



## Mayor's Travel Audit - #752

### Executive Summary

#### ***Why CAO Did This Review***

Pursuant to Section 5.10 of the City's Charter and Municipal Code Chapter 102, we performed an audit of travel conducted by the Mayor's Office. This audit was initiated due to insufficient documentation on file for travel which we discovered during our Purchasing Card (P-Card) Audit Report #732. Total travel costs for the Mayor's Office were \$78,056 for the period of July 1, 2011 through October 31, 2012. This does not include travel paid for by outside agencies. We reviewed 82 trips charged to the Mayor's Office for this same period, of which 34 were conducted by the Mayor.

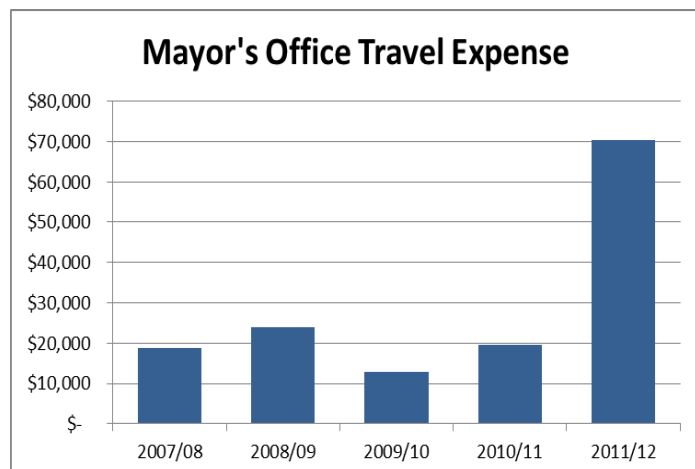
#### ***What CAO Recommends***

We recommend that the Mayor's Office conduct travel in compliance with the Travel Sections of the Municipal Code within Chapter 106 Part 7 and the City's Travel Regulations, and that any future gifts be properly disclosed in accordance with State law. Additionally, we recommend that any payments from outside organizations, vendors and lobbyists be made to the City and not directly accepted by the Mayor. Proper documentation should be on file for all trips conducted by the Mayor and the Mayor's staff to ensure that travel expenses are accurately reported in a transparent manner.

#### ***What CAO Found***

Overall, we found numerous issues with travel including:

- Prohibited payments were received from outside agencies to pay for travel.
- Travel paid for by outside organizations was not properly disclosed as gifts in a timely manner.
- Travel forms and documentation were missing or insufficient; public purpose for travel was vague or not noted.
- Travel was not properly approved
- Mode of travel was not always most economical.
- Travel forms were not filed in a timely manner.
- The Mayor did not sign any of his travel forms with his full signature; additionally, several of the Mayor's travel forms did not have his initials either.
- Travel forms contained inaccuracies.
- Trips were routinely cancelled and rescheduled, costing the City additional dollars; these cancellations were not formally tracked.
- Travel documentation was provided months after it was requested.





**Council Auditor's Office**

**Mayor's Travel Audit**

**February 28, 2013**

**Report #752**

**Released on : July 1, 2014**

**EXECUTIVE SUMMARY**

**AUDIT REPORT #752**

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



February 28, 2013

Report #752

Honorable Members of the City Council  
City of Jacksonville

**INTRODUCTION**

Pursuant to Section 5.10 of the Charter of the City of Jacksonville and Chapter 102 of the Municipal Code, we performed an audit of travel conducted by the Mayor's Office. We began this audit due to the insufficiency of documentation initially on file for the Mayor's Purchasing Card (P-Card) transactions for travel that we observed during our P-Card Audit Report #732. That report was issued May 7, 2013.

Travel policies and procedures for City personnel are provided in the City's Travel Regulations and Chapter 106 Part 7 of the Municipal Code. When City personnel travel, standard travel forms are required to be completed by travelers and properly approved by appropriate managers. The forms are then submitted to the Travel Coordinator within the Accounting Division for processing, review and approval. This additional approval is to ensure that all required documentation has been provided by the traveler. Additionally, City personnel are governed by state and local ethics laws related to the acceptance and disclosure of gifts that should be taken into account when travel occurs.

Total travel costs for the Mayor's Office per the City's General Ledger were \$78,056 for the period of July 1, 2011 through October 31, 2012. This does not include travel paid for by outside agencies. Documentation on file showed that there were 82 trips charged to the Mayor's Office during this period. The Mayor conducted 34 of these trips and his staff conducted 48 trips.

**STATEMENT OF OBJECTIVE**

The objective of the audit was to determine whether travel transactions incurred by the Mayor's Office were appropriate, properly supported with accurate documentation and properly approved in accordance with the Governmental Travel Regulations and Chapter 106, Section 7 of the Municipal Code.

**STATEMENT OF SCOPE AND METHODOLOGY**

Our audit scope was July 1, 2011 through October 31, 2012. We reviewed the following:

1. Laws (both state and local), policies and procedures relating to travel.

2. All travel documents on file for the Mayor's Office and any related trips for other Departments that were charged to the Mayor's Office.
3. Monthly American Express statements (used specifically for travel booked with the travel agent that was on contract during our scope). We reviewed these statements to ensure that we had documentation relating to all trips (completeness testing).
4. Airfare cancellations and credits
5. The City's records on "Gifts to the City" (online log)
6. Gift disclosures filed with the State of Florida Ethics Commission

We reviewed documentation for trips outside of our scope since some of the credits issued by airlines for cancelled flights were applied to trips that occurred after the end of our audit scope, October 31, 2012. This resulted in a limited scope expansion including the trips these credits were applied to. We also reviewed documentation for a New York trip whereby the Mayor and six other City personnel attended a bond rating presentation in April 2012.

### **REPORT FORMAT**

Our report is structured to identify Internal Control Weaknesses, Audit Findings, and Opportunities for Improvement as they relate to our audit objectives. 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 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 these responses from the Mayor's Office via Chris Hand, Mayor's Chief of Staff, and the Office of General Counsel on behalf of Councilmember Stephen Joost, via Derrel Chatmon, Chief Deputy General Counsel, in memorandums dated June 13, 2014 and June 11, 2014, respectively.

## **AUDIT CONCLUSIONS**

### **Overall Conclusion:**

We found that there was a lack of transparency during our audit period for travel conducted by the Mayor's Office. This lack of transparency was partially the result of insufficient documentation being on file for many travel costs that were paid for by outside organizations. Additionally, documentation that is required to be completed and submitted by all City personnel is not being completed and submitted by the Mayor's Office to the City's Travel Coordinator who reviews and approves payments for trips. The Mayor's Office failed to report on travel in a way that is required of all other City personnel. Finally, throughout the course of the audit, it was difficult to obtain information. Whenever information was provided, it usually took several weeks to receive it from the time of the initial request, which caused repeated delays throughout the audit.

### **Objective Conclusion:**

Based on missing travel forms that were subsequently provided to us, we were unable to initially confirm that all travel transactions incurred by the Mayor's Office were appropriate. Additionally, we found that a City vendor paid for one trip and the principal of a lobbyist paid for one other trip, which was a violation of either (or both) local and state laws. We found that travel was not properly supported with complete and accurate documentation or properly approved in accordance with the Governmental Travel Regulation and Chapter 106, Section 7 of the Municipal Code. Finally, we found that City travel expenses paid by outside parties were not properly disclosed as gifts and were not properly reported to the Florida Commission on Ethics.

