sales tax in the State of Florida as a prohibited item.*

c. ***JEA P-Card Procedures*** provide that P-Cards transactions for Safety meetings are to be completed by a Manager or Director; however, the Audit disclosed that in practice the P-

Card transactions were completed by several Executive Assistants. Either update the language in the ***JEA P-Card Procedures*** or incorporate a compliance review procedure to ensure that the P-Card transactions are completed and submitted by a Manager or Director, as outlined in the Procedures.

Management's Response: *This recommendation is already addressed in the JEA P-Card Procedure prohibited uses list. However, the P-Card area will conduct a special training session for all of the Executive Assistants to the Leadership Team and Extended Leadership Team.*

d. Provide a copy of any established, updated, and/or implemented administrative oversight procedures to the OIG.

Management's Response: *Copies of applicable oversight documentation will be provided to OIG on or before March 1, 2022.*

AUDIT OBJECTIVE 3
EA P-CARD CHARGES

To determine if the business expenses charged to the Executive Assistants (EAs) P-Cards complied with JEA procedures and if the associated expenses were reasonable.

Of the nine hundred forty-five **(945)** P-Card transactions, four hundred eighty-four **(484)**, totaling **$96,567.88**, did not comply with one or more of the provisions stated in the ***JEA P-Card Procedures***. These transactions were identified in Oracle as meals and/or refreshments **(320)**; office supplies and computer equipment **(120)**; gift cards and gifts **(6)**; licensing fees, training, and other meeting expenses **(8);** and transactions missing support documentation **(30).** Based on the support documentation reviewed, a portion of the purchases were made on the behalf of the former Managing Director/CEO and former SLT.

Finding 5: Non-Compliance with *JEA P-Card Procedures:* Prohibited Items

Criteria:

1. ***JEA P-Card Procedures*** *(D. Use Parameters, 3. Prohibited Uses, (e) Food Purchases; (f) Office supplies; (h) Computer related items; (s) Gift Cards or any other items…; I. Receipts)*

Based on the review of P-Card documentation, the Audit identified multiple occurrences of non-compliance with the *Use Parameters* outlined in ***JEA P-Card Procedures***, which included the P-Cards being used to purchase *prohibited* items. This finding addresses four-hundred fifty-four **(48%)** of the nine hundred forty-five **(945)** P-Card transactions.

Meals and Refreshments

The Audit identified three hundred and twenty **(70%)** transactions, totaling **$67,776**, charged to the P-Cards for meals and/or refreshments at local restaurants or for meetings held at a JEA facility, that did not comply with the ***JEA P-Card Procedures***.

A random sample of twenty **(6%)**[9] of the three hundred and twenty **(320)** transactions were missing an itemized receipt or an itemized receipt with a signature of the P-Cardholder, as required by the ***JEA P-Card Procedures***. In addition, all twenty **(20)** were missing a meeting agenda, the *JEA Business Expense Form* with approval from the Director (or higher), and documentation that the meeting duration was at least two hours. While some of the individual amounts of the sampled transactions were nominal, the total amount of unsupported expenses for the twenty **(20)** transactions totaled **$5,673.06**.

Office Supplies and Computer Accessory Items

The Audit identified one-hundred and twenty **(120)** transactions, totaling **$17,114.40**, that had been charged to P-Cards for office supplies **($9,839.77)**, which had been purchased from non-contracted vendors, and computer hardware accessory items **($7,274.63)**, that did not comply with the ***JEA P-Card Procedures.***

In accordance with ***JEA P-Card Procedures***, office supplies were to be purchased from a contracted on-line vendor. However, deviations from contracted vendor purchases were allowable if *"significantly less expensive elsewhere"* with proper documentation in accordance with the ***JEA P-Card Procedures***.

Based on the review, there was no justification, documentation, or approvals for the one-hundred and seventeen **(117)** transactions, totaling **$9,839.77**, purchased from a non-contracted vendor. Additionally, in some instances, the documentation lacked itemized invoices, receipts, or documentation to support that the purchases were for JEA official business.

Regarding computer related items, totaling **$7,274.63**, purchases were allowable with proper approval from the Technology Services Department or the Chief Purchasing Officer in accordance with the ***JEA P-Card Procedures***. However, the support documentation for three **(3)** computer hardware accessory items totaling, **$7,274.63**, did not include documented approvals to deviate from ***JEA P-Card Procedures***.

