



Council Auditor's Office 2020/21 Annual Report

Special Report #853

Executive Summary

Authority

The position of the Council Auditor is established by Section 5.10 of the Charter of the Consolidated Government of the City of Jacksonville. The Council Auditor is appointed by the City Council and is the Director of the Council Auditor's Office, a department of the legislative branch of the consolidated government.

The Council Auditor is responsible for conducting a continuous internal audit of the fiscal operations of the consolidated government and all independent agencies. Audits are selected based on risk factors, reported problems in an area, or at the request of City Council.

The Council Auditor's Office also conducts legislative review and performs other forms of research as Council Committees, the Council President or individual Council Members may request.

The office is also tasked with developing specifications to be included in the request for proposal for the selection of an outside audit firm for the City's annual independent audit.

Our Product

Audit

We issued five performance audit reports and three attestations. In total, we identified 33 Findings, 17 Internal Control Weaknesses, and 5 Opportunities for Improvement in our audits aimed at improving the City's operations and protecting the City's assets. One of the performance audits identified that departments were overbilled \$19 million and were scheduled to be overbilled another \$43 million from the City's internal Debt Management Fund by 2047. We also issued 16 reports that were follow-ups on prior audits to determine whether our recommendations from the audit were implemented. Staff assisted the external auditors on the audits of the City and JEA, saving the City and JEA over \$60,000.

Legislation

We reviewed 533 legislative bills. Through our legislative review, we made recommendations that were accepted and allowed the City to utilize identified savings for alternative purposes and avoid appropriating funds that were not necessary of over \$700,000.

We also devoted significant time to the proposed Lot J development reviewing the numerous versions of agreements, discussing details with City staff and the developers, expressing concerns on risks to the City, and preparing presentations for City Council.

Additionally, the office is responsible for reviewing the proposed budget for the City and its Independent Authorities. Our review of the Mayor's Proposed Budget resulted in recommendations that increased revenues by \$2.1 million and reduced expenditures by \$1.3 million, which created savings totaling \$3.4 million. We also made a recommendation that helped reduce borrowing by \$4.8 million.

Special Projects

We issued seven special reports and conducted numerous other special projects throughout the year. The special reports included our Quarterly Summary Reports and Budget Summary Report.



Council Auditor's Office

Annual Report FY 2020/21

November 30, 2021

Special Report #853

ANNUAL REPORT

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



November 30, 2021

Special Report #853

Honorable Members of the City Council
Jacksonville, Florida

The annual report of the City Council Auditor's Office of Jacksonville, Florida for the fiscal year ended September 30, 2021 is presented for your review. This report provides a description of the mission and goals of the Council Auditor's Office and an explanation as to the types of work performed.

The office issued 31 reports, in addition to performing many special projects and providing numerous hours reviewing legislation and attending meetings of City Council and its committees. Like many areas, our work was impacted by COVID-19; however, we utilized technology and adjusted plans as needed to ensure we were continuing to provide a benefit to the City. A summary of the reports, along with highlights of significant legislation, is included. The Council Auditor's Office also provided staff time to assist in the external financial audits of the City and JEA.

In addition to issuing reports, performing special projects and reviewing legislation, more than 3,700 staff hours were spent from July through September 2021 reviewing the proposed fiscal year 2021/2022 budgets for the City and its Independent Agencies, preparing handouts with recommendations, and researching numerous questions for Council Members.

MISSION AND GOALS

Charter Authority of the City Council Auditor

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

Our Mission

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

OUR WORK PRODUCTS

Our office performs three essential functions: audits, special projects, and legislative review.

Audit Function

Overview

The audit function of the office conducts performance audits in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), attestations in accordance with the American Institute of Certified Public Accountants (AICPA) and/or GAGAS, and assists the external auditors with the City's Annual Comprehensive Financial Report (ACFR) and JEA's Annual Financial Report. Audit work accounted for over 15,000 hours of the overall time of our office in FY 2020/21. The standards that we utilize require due professional care in conducting audits, professionally qualified staff, independence, adequate supervision and planning of audit work, reporting of audit results, and periodic review of the office by outside professionals. This enhances the quality of our work product which enables users to place greater reliance on our work.