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## **AUDIT OBJECTIVE**

**To determine whether travel transactions incurred by the Mayor's Office were appropriate, properly supported with accurate documentation and properly approved in accordance with the Governmental Travel Regulations and Chapter 106, Section 7 of the Municipal Code.**

## **INTERNAL CONTROL WEAKNESSES**

### **Internal Control Weakness 1 (ICW) \*No Tracking Mechanism for Airfare Cancellations and Credits\***

We found that the Mayor's Office had no mechanism in place to track airfare cancellations and credits. Additionally, the Travel Regulations do not address how credits will be tracked and by whom. We initially made a blanket request for documentation on all of the Mayor's trip cancellations and credits from the travel agent, but we were only provided emails showing limited details for three cancellations, rather than the 19 cancellations that we ultimately pieced

together. (**Refer to Finding 11 below**). We also requested documentation from the Mayor's Office but were only provided a limited amount of information regarding cancelled trips and credits after repeated requests. In order to perform our testing, we had to piece together travel documentation which was often incomplete and/or missing and we also had to contact the airlines.

**Recommendation to ICW 1**

We recommend that the Travel Regulations be revised to clarify who is responsible for tracking airfare credits in each department, what type of tracking mechanism should be used (i.e. spreadsheet or some other mechanism) and what documentation should be kept on file to ensure that the City does not lose money on cancelled flights.

**Mayor's Office Response to ICW 1**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*In the spring of 2012, the Mayor's Office initiated a review to ensure that both mayoral and staff travel is properly memorialized and documented. That review accelerated with the hiring of a new Mayor's Office travel coordinator in May 2012. Through this effort, we enhanced the review of travel forms, created checklists to ensure proper memorialization and documentation for the Mayor's travel, reassigned travel responsibilities to new staff and conducted travel trainings with City employees.*

*The Mayor's Office maintains both an electronic and hard copy file of canceled flights and resulting credits so that those credits can be used for future travel. We now use a spreadsheet as well. Cancellations and credits are documented in the electronic and hard copy files and on the spreadsheet for future use.*

*We agree with the recommendation that the Travel Regulations should provide the maximum clarity about who is responsible for tracking airfare credits, what type of tracking mechanism should be used, and what documentation should be kept on file.*

*As you know, the City has multiple documents that govern the travel accounting process. These include Chapter 106, Part 7, of the City of Jacksonville Ordinance Code; the Consolidated Government Travel Regulations; the Executive Branch Travel Rules; and the Travel Form Instructions. We have asked that the Accounting Division work with the Mayor's Office travel coordinator, the Council Auditor's Office, the Office of General Counsel and, if helpful or necessary, other departmental travel coordinators to determine if these policies and documents need to be streamlined, harmonized or updated. Those recommendations are due to the Chief Financial Officer no later than close of business on Thursday, July 31, 2014.*

**Internal Control Weakness (ICW) 2 \*Insufficient Tracking Mechanism for Travel\***

There is currently no sufficient tracking mechanism in place to determine what travel has taken place in a department. At the beginning of our audit, we requested a listing from the Accounting Division of all trips taken by the Mayor's Office as the Accounting Division is charged with maintaining a master spreadsheet of all trips. The listing provided was incomplete and therefore we were unable to place reliance on it. It appears that many of the trips were not recorded on the master spreadsheet because the Mayor's Office did not forward the travel forms to the Accounting Division. The Accounting Division can only record travel information when they receive a travel form. Therefore, in order to perform our testing we had to review descriptions and vendors in the City's Accounting System for the Mayor's Office to determine which transactions were for travel. Based on this process, we determined that the current method of tracking travel is not sufficient.

**Recommendation to ICW 2**

We recommend that travel forms be forwarded to the Accounting Division and that the spreadsheet utilized for tracking travel be kept up to date. Guidelines should be established so that responsible personnel are made aware of all travel conducted on behalf of the City including travel paid for by outside organizations. Responsible parties should ensure that appropriate documentation (such as travel forms, receipts and proof that travel is performed for a City purpose) is maintained on file for all trips conducted by City personnel.

**Mayor's Office Response to ICW 2**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*We agree with the above recommendations. However, please note that the Mayor's Office does not govern the master spreadsheet maintained by the Accounting Division. It is that division which is responsible for keeping it "up to date". We agree that Accounting should keep the spreadsheet current.*

*Regarding the statement that "it appears that many of the trips were not recorded on the master spreadsheet because the Mayor's Office did not forward the travel forms to the Accounting Division", at least some of these trips occurred during a time in 2011 when the City still utilized the services of an outside travel agent and relied upon the former Administrative Services Division (ASD) to assist with travel.*

*In the spring of 2012, the Mayor's Office initiated a review to ensure that both mayoral and staff travel is properly memorialized and documented. That review accelerated with the hiring of a new Mayor's Office travel coordinator in May 2012. Through this effort, we enhanced the review of travel forms, created checklists to ensure proper memorialization and documentation for the Mayor's travel, reassigned travel responsibilities to new staff and conducted travel trainings with City employees.*



*The Mayor's Office maintains both an electronic and hard copy database of all completed travel forms and accompanying documentation for trips taken by the Mayor and Mayor's Office staff. Additionally, the Mayor's Office sends all completed travel forms and accompanying documentation to the Accounting Division staff member charged with maintaining citywide travel information.*

## **FINDINGS**

### **Finding 1 \*Prohibited Payments Received from Outside Agencies for Travel\***

We found that payments made by parties outside the City for two different trips were a violation of local and state laws. The first trip involved payments made by a principal of a lobbyist of the City for travel conducted by the Mayor. The second trip involved payments made by a City vendor for travel conducted by the Mayor, a City Council Member, and five other City employees. Municipal Code Section 602.701(a) states that "No officer or employee of the City or of an independent agency, or any other person on his or her behalf, shall knowingly accept, directly or indirectly, any one gift with a value greater than \$100 or an accumulation of gifts in any one calendar year that exceeds \$250 from any person or business entity that the recipient knows is: (1) A lobbyist who lobbies the recipient's agency or executive department; (2) Any principal or employer of a lobbyist who lobbies the recipient's agency or executive department; (3) A person or business entity which is doing business with, or has made written application within the previous six months, to do business with an agency of which he or she is an officer or employee". Florida Statute Section 112.3148(4) states that "A reporting individual or procurement employee or any other person on his or her behalf is prohibited from knowingly accepting, directly or indirectly, a gift from a political committee or committee of continuous existence, as defined in s. 106.011, or from a lobbyist who lobbies the reporting individual's or procurement employee's agency, or directly or indirectly on behalf of the partner, firm, employer, or principal of a lobbyist, if he or she knows or reasonably believes that the gift has a value in excess of \$100."

On the first trip, the principal of a lobbyist paid airfare, passport costs and registration fees totaling \$2,351 for a trip conducted by the Mayor to Brazil. It is unknown who paid for lodging and meals based on the documentation provided. The trip took place on October 23, 2011 through October 27, 2011. The purpose of the trip was economic development and the Mayor was joined by the Governor of Florida. The payment of travel costs by the principal of a lobbyist on the Mayor's behalf was a gift to the Mayor. Under both local and state law, the Mayor was prohibited from accepting this gift from the principal of a lobbyist since it did not involve a speaking engagement. The Mayor's acceptance of this gift was a violation of both local and State law.