Gift Cards and Gifts

The Audit identified six **(6)** transactions, totaling **$2,899.89**, that had been charged to P-Cards, for gift cards for meeting prizes, awards, and prizes (gifts) for survey winners, which included, four iPads. The purchase of gift cards and gifts using a P-Card is *prohibited* by the ***JEA P-Card Procedures.***

In addition, to being *prohibited* by ***JEA P-Card Procedures,*** the support documentation for the six **(6)** transactions failed to support the distribution of the gift cards and the gifts. Further,

[9] The entire 320 transactions were reviewed by JEA Audit Services; however, the OIG reviewed a sample of 20.

documentation provided for one **(1)** of the six **(6)** transactions was insufficient, in that only a quote for the purchase was provided as support documentation.

The lack of documentation regarding distribution of the gift cards and/or gifts poses a risk that purchases could be used for personal use.

Licensing Fees, Training, and Other Meeting Expenses

The Audit identified eight **(8)** transactions, totaling **$4,994.61**, that were listed in Oracle as "*Training & Other Meeting Exp," "Train Sup Reference Material," and "Lic/Fees – Licenses & Fees"* for various subscriptions, licenses, rental fees, and other supplies. The support documentation for these transactions was not in compliance with the ***JEA P-Card Procedures,*** including, but not limited to, missing an itemized receipt or an itemized receipt with a signature of the P-Cardholder as required by the ***JEA P-Card Procedures***.

Review of *JEA P-Card Procedures*

As part of the Audit, the OIG completed a comparison of ***JEA P-Card Procedures*** revision dates September 29, 2016; March 21, 2019; and November 3, 2020. OIG noted that alcohol was *prohibited* as of the March 21, 2019. However, the comparative review disclosed that the updated version of the ***JEA P-Card Procedures***, dated November 3, 2020, does *not* include tobacco products or pharmaceutical drugs as *prohibited* items.

In addition, based on a review of ***JEA P-Card Procedures***, P-Card security features include controls that restrict purchases from certain merchants based upon MasterCard / Visa industry-specific four-digit Merchant Category Codes (MCC). The ***JEA P-Card Procedures***, *Merchant Category Code (MCC) Controls* section, states, "*Specific items purchased cannot be restricted within a category."* Therefore, there are no controls to prevent a P-Cardholder, who is assigned a MCC which allows access to grocery stores, from purchasing prohibited items such as gift cards, tobacco products, alcohol, and pharmaceutical drugs (pharmacy).

Based on the lack of adherence to JEA procedures, including a lack of adequate documentation, purchase of prohibited items, and/or justification of the expenses incurred, the OIG considers the total of $92,784.90 outlined in Finding 5 to be Questioned Costs.

Finding 5 - Recommendations

OIG recommends the following:

10. Implement administrative oversight procedures to include:

    a. Conducting a periodic review of P-Card transactions to ensure purchases made outside of contracted vendors (i.e., for office supplies and computer equipment) have adequate approvals and documentation in accordance with JEA procedures.

       Management's Response: *JEA currently conducts monthly audits and will modify the sample size to include a better stratification of the sample population.*

    b. Conducting a periodic review of P-Card transactions to ensure that prohibited items are not being purchased using P-Cards.

       Management's Response: *JEA currently conducts monthly audits and will modify the sample size to include a better stratification of the sample population.*

    c. Conducting a periodic review of assigned Merchant Category Codes to reduce the risk of fraudulent use, waste and/or abuse.

       Management's Response: *JEA currently conducts monthly audits and will modify the sample size to include a better stratification of the sample population.*

    d. Provide a copy of any established, updated and/or implemented administrative oversight procedures to the OIG.

       Management's Response*: JEA will update the JEA P-Card Procedures in accordance with this recommendation and provide the revised procedure to OIG on or before March 1,2022.*

11. Review and update the list of *prohibited* items outlined in ***JEA P-Card Procedures***. Provide a copy of the reviewed ***JEA P-Card Procedures*** to the OIG.