We select areas to audit based on several factors. We consider areas that provide services to the government and community that may have potential for improvement in the areas of economy and efficiency. Areas at risk for the misuse of assets or resources are more likely to be selected for audit. We also consider areas with a high volume of complaints or concerns identified by the City Council, Mayor, and management. The length of time since our last audit and the internal and external oversight of the area by other parties are considered. Appropriate staff is assigned to the audit based on individual staff qualifications and the number of staff needed to conduct the audit. See Exhibit A and Exhibit B for a listing of the FY 2020/21 reports and a brief summary of the FY 2020/21 reports, respectively.

The Municipal Code requires the offices of the Clerk of Court, Property Appraiser, Sheriff, Supervisor of Elections, and Tax Collector to be audited by the Council Auditor's Office no less than once every five years. The office is in compliance with this requirement.

Performance Audits

A performance audit is an engagement that provides objective analysis, findings, and conclusions to assist management and those charged with governance.¹ This type of auditing may also include steps to determine if the City is in compliance with contracts, laws, regulations and procedures. The benefit of audit work is not always quantifiable. Performance audits result in recommendations that will improve resource utilization, reduce the risk of loss or abuse of assets, increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

Results

We issued five performance audits during FY 2020/21. These five reports identified 33 findings, 17 internal control weaknesses, and 5 opportunities for improvement. Overall, these audits identified several process changes that could reduce costs and made multiple recommendations to address deficient system controls.

Of the items easily quantifiable, the performance audits identified that departments were overbilled \$19 million and were scheduled to be overbilled another \$43 million from the Debt Management Fund by 2047. These overbillings took away from the ability to fund other governmental services. There were many other items found that would impact revenue and expenditures, but due to their nature were not as easily quantifiable.

Attestations

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

Results

We issued three attestations during FY 2020/21, which were required by Florida Statutes. We identified four internal control weaknesses, two findings, and one opportunity for improvement during this work.

External Auditors

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

¹ Comptroller General of the United States, *Government Auditing Standards 2018 Revision Technical Update April 2021* (Washington, DC: U.S. Government Printing Office, 2021), p.10-11

² Comptroller General of the United States, *Government Auditing Standards 2018 Revision Technical Update April 2021* (Washington, DC: U.S. Government Printing Office, 2021), p.15

The Council Auditor's Office also provides staff to assist with the audit work performed on both the City and JEA's annual financial audits. Our office provided a total of 700 hours to assist Carr, Riggs and Ingram, LLC with the annual financial statement audit for the City and a total of 160 hours to assist Ernst & Young, LLP with the financial audit of JEA.

Results

By providing assistance to the external auditors, we reduced the cost of the contracts by approximately \$60,000 and our staff gained valuable experience, information, and training for future audit work.

Follow-Ups on Audits

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

Results

During the fiscal year, we completed 16 follow-ups on audit reports. We noted that 76 findings, 34 internal control weaknesses, and 28 opportunities for improvement which had been reported as issues during those audits had been addressed by the various departments since our original audit or the latest follow up. This left 29 findings, 17 internal control weaknesses, and 13 opportunities for improvement that still need to be addressed related to 12 of the 16 reports that will be followed up on again in the future.

Special Project Function

Overview

The special project function releases special reports, which are typically in response to a request by a Council Member or involve a project substantially less in scope than an audit conducted in accordance with GAGAS. This area accounts for over 2,400 hours of the overall time of our office. See Exhibit A for a listing of FY 2020/21 reports and Exhibit B for a summary of the FY 2020/21 reports.

Special Reports

The Council Auditor's Office performs some reviews to fulfill the City Charter and Ordinance Code requirements of providing the City Council with reports of financial analysis and information pertaining to the operations of the City and its Independent Agencies. For example, in accordance with Section 106.421 of the Municipal Code, the Council Auditor compiles and reviews quarterly financial reports from the City and its Independent Agencies and presents reports thereon.

Results

We issued seven numbered special reports in FY 2020/21. These were primarily prepared to provide information to City Council and the citizens of Jacksonville regarding the City's and the Independent Agencies' financial position and our office's work. As it relates to the City, we only received a quarterly financial report for the period ended September 30, 2020.