On the second trip, a City vendor paid for travel costs allegedly totaling \$15,000 for a trip to New York for the Mayor, a City Council Member and five City employees. However, due to the insufficient documentation on file, we were not able to confirm whether this amount is representative of the actual costs incurred. The trip took place on April 16, 2012 through April 18, 2012. The purpose of the trip was for City representatives to meet with bond rating agencies. The payment of travel costs by a City vendor on behalf of the Mayor, the City Council Member

and the five City employees was a gift to each person who went on the trip. Under local law, all parties involved, including the Mayor, City Council Member and the five City employees, were prohibited from accepting these gifts, and as a result violated local law.

The Florida Commission on Ethics issued an opinion (CEO Opinion 13-3) on March 13, 2013, affirming that travel costs paid for on behalf of the Mayor would be considered gifts to him personally and not gifts to the City. Subsequent to the issuance of this opinion, a citizen filed a complaint with the Florida Commission on Ethics regarding the Mayor's failure to properly disclose travel paid for by other parties as a gift. The Florida Commission on Ethics was still reviewing this complaint and had not issued a decision at the time this report was drafted.

**Recommendation to Finding 1**

We recommend that the Mayor's Office abide by state and local laws on travel and no longer accept payments directly from vendors, lobbyists, or any prohibited parties. If outside organizations, City vendors or City lobbyists wish to pay for travel so that the City's public officials or other reporting personnel may attend functions on their behalf, the Florida Commission on Ethics has ruled that the City has two options: (1) The City can pay for the public official's travel and then the City can receive reimbursement from a third party or (2) Funds can be received by the City from third parties and deposited into a public fund, which can then be used to pay for official travel by City officials. Payments for travel should not be given directly to City officials or other City personnel. This will facilitate transparency relating to travel conducted by City Officials and personnel and help alleviate negative scrutiny as to the purpose of trips. Additionally, subsequent to our audit work, Ordinance 2013-351-E was enacted, which requires that, "any receipt of funds or reimbursement for travel as a gift to an individual from any other non-prohibited party for City business may only be done upon prior written approval from the Ethics, Compliance and Oversight Office and the Office of the General Counsel." We recommend the City comply with this legislation to ensure that local and state laws are followed.

**Mayor's Office Response to Finding 1**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration. The subject of third parties defraying travel expenses to ease the burden on taxpayers has been extensively reported and discussed since that time.*

*The Office of General Counsel (OGC) originally opined that travel expense donations for mayoral travel were gifts to the City under Chapter 113 of the City of Jacksonville Ordinance Code or, in a few cases, either gifts to the City or honorarium-related event expenses which under Florida law are only reportable if provided by a lobbyist or principal of a lobbyist.*

*Based on that opinion, the Mayor did not initially file personal gift disclosures with the Florida Commission on Ethics. However, travel expense contributions were disclosed on the public gift registry, memorialized in public documents, and provided to the news media.*

*Following some debate over the OGC opinion about gifts to the City, the Mayor's Office reimbursed the relevant travel expenses.*

*Additionally, OGC requested a legal opinion from the Florida Commission on Ethics. The Ethics Commission ruled that the City could accept third party reimbursement of travel expenses after the City initially incurs the expense. It also sanctioned the City establishing a transparent travel fund into which third parties could make monetary donations to defray the cost of official travel expenses for city officials. As you know, City Council authorized the creation of such a travel fund in 2013-351.*

*Following the Ethics Commission opinion, the Mayor has filed disclosures with the Florida Ethics Commission. As a matter of internal policy and to be consistent with 2013-351, the Mayor's Office now consults with both Executive Director Carla Miller of the City Office of Ethics, Compliance & Oversight (ECO) and Deputy General Counsel Jason Gabriel to ensure appropriate handling of instances where third parties offer to defray travel expenses.*

*Finding 1 specifically noted two trips. On the first in October 2011, the Mayor joined the Governor's economic mission to Brazil -- a trip which ultimately assisted in Jacksonville becoming home to the 40,000 square feet assembly facility of the Embraer A-29 Super Tucano aircraft. See David Bauerlein, "Air Force Awards Contract to Jacksonville to Build Attack Support Planes," Florida Times-Union, February 27, 2013 at <http://jacksonville.com/news/metro/2013-02-27/story/air-force-awards-contract-jacksonville-build-attack-support-planes>*

*The Jacksonville Regional Chamber of Commerce initially paid for this trip, which OGC deemed as a gift to the City of Jacksonville under Chapter 113 of the Ordinance Code. Following some of the later debate over the OGC opinion, the Mayor's Office reimbursed the Chamber in full for the costs of the trip. Additionally, information on this trip was disclosed on the public gift registry, memorialized in public documents, and provided to the news media.*

*The second trip in April 2012 was for meetings with the bond ratings agencies in New York, NY. Please note that the bond ratings agencies trip-related travel arrangements were not coordinated by the Mayor's Office. The Finance Department handled those travel arrangements and has explained that those travel expenses initially paid by the vendor were billed to the City as part of the vendor's normal services. Finance later paid the vendor for those travel expenses. At no time did the Finance Department or any of the individuals on the trip know that the vendor's initial payment of travel expenses could be considered a "gift" under state or local law.*

*As a result of this audit, the Finance Department will work with the Council Auditor's Office and the Procurement Division to ensure that all City vendors and potential City vendors are on notice of Section 602.701 of the City of Jacksonville Ordinance Code, which governs travel expenses paid by persons or business entities that do business with the City or are seeking to do business with the City.*

**Councilmember's Response to Finding 1**

Agree                       Disagree                       Partially Agree

*As Council President during an economically challenging time, Councilman Joost was invited by the City of Jacksonville's executive branch to accompany its Chief Financial Officer, Chief Administrative Officer, as well as other officials and employees to meet with the City's rating agencies and help sustain its strong bond rating.*

*As a guest, Councilman Joost did not participate in making the travel arrangements for the New York trip. Similarly, the Councilman was not advised that any entity other than the City of Jacksonville was involved in arranging for and paying for the travel expenses. The Councilman therefore had absolutely no knowledge that his travel to New York could ever be considered a gift pursuant state or local law.*

*Councilman Joost supported Ordinance 2013-351-E and agrees with **Recommendation to Finding 1** as appropriate measures to help prevent future challenges.*

**Finding 2 \*Disclosure Issues with Travel Paid for by Outside Organizations\***

Travel costs for four trips taken by the Mayor were not posted to the City's Gift Disclosure Registry as required by Municipal Code Section 602.701(c) until well after many of the trips were taken. Municipal Code Section 602.701(c) states that "Registries shall be established wherein gifts will be identified by date, donor, type, purpose, and City or independent agency officer or employee carrying out the purpose; and shall be posted on a City or independent agency internet site". Although Municipal Code Section 602.701(a) does not identify a specific time period by which gifts must be disclosed, most of the gifts were not disclosed until months after the trips were taken, with one even being posted a year after the gift was received.