    Management's Response*: JEA will update the JEA P-Card Procedures in accordance with this recommendation and provide the revised procedure to OIG on or before March 1, 2022.*

Finding 6: Non-Compliance with *JEA P-Card Procedures*: Missing Support Documentation

Criteria:

1. ***JEA P-Card Procedures*** *(A. Responsibilities; B. P-Card Administrator; I. Receipts)*

2. ***Record Retention Schedule*** *(Record Retention Schedules Item #340)*

3. ***JEA Record Retention Policy & Procedure*** *(2.1 Establishing a General Records Retention Schedule)*

Based on a review of P-Card support documentation, the Audit identified seventy **(7%)** transactions out of the nine hundred forty-five **(945)** P-Card transactions charged to P-Cards that did not have adequate documentation. The ***JEA P-Card Procedures*** states, "*the P-Cardholder shall submit a report of the transaction by detailing the expense along with attaching the accompanying signed, original, and itemized transaction receipt to the charge within the Oracle system.*" However, according to the ***JEA P-Card Procedures*** effective during the scope of the audit, P-Cardholders had the option to hand-deliver support documentation to Management for submittal to Accounts Payable.

During the Audit, the OIG requested that the JEA Manager, Accounts Payable, review and provide documentation that may not have been uploaded into the Oracle system. Out of the seventy **(70)** transactions, the JEA Manager was able to provide partial support documentation for forty **(40)** transactions. The JEA Manager reviewed and acknowledged that there was no support documentation to support the purchases of various goods and/or services such as travel, licenses & fees, onsite meals and/or refreshments, lunch, conference space rental fees, and supplies for thirty **(30)** out of the seventy **(70)** transactions charged to several P-Cards, totaling **$3,782.98**.

The ***JEA P-Card Procedures*** requires that a P-Cardholder complete an Affidavit of Lost Receipt. There was no support documentation for the thirty **(30)** transactions, including Affidavit of Lost Receipts.

Because there is no support documentation for the thirty **(30)** transactions, these transactions do not comply with the ***JEA Record Retention Policy & Procedure*** or the ***Record Retention Schedule,*** which requires that "*records documenting specific expenditures or transfers of agency moneys for the procurement of commodities and services and other purposes…RETENTION:5 fiscal years after the transaction completed.*"

During the Audit, the OIG learned that JEA also maintains additional record retention schedule information on the JEA's Records Compliance intranet page, which is more stringent than the policies referenced in this section.

Based on the lack of adherence to JEA procedures, including a lack of support documentation to support and/or justify the expenses incurred, the OIG considers the total of $3,782.98 outlined in Finding 6 to be Questioned Costs.

Finding 6 – Recommendation

OIG recommends the following:

12. Implement administrative oversight procedures to include:

a. Establish a compliance review within a specified period to ensure that all support documents or exceptions are properly submitted and uploaded in Oracle to ensure compliance with ***JEA P-Card Procedures, JEA Record Retention Policy & Procedure*** and the ***Record Retention Schedule***.

Management's Response: *JEA currently conducts monthly audits and will modify the sample size to include a better stratification of the sample population.*

b. Establish a compliance review schedule to verify that any guidance posted on the JEA's Records Compliance intranet page is consistent with JEA procedures or vice versa.

Management's Response: *At least annually, Accounts Payable will conduct a review of posted information to verify that any guidance posted on the JEA intranet page is consistent with current JEA P-Card Procedures and JEA Record Retention Policy & Procedure.*

c. Provide a copy of any established, updated, and/or implemented administrative oversight procedures to the OIG.

Management's Response: *Copies of the applicable oversight documentation will be provided to OIG on or before March 1, 2022.*

AUDIT OBJECTIVE 4
ADMINISTRATION AND MONITORING OF JEA P-CARD PROCEDURES

To assess if administration and monitoring of JEA P-Card procedures were effective in detecting P-Card non-compliance including possible misuse and abuse.

Finding 7: P-Card Administration and Monitoring

Criteria:

1. ***JEA P-Card Procedures*** *(B. P-Card Administrator; G. Inappropriate Use, Abuse and Non-Compliance).*

Based on the results of **Findings 3** through **6** related to P-Card transactions, the Audit identified five hundred and six **(54%)** transactions, totaling **$128,754.25 (55%)**, out of the nine hundred forty-five **(945)** transactions, totaling **$235,121.04**, that did not comply with ***JEA P-Card Procedures***.