Special Projects

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

Results

One special project that occurs every year is the annual Recapture of General Fund subsidies to General Fund Supported Funds as outlined in Section 106.106(i), Ordinance Code. After our review, the General Fund recaptured \$12,484,916. This was a decrease of \$858,273 from the amount that was proposed by the Administration to be recaptured. Also, as required by the annual Budget Ordinance 2020-504-E, we coordinated with the Department of Finance and Administration to identify a subfund that was unlikely to generate sufficient revenue through the remainder of the fiscal year to cure its negative cash position. The one fund identified (City Venues) had its negative cash balance addressed with Ordinance 2021-463-E.

City Grants

Per Chapter 118 of the Municipal Code, the Council Auditor's Office is tasked with overseeing the proper submission of annual audits and financial reports by agencies which receive City of Jacksonville grant funding. In addition to assuring that the audits and financial reports are submitted by the required deadlines, the Council Auditor's Office also reviews the audits and financial reports. The Council Auditor's Office has the authority to remove entitlement of grant funding from an agency that does not follow the provisions of Chapter 118. The Council Auditor's Office maintains a "non-compliance list," which includes all agencies that are out of compliance with their grant contract or Chapter 118. Entitlement is re-instated upon correction of non-compliance or as directed by legislation approved by City Council.

Results

During FY 2020/21, no organization was added to the non-compliance list. However, as of September 30, 2021, there were still 38 organizations that remain on the non-compliance list.

Legislative Function

Overview

The legislative review function reviews all legislation for all of the Council Committees, with the exception of the Land Use and Zoning Committee, and attends all City Council meetings. It is the role of this team to provide transparency and accountability to each legislative bill that is reviewed. The legislative review function accounted for approximately 10,900 hours of the overall time of our office in FY 2020/21, which includes over 3,700 hours related to the annual budget review. The following more specifically describes the scope of work performed.

Legislative Review

The legislative review function is performed by staff members in order to provide Council Members with information regarding areas of potential improvement, full disclosure of financial impacts, errors requiring correction and other possible outcomes of pending legislation to assist Council Committees in their decision-making process. Some of the general categories of

legislation reviewed are capital project approval and appropriation, grant contracts and appropriations of funds, lease agreements, appointments, and redevelopment agreements.

Results

The legislative review process provides City Council Members with information and research that adds to the resources available for their decision-making process. During FY 2020/21, we reviewed 533 legislative bills, including multiple economic development agreements. Several of these bills which required a significant amount of analysis and/or time to review are detailed in Exhibit C.

Through our legislative review, we made recommendations that were accepted and allowed the City to utilize identified savings for alternative purposes and avoid appropriating funds that were not necessary (Ord. 2020-679-E - \$730,000) as well as that added additional protections for the City in various bills (e.g., Ords. 2021-495-E, 2021-437-A, and 2021-23-E).

One legislative item that involved a significant level of review, discussion, analysis, and reporting was the proposed development of Lot J near TIAA Bank Field. Several staff members spent the better part of over three months reading the numerous versions of the various agreements for the negotiated development, while others contributed at various stages of the review. Time was spent with City staff, City attorneys, and representatives of the Developer understanding the associated responsibilities of all parties, expressing concerns over the financial risks to the City, and documenting the intricacies of the development proposal for presentation to the City Council Committee of the Whole meetings.

Budget Review

The Council Auditor's Office is also responsible for reviewing the proposed budgets for the City and its Independent Agencies. This review entails an extensive analysis of revenue and expenditures on a line-item basis, along with statistical calculations and a review of material changes in funding for expenditures. Our staff interacts with the Budget Office, City Departments, Constitutional Offices, and Independent Agencies to complete our analysis and obtain answers to questions regarding budget requests. Over 3,700 staff hours were spent mainly from July through September 2021 reviewing the fiscal year 2021/22 budget proposal. We recently released Report #852 summarizing the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

Results

The total City budget for FY 2021/22, including Independent Agencies, was approved by the City Council at \$6,594,611,778. Our review of the Mayor's Proposed Budget resulted in recommendations that increased revenues by \$2,081,669 and reduced expenditures by \$1,310,799, which created savings totaling \$3,392,468. Additionally, we made a recommendation that helped reduce borrowing by \$4,794,902. These savings and other reductions identified by the Finance Committee were utilized to offset items with a negative impact to the budget that were identified during our review and to help fund other initiatives of the City Council.