Additionally, these trips were either not disclosed or not disclosed in a timely manner as required by Florida Statute Sections 112.3148(8)(a) and 112.3149(1)(f)(6). This was a violation of State Ethics laws. These disclosures were not made as a result of legal advice provided by the Office of General Counsel which indicated that these trips were not gifts to the Mayor, but rather gifts to the City. Section 112.3148(8)(a) requires that gifts be reported on a quarterly basis. Section 112.3149(1)(f)(6) requires an annual filing for disclosure of honorarium related gifts by July 1 of each year for the previous calendar year. See below for details of trips that were not properly disclosed by the Mayor:

Received By	First Day of Trip	Month/Year Added to City's Gift Registry	Month/Year Disclosure Form Filed with State	Donor	Amount	Destination	Date City Reimbursed Donor
Mayor	8/12/2011	Apr-12	Form 9 Filed July 31, 2013 (State law required disclosure by December 31, 2012)	Tim Points	\$ 428	Springfield, MA	10/2/2012
Mayor	9/25/2011	Sep-12	Form 10 (Honorarium) Filed July 31, 2013 (State law required disclosure by July 1, 2012)	Jacksonville Regional Chamber of Commerce	\$ 445	Houston, TX	9/28/2012
Mayor	2/2/2012	Sep-12	Form 9 Filed July 31, 2013 (State law required disclosure by June 30, 2012)	Gates Foundation	\$ 1,348	Seattle, WA	3/8/2013
Mayor	4/15/2012	Sep-12	Form 9 Filed May 27, 2014 (State law required disclosure by September 30, 2012)	Bloomberg Philanthropies	\$ 1,025	New York, NY	5/27/2014

Travel costs paid by Neighborhood Assistance Corporation of America on behalf of one City employee for a trip to Atlanta, Georgia were not posted to the City's Gift Disclosure Registry as required by Municipal Code Section 602.701(c).

In addition to not properly disclosing these trips, we found that for 8 trips taken by the Mayor, one trip taken by a City Council Member and six trips taken by other City employees, a breakout of travel costs that were paid for by outside agencies was not included on the City's travel forms. Without full disclosure of all costs, it is not a transparent representation of the true cost of each trip.

### **Recommendation to Finding 2**

We recommend that all City personnel and officials comply with Municipal Code Section 602.701(c) and report all gifts to the City on the City's Gift Registry, as well as disclose all gifts over \$100 in accordance with applicable State law. We also recommend that Section 602.701(c) be revised to include a timeframe for when gifts should be reported on the City's Gift Registry once received. Possibly Section 602.701(c) could be revised to reflect the same quarterly disclosure requirement as included in Florida Statutes Section 112.3148(8)(a). This Section requires all gifts received be disclosed by the last day of the following quarter.

Furthermore, we recommend that all travel costs (payment by City and outside organizations) be reported on travel forms and that supporting documentation (travel forms and receipts) be required from all travelers pursuant to the City's Travel Regulations.

### **Mayor's Office Response to Finding 2**

Agree           Disagree           Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration. The subject of third parties defraying travel expenses to ease the burden on taxpayers has been extensively reported since that time.*

*To be clear, the City of Jacksonville Ordinance Code has not previously provided a specific time frame for posting information to the City's Gift Disclosure Registry. We agree that the*

*Ordinance Code should be consistent with state law to require quarterly postings. The City Council recently passed and Mayor Brown signed 2014-233 to correct this inconsistency.*

*As to three specific items in Finding 2:*

*1. Please note that the "travel costs paid by Neighborhood Assistance Corporation of America on behalf of one City employee for a trip to Atlanta" referenced on page 7 were reimbursed in 2013 and have since been added to the City gift registry.*

*2. The chart on page 7 notes that a Form 9 was not filed for the Mayor's April 2012 trip to participate in a Bloomberg Philanthropies event in New York. We initially believed that the Mayor spoke at the event and that the travel costs qualified as an "honorarium-related event expense" which would not require a Form 9. We have since learned that he did not speak, and have both reimbursed the donor and filed the necessary Form 9 with the Commission on Ethics.*

*3. The finding notes that for several trips "a breakout of travel costs that were paid for by outside agencies was not included on the City's travel forms." Please note that the City of Jacksonville travel form, which is maintained by the Accounting Division, does not provide the option to note third party defrayment of travel expenses. We have asked the Accounting Division to work with the Mayor's Office and Council Auditor's Office to update the form so that it is consistent with the March 2013 Florida Commission on Ethics Commission legal opinion and 2013-351.*

**Councilmember's Response to Finding 2**

Agree                       Disagree                       Partially Agree

*Councilman Joost did not participate in making travel arrangements for the April 2012 New York ratings agencies trip. However, the Councilman supports the **Recommendation to Finding 2**, which urges that "all travel costs (payment by City and outside organizations) be reported on travel forms and that supporting documentation (travel forms and receipts) be required from all travelers".*

**Finding 3 \*Reimbursement to City Vendor Not Properly Supported with Documentation \***

The City initially allowed a vendor to pay for travel for the Mayor, a City Council Member and five other City employees to go to New York for two days in April 2012 to attend bond rating agency meetings. However, such payments would be considered gifts and Section 602.701(c) of the City's Municipal Code prohibits vendors from providing gifts to an officer or employee of the City. The City has indicated that they paid back the vendor for these travel costs via an August 2012 invoice that contained a line entitled "Rating Support" for \$15,000. However, no support was initially on file with the invoice in order to confirm that the vendor was indeed paid back for these travel costs. We contacted the vendor to determine if they could provide backup documentation, but the vendor indicated no support was on file within their records. Many months after our request, supporting documentation for some of the travel costs was provided by the City's Treasury Division. Hotel receipts totaling \$5,045.18 (\$720.74 per person for two nights for all seven participants) and transportation receipts for two City employees totaling

\$536.72 were provided. There was no documentation on the cost of meals provided nor were there any transportation receipts for the Mayor, City Council Member, or three other employees, so it is difficult to determine how much PFM paid for these costs on their behalf. Because the City paid for airfare for the Mayor, the City Council Member and the five City employees, this documentation was maintained separately. The remaining support contained expenses incurred by the vendor, including hours of time billed, hotel, airfare, meals, transportation and phone calls. Therefore, based on the documentation, it is not possible to determine whether the City paid back the vendor for all of the travel costs that the outside vendor paid for on behalf of the Mayor, City Council Member and five City employees. More importantly, even if the City had paid back the vendor for these travel costs, under the current local law, the violation cannot be cured by repaying such costs at a later date.

### **Recommendation to Finding 3**

In the future, the City should not allow a vendor that is doing business with the City to pay for travel costs that would be deemed gifts. Whether or not the vendor has been reimbursed for travel costs that it paid for on behalf of the Mayor, City Council Member and five City employees is irrelevant at this point since it is still considered a violation of local Ethics law. Paying back the vendor at a subsequent time would not cure the violation.

### **Mayor's Office Response to Finding 3**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration. The subject of third parties defraying travel expenses to ease the burden on taxpayers has been extensively reported since that time.*

*Please note that the bond ratings agencies trip-related travel arrangements were not coordinated by the Mayor's Office. The Finance Department handled those travel arrangements and has explained that those travel expenses initially paid by the vendor were billed to the City as part of the vendor's normal services. Finance later paid the vendor for those travel expenses. At no time did the Finance Department or any of the individuals on the trip know that the vendor's initial payment of travel expenses could be considered a "gift" under local or state law.*

*As a result of this audit, the Finance Department will work with the Council Auditor's Office and the Procurement Division to ensure that all City vendors and potential City vendors are on notice of Section 602.701 of the City of Jacksonville Ordinance Code, which governs travel expenses paid by persons or business entities that do business with the City or are seeking to do business with the City.*

*As a matter of internal policy and to be consistent with 2013-351, the Mayor's Office now consults with both Executive Director Carla Miller of the City Office of Ethics, Compliance & Oversight (ECO) and Deputy General Counsel Jason Gabriel to ensure appropriate handling of instances where third parties offer to defray travel expenses. We have directed all City departments to do the same.*