The table below summarizes the five hundred and six **(506)** transactions as detailed in **Findings 3** through **6**:

Non-Compliance with P-Card Requirements				
Finding Number	**P-Card Transaction Categories**	**Total Noncompliant Transactions**	**Questioned Costs**	**Percentage of Total P-Card Transactions ($235,121.04)**
3	Travel and Out of Area Registration Fees	4	$ 2,028.02	0.86%
4	Off-Site Meetings, Team Building and Workshops	18	$ 30,158.35	12.83%
5	Prohibited Items-Meals and Refreshments	320	$ 67,776.00	28.83%
5	Prohibited Items-Office Supplies	117	$ 9,839.77	4.18%
5	Prohibited Items-Computer Accessory Items	3	$ 7,274.63	3.09%
5	Prohibited Items-Gift Cards and Gifts	6	$ 2,899.89	1.23%
5	Prohibited Items-Licensing Fees, Training, and Other Meeting Expenses	8	$ 4,994.61	2.12%
6	Missing Support Documentation	30	$ 3,782.98	1.61%
TOTAL		**506**	**$128,754.25**	**54.8%**

The Audit disclosed that **54.8 percent** of the total P-Cards transactions approved by the former Managing Director/CEO, former SLT members or the former Manager of EAs for the period *April of 2018* to *December of 2019* **(21 months)**, were non-compliant with JEA procedures.
In addition, the Audit found that the respective transactions were not detected during JEA's monthly P-Card quality review performed by Accounts Payable. According to the JEA Manager, Accounts Payable, there are no written procedures on how to conduct JEA's monthly P-Card quality review. However, JEA Accounts Payable's standard practice was to review a bank issued P-Card report for anything unusual, such as split transactions or suspected split transactions. The standard practice included a monthly audit of a random sample of two hundred **(200)** P-Card transactions.

A *P-Card Audit Report* issued by JEA Audit Services *March of 2021* cited the insufficiency of the sampling methodology used to conduct the monthly P-Card quality reviews. The report also identified P-Card non-compliance as a significant risk.

Based on the lack of adherence to JEA procedures, including a lack of adequate documentation to support or justify the expenses incurred, the OIG considers the grand total of $128,754.25 outlined in Findings 3 through 6 to be Questioned Costs.

Non-compliance with established JEA procedures, combined with insufficient P-Card quality review procedures, significantly increases the risk of fraud, misuse, or abuse of JEA P-Cards.

Finding 7 – Recommendation

The OIG recommends the following:

13. Implement administrative oversight procedures including:

a. Establish or incorporate into existing policies and/or procedures a formal written P-Card quality assurance review process which details the components of the quality review, appropriate sampling method, the process for completing the review and frequency to mitigate future misuse of P-Cards.

   Management's Response: *JEA will update existing policies and procedures in accordance with this recommendation and provide the revised documents to OIG on or before March 1,2022.*

b. Establish an appropriate training cycle for all P-Cardholders and respective Management, including senior leadership, to include specifically covering of prohibited items and proper supporting documentation, on ***JEA P-Card Procedures.***

   Management's Response: *Current P-Cardholders are required to complete a refresher training course whenever the cards expire, and any future P-Cardholder and respective Management will be required to complete computer-based P-Card training.*

c. Provide a copy of any established, updated, and/or implemented administrative oversight procedures to the OIG.

   Management's Response: *Copies of the applicable oversight documentation will be provided to OIG on or before March 1,2022.*

Authority

This audit was conducted pursuant to Section 1.203(c), Charter of the City of Jacksonville, and Section 602.303(a-c), *Ordinance Code*.

Background

JEA, a not-for-profit organization, is a Community-Owned Utility located in Jacksonville, Florida. The Office of Inspector General (OIG) Audit Unit planned and collaborated with JEA Audit Services to conduct this limited scope audit of travel and business expenses incurred by JEA's ***former*** Managing Director/Chief Executive Officer (Managing Director/CEO) and the ***former*** Senior Leadership Team[10] (SLT). The Managing Director/CEO and the SLT are hereafter collectively referred to as JEA's former Senior Leadership Team.