Assistance to Special and Ad Hoc Committees

The Council Auditor's staff attends special committee meetings to provide background information and aid committee members in their review and deliberations on tasks assigned to the committee. Staff participated in meetings associated with the Better Jacksonville Plan, the Duval County Tourist Development Council, the Taxation, Revenue, and Utilization of Expenditures (TRUE) Commission, as well as various special committees noted below. The Council Auditor's Office attended all of the Special Committee meetings listed on the following page throughout the fiscal year and provided background and financial information as requested.

Special Committees

- Special Committee on Opioid Epidemic, Vaping & Mental Health Resources
- Special Committee on Resiliency
- Special Committee on Social Justice and Community Investment
- SAFER Together Workshops
- The Special Committee on the Jacksonville Small and Emerging Business Program
- Special Committee on Parks and Quality of Life
- Special Committee on Assessing the City's Building and Development Permitting Processes

OFFICE OPERATIONS

Our Structure

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

Staffing

Pursuant to the FY 2020/21 budget, the office was authorized to fill 19 full-time positions. Positions include the Council Auditor, an Assistant Council Auditor, 16 auditors and an administrative assistant (refer to Exhibit D). All auditors have degrees in accounting, including several with graduate degrees. The Charter requires the Council Auditor to be a Certified Public Accountant (CPA). The audit staff members are CPAs or are in the process of preparing for or taking the CPA exam. We also have two staff members who are Certified Internal Auditors (CIAs).

Expenditures

The Council Auditor's Office had expenditures of approximately \$2.5 million in fiscal year 2020/21, as detailed in the following schedule:

Description	FY 2020/21 Estimated Expenditures*
Salaries	\$ 1,604,357
Pension	509,758
Other Employee Benefits	180,537
Internal Service Charges	122,427
Other Operating Expenses	38,460
	<u>\$ 2,455,539</u>

**Please note that the amounts are pending the final close out of the City's Annual Financial Audit.*

PROFESSIONAL DEVELOPMENT

Summary

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

Continuing Education

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

Professional Associations

The Council Auditor and other staff members were members of organizations such as the Association of Local Government Auditors, Governmental Finance Officers Association, the Florida Government Finance Officers Association, and the Institute of Internal Auditors.

Quality Assurance

In compliance with Government Auditing Standards, the Council Auditor's Office undergoes an external quality control review once every three years by an organization not affiliated with the Council Auditor's Office. We participate in the peer review program of the Association of Local Government Auditors through which our office had a peer review and was found to be in compliance with Government Auditing Standards in April 2018, with no management letter comments. This peer review covered all audits and attestations performed in accordance with Governmental Auditing Standards from January 1, 2015 through December 31, 2017. We were planning for a new peer review in the Spring of 2021 to cover the period of January 1, 2018 through December 31, 2020; however, the peer review program was suspended by the Association of Local Government Auditors due to the COVID-19 pandemic. The peer review program has begun to operate again and we are working to have our peer review during calendar year 2022.

We are still in compliance with Government Auditing Standards related to the peer review requirement due to automatic extensions put in place by the Government Accountability Office to address the timing of peer reviews impacted by the COVID-19 pandemic.

We appreciate the strong support given to us by the City Council. We continually work to find ways to improve our City and its Independent Agencies.

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor

EXHIBIT A
REPORTS RELEASED DURING THE YEAR

Performance Audits

Report No. 841	Supervisor of Elections Audit	February 22, 2021
Report No. 845	License Fees – Adult Bookstores	April 28, 2021
Report No. 846	Kids Hope Alliance Grants Audit	April 29, 2021
Report No. 848	Fleet Management Audit	June 9, 2021
Report No. 850	Debt Management Fund Audit	September 9, 2021

Attestations

Report No. 843	Sheriff’s Investigative Fund FY 2016/17	April 14, 2021
Report No. 844	Sheriff’s Investigative Fund FY 2017/18	April 14, 2021
Report No. 851	DAVID Compliance Attestation – Clerk of Courts	September 24, 2021