### **Councilmember's Response to Finding 3**

Agree

Disagree

Partially Agree

*Councilman Joost did not participate in either making travel arrangements for the New York trip or arranging for expenses to be paid. Having not been advised that an entity other than the City of Jacksonville was involved in paying travel expenses, the Councilman had no knowledge that his travel to New York could ever be considered a gift. The Councilman supports **Recommendation to Finding 3** and any other measures taken to ensure City vendors or potential City vendors do not pay travel expenses in the future.*

### **Finding 4 \*Travel Documentation was Insufficient or Nonexistent\***

We reviewed 82 trips (34 taken by the Mayor and 48 taken by his staff along with other City employees) that were charged to the Mayor's Office during July 1, 2011 through October 31, 2012. We found that the documentation on file for many of the trips was not sufficient or did not exist at all. More specifically we noted the following:

1. Travel forms were initially not on file as required by the City's Travel Regulations for sixteen trips (nine for the Mayor and seven trips taken by other employees charged to the Mayor's Office). Travel forms were subsequently provided after repeated requests.
2. There was either no public purpose noted on the travel form or the reason provided was vague for 12 trips (nine trips for the Mayor and three taken by employees in the Mayor's Office).
3. Documentation on file was not sufficient to support the payments made for multiple trips. Sufficient documentation includes itemized, legible receipts as required by Section 106.713 of the Municipal Code. More specifically, we found:
  - There was no back-up support filed with the travel forms for seventeen trips (9 for the Mayor and 8 for other employees charged to the Mayor's Office).
  - There were no parking receipts for three trips taken by staff in the Mayor's Office.
  - There were no taxi cab receipts for three trips taken by staff in the Mayor's Office.

### **Recommendation to Finding 4**

We recommend that the Mayor's Office abide by Section 106, Part 7 of the Municipal Code and the City's Travel Regulations. These rules and regulations apply to all City personnel and Departments, including the Mayor and his staff. More specifically we recommend the following:

1. Complete, accurate and approved travel forms be kept on file for every trip conducted on behalf of the City.
2. Documentation should be included with every travel form showing that the trip was conducted for a public purpose.
3. Receipts should be kept on file for all costs incurred for trips, except for per diem. These receipts, plus any per diem, should equal the total costs of the trip.



**Mayor's Office Response to Finding 4**

Agree

Disagree

Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*In the spring of 2012, the Mayor's Office initiated a review to ensure that both mayoral and staff travel is properly memorialized and documented. That review accelerated with the hiring of a new Mayor's Office travel coordinator in May 2012. Through that effort, we enhanced the review of travel forms, created checklists to ensure proper memorialization and documentation for the Mayor's travel, reassigned travel responsibilities to new staff and conducted travel trainings with City employees.*

*Following these efforts, trips are correctly memorialized and documented, including the description and supporting information on the public purpose of the travel, and we maintain them in our electronic and hard copy databases.*

*As to the three specific items on page 9 of Finding 4, at least some of these trips occurred during a time in 2011 and 2012 when the City still utilized the services of an outside travel agent and relied upon the former Administrative Services Division (ASD) to assist with travel.*

*Following the above-referenced Mayor's Office review starting in 2012, we now maintain both an electronic and hard copy database of all completed travel forms and accompanying documentation for trips taken by the Mayor and Mayor's Office staff. The Mayor's Office sends all completed travel forms and accompanying documentation to the Accounting Division staff member charged with maintaining citywide travel information. Documentation is included with every travel form showing that the trip was conducted for a public purpose. Receipts are kept on file for all costs incurred for trips.*

*As you know, the City has multiple documents that govern the travel accounting process. These include Chapter 106, Part 7, of the City of Jacksonville Ordinance Code; the Consolidated Government Travel Regulations; the Executive Branch Travel Rules; and the Travel Form Instructions. We have asked that the Accounting Division work with the Mayor's Office travel coordinator, the Council Auditor's Office, the Office of General Counsel and, if helpful or necessary, other departmental travel coordinators to determine if these policies and documents need to be streamlined, harmonized or updated. Those recommendations are due to the Chief Financial Officer no later than close of business on Thursday, July 31, 2014.*

**Finding 5 \*Improper Approval of Travel\***

Section 106.703 of the Municipal Code states that, "No traveler may be reimbursed for travel expenses pursuant to this part unless he has obtained, in advance of performing the travel, written approval to travel from the approving authority."

For the 48 trips taken by staff whose travel costs were charged to the Mayor's Office, we found numerous issues with approval, including the following:

- Twelve trips were not approved until after the travel was completed.
- Four trips contained no signatures on the pre-approval part of the travel form, thus indicating the trips were not approved in advance of travel.
- Travel forms for twelve trips did not contain dates of when the trip was approved, so therefore we were unable to determine if they were approved in advance of travel.

**Recommendation to Finding 5**

As required by the City’s Municipal Code, Travel Regulations and the City’s Uniform Travel Form, we recommend that all travel be approved by the appropriate supervisors in advance of the travel and that proof of the approval be shown on the travel forms in the designated areas.

**Mayor’s Office Response to Finding 5**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*Under the relevant travel procedures in place, neither the Accounting Division nor departmental travel coordinators should purchase any staff travel until a signed and dated approval of section I of the travel form is provided. We have again directed the Accounting Division and the Mayor's Office staff not to make travel purchases without a signed and dated approval of section I of the travel form.*

**Finding 6 \*Mode of Travel Not Always Most Economical\***

For the 82 trips taken by the Mayor and his staff, we found that the most economical choices were not always made. More specifically, we found the following:

- For six trips taken by the Mayor, airfare was not purchased at the coach fare rate and there was no evidence to indicate that coach seating was not available. For one trip taken by an employee in the Mayor’s Office we were unable to determine if the coach fare rate was booked based on the documentation on file with the travel form. The documentation on file shows that seat upgrades ranged from \$17 to \$80 per trip.
- For one trip taken by the Mayor and one trip taken by his staff, it does not appear that the most economical lodging choices were made. In the one trip for the Mayor, club lounge (i.e. concierge service) access was requested. For the trip taken by one of his staff members, it appears that a particular brand of hotel is routinely selected even if more economical choices are available.

Municipal Code Section 106.706(e) states “All travel by common carrier shall be reimbursed only at the coach fare rate, except that the first-class fare rate is authorized if coach fare is not available, as certified in writing by the common carrier.” Additionally, Municipal Code Section 106.707 states, “A traveler shall select lodging which is the most economical available consistent with the duties being performed.”

**Recommendation to Finding 6**

As required by the City’s Municipal Code and Travel Regulations, we recommend that all travel be made at the most economical rates. Proper planning of travel arrangements prior to the trips will also assist in achieving this goal.

**Mayor’s Office Response to Finding 6**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*The Mayor's Office agrees with the recommendation that all travel be made at the most economical rates.*

*However, as to Finding 6 itself, some context is necessary. As to its findings for airfare, the audit cites six (6) mayoral trips taken between July 2011 and November 2011. These six trips are out of "82 trips taken by the Mayor and his staff". As we understand it from the city staff who were handling travel during that time, air transportation was always booked for economy seating unless it was not available.*

*As to its findings for lodging, the audit cites two (2) hotel stays in 2011 out of "82 trips taken by the Mayor and his staff". For both hotel stays, which occurred in October 2011 and December 2011, it is our understanding from the city employees who were handling travel during that time that the respective hotels were chosen due to their proximity to the location of the trip meetings.*

**Finding 7 \*Travel Forms not Submitted in a Timely Manner\***

Based on our testing of the 82 trips taken by the Mayor and his staff, we found that travel forms were not completed and submitted by the traveler in a timely manner. Section 2.04(b) of the Travel Regulations states that “The approving authority accepts responsibility and accountability for the advances and, at this point, the traveler becomes responsible to the approving authority for the final accounting of the expenses of the travel. This accounting, by the traveler, shall be made within five (5) working days of the completion of the travel.” Also, Municipal Code Section 106.711 states that the traveler is accountable within five working days.