According to the *Supply Chain Management Procedure, Purchasing Card, Purchasing Card Program (revised September 29, 2016*) and the *Treasury Procedure, Purchasing Card, Purchasing Card Program (revised March 21, 2019*), hereafter referred to as *JEA P-Card Procedures*, states, "*JEA will authorize the use of Purchasing Cards (P-Cards) to facilitate the purchase of small-dollar goods and services not readily available through warehousing channels and not in excess of $5,000 as provided in Section 3-206 of the JEA Purchasing Code.*"

The *JEA P-Card, a Visa Procurement Card*, permits the P-Cardholder to quickly purchase small-dollar goods and/or services. The *JEA P-Card Procedures* specifies that the intent of the P-Card is to improve administrative efficiency while decreasing administrative expenses normally associated with purchasing small-dollar non-stock items and/or emergency goods and services.

The *JEA P-Card Procedures* states, "*… the P-Card maintenance and administration responsibilities are designated to the Accounts Payable Department.*" This includes the responsibility for new card holder training, issuing P-Cards, payment processing, monthly billing, transaction reconciliations, and performing quality reviews based on reports generated from the bank.

JEA uses a Financial Accounting System, known as Oracle, to manage financial transactions including the transmission of P-Card expenses and expense approvals. Typically, P-Cardholders submit transaction reports in Oracle, detailing the P-Card purchases and uploading the documents, including original and itemized receipts, to support the validity of the expenses.

Oracle's predefined workflow sends a notification to the authorized Approver(s) and routes the submitted transaction reports and support documentation to the Approver(s) for authorization. Before approving the transactions in Oracle, Approvers are required, in part, to review all submitted transactions for practicality and appropriateness that the goods and/or services were purchased for legitimate and allowable business purposes in accordance with the *JEA P-Card Procedures*.

[10] The OIG recognizes that JEA may no longer refer to senior leadership as "*SLT or Senior Leadership Team*."

A *P-Card Audit Report* issued by JEA Audit Services in March of 2021,[11] detailed that as of fiscal year ending September 30, 2019, JEA had **556** P-Card and Storm Card[12] users and **17,989** transactions totaling **$11.8 million**, with an average of **$680** per transaction. P-Cards are overseen by the Manager, Accounts Payable, Treasury Department (Accounts Payable). Accounts Payable consists of three employees: one manager, one appointed staff, and one contractor staff.

Statement of Purpose and Objectives

The purpose of the JEA Limited Scope Travel and Business Expense Audit (OIG Audit Report 2020-AR-0001) was to determine if JEA's ***former*** Managing Director/CEO and ***former*** Senior Leadership Team business expense reimbursements and Purchase Card (P-Card) transactions during the period of ***April 2018 to December 2019***, as detailed below in the objectives, complied with JEA's established policies and procedures. In addition, the Audit reviewed JEA's internal controls related to P-Card administration and monitoring.

The objectives of the Audit were:

1. To determine if the former Managing Director/CEO business expenses submitted for reimbursement, including travel expenses, complied with JEA procedures, and if the associated expenses were reasonable.

2. To determine if the business expenses for the former Managing Director/CEO and former SLT charged to the Executive Assistants (EAs) P-Cards complied with JEA procedures, and if the associated expenses were reasonable.

3. To determine if the business expenses charged to the Executive Assistants (EAs) P-Cards complied with JEA procedures and if the associated expenses were reasonable.

4. To assess if administration and monitoring of JEA P-Card procedures were effective in detecting P-Card non-compliance, including possible misuse and abuse.

[11] The scope of review for the *P-Card Audit Report* was from October 1, 2018, through October 31, 2019.
[12] JEA Storm Cards are used for expenses during an Emergency Response.

Statement of Scope and Methodology

JEA Audit Services conducted and completed the fieldwork for this collaborative audit. JEA Audit Services had direct access to internal systems and the required records. This access was crucial due to the implemented emergency restrictions resulting from the COVID-19 Pandemic. The fieldwork conducted by JEA Audit Services included substantial testing of the former Managing Director/CEO's business expense reimbursements and the Purchase Card (P-Card) transactions of the Executive Assistants (EAs) directly reporting to the former Managing Director/CEO and former Senior Leadership Team.

The scope of the Audit covered the period of *April 2018* to *December 2019* **(21 months)**. Twenty-five **(25)** payment reimbursements and nine hundred forty-five **(945)** P-Card transactions were extracted and examined.

To gain an understanding of the payment reimbursement and P-Card requirements, the Audit methodology included:

- Interviewing ten **(10)** former and current Executive Assistants employed by JEA during the period under review (*April 2018* to *December 2019)*, including the Executive Assistant Manager.

- Interviewing the JEA Manager, Accounts Payable.

- Reviewing JEA Policies/Procedures, hereafter referenced as **Criteria**:

  - *JEA HUMR 0608, Drug Free Workplace Policy, effective August 10, 2017*; *JEA Drug Free Workplace Policy, effective August 19, 2019 (referred to hereafter as **JEA Drug Free Workplace Policy**)*

  - *JEA Supply Chain Management Procedure, FS A0504 510 Purchasing Card, Purchasing Card Program, revised September 29, 2016; and JEA Treasury Procedure, Purchasing Card, FS A0504 510 Purchasing Card Program, revised March 21, 2019 (referred to hereafter as **JEA P-Card Procedures**)*

  - JEA *Procurement Services Procedure, FS A0504 SC-AP 512 Payment Requests, revised April 6, 2015 (referred to hereafter as **JEA Payment Requests Procedures**)*

  - *JEA Management Directive 120, Travel Expense Reimbursement, revised April 12, 2017 (referred to hereafter as **Travel Expense Reimbursement Directive**)*

  - *JEA Policy & Procedure, Employee Travel, effective August 15, 2018, revised April 8, 2020, and June 18, 2021 (referred to hereafter as **JEA Employee Travel Policy & Procedure**)*
  - *State of Florida General Records Schedule GS1-SL for State and Local Government Agencies, effective August 2017, Rule 1B-24.003(1)(a), Florida Administrative Code (referred to hereafter as **Record Retention Schedule**)*

- *JEA Corporate Record Retention Policy & Procedure, Version Effective Date August 22nd,2013; and JEA Corporate Record Retention Policy & Procedure, Version Effective Date May 2, 2019 (referred to hereafter as **JEA Record Retention Policy & Procedure**)*

- Reviewing the former Managing Director/CEO Employment Agreements for specific provisions related to the reimbursement of business expenses, including travel. *Employment Agreement for Interim Managing Director & Chief Executive Officer, May 15, 2018, and Employment Agreement for Chief Executive Officer, July 23, 2019) (referred to hereafter as **Managing Director/CEO Employment Agreements**).*

- Reviewing payment requests and support documents such as expense reports, agendas, receipts, required Oracle approvals and related support documentation for all reimbursed expenses, including travel.

- Reviewing P-Card transactions and support documentations such as expense reports, agendas, receipts, required Oracle approvals, and related support documentation for reimbursed expenses, including travel.

- Gaining an understanding of Accounts Payable procedures used to monitor P-Card transactions.

Statement of Auditing Standards

The Audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing, issued by the Institute of Internal Auditors (IIA). The standards require that the OIG plan and perform the audit to obtain sufficient, reliable, relevant, and useful information to support the engagement results and conclusions based upon the stated audit objectives.

Management's Response

The OIG has included a copy of JEA's Management Response as an attachment to the report. The JEA summary responses to the thirteen (13) recommendations are inserted in the finding sections, after each respective recommendation. JEA has either implemented or initiated the implementation of corrective actions in support of the report recommendations.

The JEA Senior Leadership Team issued the following statement in response to the audit report, *"The only editorial comment we have is a request to highlight that this Audit Report concerned expenditures made by and reimbursements to the former Managing Director/CEO and Senior Leadership Team ("SLT") members from April 2018 to December 2019. JEA has all new leadership and is unable to address the past actions of the former Managing Director/CEO and SLT, so we offer no additional comments regarding the text of the Audit Report. However, we do offer the following summary responses to the recommendations for each of the seven findings."*

Acknowledgements

We would like to thank the current JEA Senior Leadership Team, JEA Audit Services, JEA Management and Accounts Payable for their cooperation and assistance during the audit.