We found the following based on our testing:

- Travel forms for four of the trips taken by the Mayor’s staff were not completed within five working days of completion of travel. We did note that the Ordinance Code and the

Travel Regulations specify a five day period, while the instruction form establishes a ten day period for submitting the form. While we recognize these time periods conflict with one another, three of the four trips were still submitted after the ten day time period.

- For twenty-three trips taken by the Mayor and two trips taken by his staff, the travel forms were not dated by the traveler and therefore, we were unable to determine if the travel was properly accounted for within the five working days specified in the Municipal Code and Travel Regulations.

### **Recommendation to Finding 7**

As required by the City's Municipal Code and Travel Regulations, we recommend that all parts of the travel form be completed and filed within a timely manner. This is particularly critical when travelers are requesting reimbursement for expenses or in the event that a cash advance is received. We further recommend that the Travel Instruction Form be written to coincide with the Ordinance Code and the internal Travel Regulations that have been established by the Finance Department.

### **Mayor's Office Response to Finding 7**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*While we agree that travel forms should be completed in a timely fashion, City policies and procedures are inconsistent as to when final travel forms must be completed and submitted. Though the ordinance and travel regulations specify five (5) working days, the Travel Form Instructions available on the intra-City webpage indicate a period of ten (10) working days. The Travel Advance Check Off list, which is also available on the intra-City web page, does not provide a time frame in which to submit the travel forms.*

*In many cases, five (5) working days is insufficient time to ensure that a travel form is fully completed, documented, reviewed, checked for accuracy, and approved. For example, the Mayor's travel form is reviewed by either the Chief of Staff or the Chief Administrative Officer and the Office of General Counsel before it is presented to him for final review and signature.*

*We have directed the Accounting Division to work with the Mayor's Office travel coordinator, the Council Auditor's Office, the Office of General Counsel and, if helpful or necessary, other departmental travel coordinators to determine an appropriate amount of time for the final completion of travel forms following the end of travel. The resulting recommendation is due to the Chief Financial Officer no later than close of business on Thursday, July 31, 2014.*

### **Finding 8 \*Travel Forms Not Signed\***

Section 106.712 of the City's Municipal Code states that the Director of Finance shall establish a uniform travel reimbursement form which shall be used by all travelers when requesting reimbursement for traveling expenses under this part. On this form is a line where all travelers

must sign attesting that the travel claim is true and correct, that expenses were incurred as part of official duties, and that they have complied with every aspect of Section 106, part 7 of the City's Ordinance code. We found that the Mayor did not sign or even initial 12 of the 34 travel forms he submitted for his trips taken during our audit period. The remainder of all of his travel forms were only initialed. An email from the Chief Financial Officer to the travel coordinator within the Accounting Division indicated that the Mayor would only be required to initial his travel forms. This is contrary to travel documentation for all other employees.

### **Recommendation to Finding 8**

As required by the City's Municipal Code and Travel Regulations, we recommend that all parts of the travel form be filled out and that full signatures, rather than just initials, appear on the travel form for all travelers, including the Mayor.

### **Mayor's Office Response to Finding 8**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*The Mayor's Office has only recently been made aware of the cited email from the Chief Financial Officer to the Accounting Division travel coordinator. However, since June 2013, the Mayor has been signing all travel forms with his full signature rather than with initials.*

### **Finding 9 \*Inaccurate Travel Forms\***

For the 82 trips that we reviewed for the Mayor's Office, we found several inaccuracies on the travel form. Per Section 1.06 of the City's Travel Regulations, travel forms are required to be completed for all travel conducted on behalf of the City. More specifically we noted the following:

1. The \$25 fee charged by the travel agent for arranging travel was not properly allocated to four travel forms that we reviewed.
2. Flight change fees totaling \$300 were not included on two travel forms, thereby not reflecting the true cost of the trips.
3. An incorrect per diem on one trip resulted in an overpayment of \$40.
4. Two travel forms contained inaccurate cost information. In one instance a flight change fee of \$148 was reported on the travel form even though it does not appear to be a cost incurred by the City, thereby overstating the reported travel costs. In the second instance, airfare costs of \$136 along with a \$65 airfare credit (net of \$71) were not reported on the travel form, thereby understating the reported travel costs.

### **Recommendation to Finding 9**

We recommend that the travel coordinator within the Mayor's Office review all completed travel forms for accuracy prior to filing the reports with the Accounting Division to ensure that all

costs, including any travel agent fees and flight change fees, have been included. All costs reported on the travel forms should be substantiated by the appropriate documentation.

**Mayor's Office Response to Finding 9**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*We agree with the above recommendation. However, as to Finding 9 itself, some context is necessary.*

*These four (4) inaccuracies cited are out of "82 trips reviewed for the Mayor's Office." Moreover, these inaccuracies occurred at a time in 2011 when the City still utilized the services of an outside travel agent and relied upon the former Administrative Services Division (ASD) to assist with travel. In 2012, the Mayor's Office launched an effort to ensure that both mayoral and staff travel is properly memorialized and documented. Through that review, we enhanced the review of travel forms, created checklists to ensure proper memorialization and documentation for the Mayor's travel, reassigned travel responsibilities to new staff and conducted travel trainings with City employees.*

*Specifically as to point 1, the Finance Department staff member completing the form for the relevant Finance Department employees simply overlooked including the necessary \$25.00 travel agent fee on the form.*

*Specifically as to point 3, it appears that the Accounting Division marked through a portion of the per diem but forgot to subtract it from the final total. We have consulted with the city employee who received the \$40.00 overpayment through no fault of his own, and he has reimbursed the City.*

**Finding 10 \*Subsequent Submittal of Travel Documentation\***

During the course of the audit, we found that twenty-seven trips were missing travel forms or other supporting documentation. After repeated verbal requests for this information, on January 7, 2013, my office sent an email to the travel coordinator within the Mayor's Office requesting such documentation. On March 25, 2013, subsequent to the completion of the majority of testing and the initial drafting of this report, the Mayor's Office provided the requested documentation. It appeared that many of the subsequently provided travel forms had just been created since some forms did not include dates and others included recent dates. Because of the delayed response from the Mayor's Office concerning this travel, we did not perform the same level of testing on these trips. However, based on limited testing, we noted the following overall issues:

1. The sixteen travel forms that we had previously reported as missing were provided. However, we are unable to verify that these travel forms existed prior to our request.
2. Several travel forms were not dated and therefore we were unable to determine if they were filed within the five working days specified in the Municipal Code to properly

account for trip costs. Other travel documents were definitely not completed within five days of return as required by the City’s Travel Regulations.

3. Economical modes of transportation and lodging were not always selected. For example, we noted a hotel cost of \$610 per night for one trip and a taxi cost of \$352 for another trip. Late planning for one trip resulted in a hotel cost of an additional \$40.
4. Flight change fees totaling \$394 were incurred related to the cancellation and rescheduling of a trip.
5. Choice seating was selected for airline travel without the required airline documentation being on file showing that these were the only seats available.
6. Approvals were not obtained in advance of travel.
7. The Mayor merely initialed his travel forms, but never signed any of his travel forms.
8. The Mayor repaid the City three months after the trip for approximately \$67 in incidentals.
9. There was no receipt on file for lodging totaling \$289 for one trip.
10. One trip taken by the Mayor had associated costs that were paid for by an outside organization that were not disclosed to the State in a timely manner, which was a violation of State law. See below chart.

Organization	Description	Cost	Destination	Trip Date	Month/Year Disclosure Form Filed with State	City Reimbursement Date
Rockefeller Group	Hotel and Conference	\$55	Tarrytown, NY	8/9/12 to 8/10/12	Form 9 filed July 31, 2013 (State law required disclosure by December 31, 2012)	2/26/2013
	Meals	\$96				2/26/2013

This gift was not included on the City’s Gift Registry as of April 5, 2013, when initial audit work was being wrapped up; however it has subsequently been added.

**Recommendation to Finding 10**

Overall, the Mayor and his staff need to comply with the rules and regulations of the Municipal Code and the Travel Regulations. Administrative staff within the Mayor’s Office who oversees the submittal of travel expenses should be properly trained to ensure that they are adhering to all requirements and providing all appropriate supporting documentation. Additionally, applicable state and local law should be adhered to concerning the acceptance of gifts and the proper reporting of such gifts.

**Mayor’s Office Response to Finding 10**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*As to point 1, all requested travel forms and supporting documentation were provided to the Council Auditor's Office for its review. As we previously told the Council Auditor's Office, any delay in submitting travel forms or other supporting documentation was the result of an internal miscommunication.*

*As to point 2 and as stated above, City policies and procedures are inconsistent as to when final travel forms must be completed and submitted. Though the ordinance and travel regulations specify five (5) working days, the Travel Form Instructions available on the intra-City webpage indicate a period of ten (10) working days. The Travel Advance Check Off list, which is also available on the intra-City web page, does not provide a time frame in which to submit forms.*

*In many cases, five (5) working days is insufficient time to ensure that a travel form is fully completed, documented, reviewed, checked for accuracy, and approved. For example, the Mayor's travel form is reviewed by either the Chief of Staff or the Chief Administrative Officer and the Office of General Counsel before it is presented to him for final review and signature.*

*We have directed the Accounting Division to work with the Mayor's Office travel coordinator, the Council Auditor's Office, the Office of General Counsel and, if helpful or necessary, other departmental travel coordinators to determine an appropriate amount of time for the final completion of travel forms following the end of travel. The resulting recommendation is due to the Chief Financial Officer no later than close of business on Thursday, July 31, 2014.*

*As to point 3, lodging for the September 2012 New York trip was booked at the hotel in which the conference was being held. The August 2012 Tarrytown trip incurred a ground transportation charge between LaGuardia Airport and the conference site.*

*As to point 4, the New York, NY trip on 9/22/12 incurred change fees totaling \$394. Part of this amount (\$244) resulted from the outbound flight being moved a day earlier to accommodate the meeting schedule. The second part of the amount (\$150) resulted when the Mayor's return was inadvertently scheduled on the wrong day and had to be corrected.*

*As to point 5, air transportation is booked for economy seating unless it is not available. Other types of seating are only used when economy seating was unavailable. We are working to ensure that all necessary supporting documentation is included with travel forms.*

*As to point 6, we have reminded the Accounting Division and Mayor's Office staff to avoid purchasing staff travel without a signed and dated approval of section 1 of the travel form.*

*As to point 7, since June 2013, the Mayor has signed all travel forms with his full signature.*

*As to point 8, you are correct that the Mayor repaid the City for incidental charges of approximately \$67. He did not want taxpayers paying for these incidental charges.*

*As to point 9, we have obtained an additional copy of the receipt for the September 2012 lodging and have added that receipt to the relevant travel form.*



*As to point 10, the Mayor did not initially file personal gift disclosures with the Florida Commission on Ethics due to an opinion from the Office of General Counsel that these travel expenses were a gift to the City under Chapter 113 of the Ordinance Code. However, travel expense contributions were disclosed on the public gift registry, memorialized in public documents, and provided to the news media. Following some debate over the OGC opinion about gifts to the City, the Mayor's Office reimbursed the relevant travel expenses. Following the above-referenced legal opinion from the Florida Commission on Ethics, the Mayor has filed the necessary Form 9 documentation for all relevant trips.*

**Finding 11 \*Excessive Flight Cancellations Resulting in Additional Costs for Flights\***

For the period of July 1, 2011 through October 31, 2012 and for the additional flights we reviewed as stated in our scope and methodology above, we found that the Mayor had nineteen (19) flight cancellations for thirty-five (35) trips. When a flight is cancelled it may be applied to future airfare booked with the same airline. The future trip is issued in the name of the traveler and must be used within one year of issuance. This is standard airline policy.

Eighteen (18) of the cancellations were applied to future flights and one (1) cancellation was refunded back to the City. Four (4) of the future flights expired within one year of issuance. The total cost associated with the expired flights was \$2,359. Total additional costs resulting from change fees and differences in airfare between cancelled flights and new flights were \$3,880.

We also found that the cost of a flight to New York for four City employees was incurred twice resulting in total airfare costs of \$4,789. The original trip was scheduled for April 10, 2012 for a total cost of \$2,249. This trip was cancelled and the airfare was to be used for future flights by those personnel. Per the airline, these future flights are still on file and will expire March 29, 2013. The trip was rescheduled with a different airline for April 15, 2012 and therefore the original flights were not used by the four employees. The cost of the new flight was \$2,540 for the four employees. The additional cost of \$2,540 could have been avoided if the future flights on file with the first airline had been used.

**Recommendation to Finding 11**

We recommend that the current method of scheduling the Mayor's engagements be reviewed since more than half of the flights booked were later cancelled. We also recommend that documentation be maintained for all cancelled and future flights that are on file with airlines. This will allow responsible parties to track cancellations for all personnel so that future trips do not incur additional airfare fees when flights that have already been paid for are on file with the airline. This will also ensure that unused credits are used before they expire so that public funds are not wasted.

**Mayor's Office Response to Finding 11**

Agree                       Disagree                       Partially Agree

*This audit reviewed the period from July 1, 2011 through October 31, 2012, or approximately the first year of the administration.*

*In the spring of 2012, the Mayor's Office initiated a review to ensure that both mayoral and staff travel is properly memorialized and documented. That review accelerated with the hiring of a new Mayor's Office travel coordinator in May 2012. Through this effort, we enhanced the review of travel forms, created checklists to ensure proper memorialization and documentation for the Mayor's travel, reassigned travel responsibilities to new staff and conducted travel trainings with City employees.*

*While the nature of a Mayoral schedule makes some cancellations inevitable, the Mayor's Office will seek to limit cancellations as often as possible.*

*The Mayor's Office maintains both an electronic and hard copy file of canceled flights and resulting credits so that those credits can be used for future travel. We now use a spreadsheet as well. Cancellations and credits are documented in the electronic and hard copy files and on the spreadsheet for future use.*

**Finding 12 \*Mayor's Purchasing Card Transactions Not Posted to the City's Accounting System in a Timely Manner\***

Although outside of our audit scope, we noted that nineteen purchasing card (P-Card) transactions for travel were not approved by the Mayor in the P-Card transaction tracking system, and therefore were not properly posted to the City's Accounting system within a timely manner. The P-Card transaction system is used by the City to track P-Card transactions for the City. Once transactions are approved in the P-Card system, they may be uploaded to the City's Accounting system so that purchases are properly reflected. The City's P-Card Policies and Procedures require that all transactions be approved in the system within three days of posting.

These transactions occurred during the period of November 8, 2012 to December 29, 2012 and had not been posted to the City's Accounting System as of February 22, 2013. The 19 transactions totaled \$6,175. At the time of these purchases there was no travel budget for the Mayor's Office to support these transactions. A transfer directive (TD) for \$7,000 was approved on January 29, 2013.

**Recommendation to Finding 12**

We recommend that the Mayor's Office approve P-Card transactions in accordance with the P-Card Policies and Procedures to ensure that transactions are properly posted to the City's Accounting system within a timely manner. Additionally, if funds are not available, transactions should not be conducted using the P-Card.

**Mayor's Office Response to Finding 12**

Agree                       Disagree                       Partially Agree

*Finding 12 was outside of the audit scope. It resulted from the absence of a Mayor's Office travel appropriation in Fiscal Year 2012-2013.*

*As you know, the Mayor's Office did not ask for a travel appropriation in the budget for Fiscal Year 2012-2013 (October 1, 2012 to September 30, 2013). In an effort to save taxpayers money, the Mayor originally intended to utilize public-private partnerships to fund mayoral travel. As such, the City Council appropriated \$1 to the Mayor's Office travel line item. As we said at the time, the goal was to set up a public-private travel partnership process that is appropriate, transparent, and consistent with city and state law. In keeping with that goal, General Counsel Cindy Laquidara sent her request for an advisory opinion to the Florida Ethics Commission on November 5, 2012.*

*Anticipating that some travel expenses would be incurred before Ms. Laquidara heard back from the Florida Ethics Commission and then implemented whatever opinion it rendered, we asked the City Finance Department for budget/accounting guidance and the Office of General Counsel (OGC) for legal guidance on how to pay for that travel in this interim period.*

*Finance recommended utilizing the normal Transfer Directive (TD) process to transfer funds to the travel line item (which had \$1) to cover costs until such time as the Florida Ethics Commission provided its advisory opinion and we could implement the guidance from that opinion. OGC approved that recommendation from a legal perspective.*

*As a result, three travel-related Transfer Directives (TDs) were executed:*

- 1. On January 18, 2013, \$9,811.00 was transferred from the Mayor's Executive Operating Contingency to two accounts: \$7,000.00 to the Mayor's Office travel line item, and \$2,811.00 to the Duval Delegation Office travel line item. The latter transfer was to facilitate Mario Rubio's travel to Tallahassee in his capacity as the City's Director of State Policy.*
- 2. On March 8, 2013, \$4,400.00 was transferred from the Mayor's Executive Operating Contingency to the Mayor's Office travel line item.*
- 3. On April 22, 2013, \$26,650 from the former Administrative Services Division (ASD) was transferred to the Mayor's Office travel line item.*

*The Fiscal Year 2013-2014 budget contained a Mayor's Office travel appropriation, and the Mayor's Office travel coordinator is charged with ensuring that the account has sufficient funds to accommodate travel purchases.*

## **OPPORTUNITIES FOR IMPROVEMENT**

### **Opportunity for Improvement (OFI) 1\* Disclosure of Honorarium Expenses\***

Under the current local and state laws, if a prohibited party, such as a principal of a lobbyist or a City vendor, pays for travel on behalf of the Mayor and the Mayor speaks at an event while he is on the trip, these payments would be treated as honorarium and a Form 10 disclosure form would need to be filed with the state by July 1<sup>st</sup> of the year following the trip. However, if a non-prohibited party, such as a foundation or non-profit, pays for travel on behalf of the Mayor and

the Mayor speaks at an event while he is on the trip, the Mayor is free to accept this payment on his behalf without having to file any disclosure forms with the state. See the below chart of examples of trips for which no disclosure would be required.

Received By	First Day of Trip	Month/Year Added to City's Gift Registry	Month/Year Disclosure Form Filed with State	Donor	Amount	Destination	Date City Reimbursed Donor	Comment
Mayor	7/25/2011	Sep-12	Form 10 (Honorarium) Not Filed	Nat'l Urban League	\$ 251	DC/Boston, MA	3/7/2013	
Mayor	5/6/2012	Sep-12	Form 10 (Honorarium) Not Filed	Robin Hood Foundation	\$ 263	New York, NY	3/8/2013	Of the \$263 cost, \$249 was reimbursed by the City.
Mayor	5/14/2012	Sep-12	Form 10 (Honorarium) Not Filed	City Year	\$ 331	Washington, DC	6/17/2013	Of the \$331 cost, \$289 was reimbursed by the City.
Mayor	9/26/2012	Unknown	Form 10 (Honorarium) Not Filed	National Black MBA Assoc.	\$ 383	Indianapolis, IN	3/7/2013	

Therefore, it appears that by simply having the Mayor speak at an event, disclosure is avoided when a non-prohibited party is involved. As a result, full transparency on such transactions is lost.

**Recommendation to OFI 1**

Ordinance 2013-351-E, which was enacted in August 2013, requires that that the Ethics, Compliance and Oversight Office and the Office of the General Counsel approve in writing any receipt of funds or reimbursement for travel as a gift to an individual from any other non-prohibited party for City business. However, the local law does not require that any such trips paid for by non-prohibited parties be disclosed on the City's Gift Registry. Therefore, in order to be more transparent, we recommend that any payments received by the City or reimbursed to the City for travel as a gift to an individual from any non-prohibited party be added to the City's Gift Registry.

**Mayor's Office Response to OFI 1**

Agree       Disagree       Partially Agree

*The Mayor's Office fully agrees with the spirit of this recommendation. However, it may conflict with Florida law, which specifically excludes honorarium event related expenses from the statutory definition of "gift". See Section 112.312(12)(b)(3), Florida Statutes.*

*In order to provide the necessary transparency, we have already established a separate honorarium-related event expense registry available on the City of Jacksonville Government Transparency and Public Accountability web page at <http://www.coj.net/public-accountability.aspx> so it can be monitored by the Office of Public Accountability and easily accessed by the public.*

*Please note that the chart on page 25 requires context. The Mayor did not file disclosures for the cited honorarium event-related expenses because no disclosures were required under the law. However, the expenses were disclosed on the public gift registry, memorialized in public documents, and provided to the news media.*

**Opportunity for Improvement (OFI) 2\* Placement of Gifts on City's Gift Registry\***

The City's Gift Registry is posted on the Mayor's website and is intended to reflect all gifts received by the Mayor or his Executive Departments. Presently, when gifts are added to the registry, there is no record kept of when the gift is actually added to the registry. For example, a gift received in September 2011 may not be recorded on the gift registry until September 2012. The gift is recorded by the date of when the gift was received, and not when it was actually posted. In this example, once the gift was posted under the September 2011 gifts section, no one could easily see that it took almost a year for it to be posted. This is misleading and allows gifts to be reported well after they are received, without being easily detected.

**Recommendation to OFI 2**

In order to have the utmost transparency, a column should be added that reflects the actual date the gift is posted to the City's gift registry, along with the date on which the gift was initially received by the individual.

**Mayor's Office Response to OFI 2**

Agree                       Disagree                       Partially Agree

*The Mayor's Office agrees with this recommendation and has already implemented it. Moreover, we have moved the City's gift registry to the the City of Jacksonville Government Transparency and Public Accountability web page at <http://www.coj.net/public-accountability.aspx> so it can be monitored by the Office of Public Accountability and easily accessed by the public.*

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We appreciate the assistance and cooperation we received from the Chief Financial Officer and the Mayor's staff throughout the course of this audit.

Respectfully submitted,

Kirk A. Sherman, CPA  
Council Auditor