Special Reports – Excluding Follow-Ups

Report No. 837	Independent Agency Quarterly Summary for the Twelve Months Ended 9/30/20	December 15, 2020
Report No. 838	Budget Summary Report FY 2020/21	January 26, 2021
Report No. 839	Council Auditor’s Office Annual Report FY 2019/20	February 4, 2021
Report No. 840	Independent Agency Quarterly Summary for the Three Months Ended 12/31/20	February 12, 2021
Report No. 842	General Government Quarterly Summary for the Twelve Months Ended 9/30/20	March 5, 2021
Report No. 847	Independent Agency Quarterly Summary for the Six Months Ended 3/31/21	May 14, 2021
Report No. 849	Independent Agency Quarterly Summary for the Nine Months Ended 6/30/21	August 13, 2021

Follow-Ups on Audits

Report No. 736B	Follow-Up on Police and Fire Pension Fund Audit	October 5, 2020
Report No. 793A	Follow-up on Nonresidential Solid Waste Franchise Fees Audit	November 16, 2020
Report No. 809A	Follow-up on Hillwood Master Disposition & Development Agreement Audit	January 14, 2021
Report No. 798A	Follow-up on JTA Paratransit Audit	January 25, 2021
Report No. 752B	Follow-Up on Mayor’s Travel Audit	February 4, 2021
Report No. 767A	Follow-Up on the Clerk of Courts Audit	February 19, 2021
Report No. 778B	Follow-up on Jacksonville Aviation Authority Payroll Audit	March 17, 2021
Report No. 812A	Follow-up on Landfill Contract Audit	March 17, 2021
Report No. 749B	Follow-up on JTA Accounts Payable Audit	March 23, 2021
Report No. 805A	Follow-up on Building Inspection Division Audit	March 24, 2021
Report No. 808A	Follow-up on Communication Tower Audit	March 30, 2021
Report No. 800A	Follow-up on City Wire Transfers Audit	June 9, 2020
Report No. 811A	Follow-up on Mobility Fees Audit	June 10, 2020
Report No. 763B	Follow-up on JTA Payroll Audit	July 6, 2021
Report No. 769A	Follow-Up on State Housing Initiatives Partnership Audit	July 14, 2021
Report No. 813A	Follow-Up on Tourist Development and Convention Development Taxes Audit	September 23, 2021

All reports are public record and are available to the public.
www.coj.net/City-Council/Council-Auditor.aspx

EXHIBIT B
SUMMARY OF REPORTS

Performance Audits

Supervisor of Elections Audit

Report #841 – February 2021

The Supervisor of Elections Audit was performed to meet the requirements of Municipal Code Section 102.118, which requires the Council Auditor’s Office to audit each of the constitutional officers at least once every five years. Our audit focused on whether payments made to election workers were accurate and properly supported.

Significant Issues:

- The Supervisors of Elections Office did not have any procedures or documentation regarding the review of access rights for the Election Workers payment program and we found where many users had inappropriate access.
- There was a lack of adequate review of payment amounts to election workers.
- There were inadequate access controls for the election worker payroll calculation spreadsheet.
- Some year-round part-time employees of the Supervisor of Elections office were paid using the election workers payment system instead of being paid from the City’s payroll system as they normally were, leading to instances of inaccuracies for some payments.
- In some instances, election related timesheets were not completely filled out, such as leaving the time in/out blank or not having the proper supervisory approval.

License Fees – Adult Bookstores

Report #845 – April 2021

We conducted an audit of the City’s activities related to the “adult bookstores” as defined by Section 150.103(a) of the Municipal Code. Our audit focused on whether there were written processes and procedures in place for the Sheriff’s Office to properly assess and collect fees against adult bookstores as required by Chapter 150 of the Municipal Code.

Significant Issues:

- JSO did not have any applications for adult bookstore licenses since the implementation of Chapter 150 and no payments had been received at the time of our audit.
- The written standard operating procedures for the division that is in charge of compliance with Chapter 150 of the Municipal Code at JSO did not have sufficient detail on the application process and managing of licenses for adult bookstores.
- The Planning and Development Department did not have written standard operating procedures for the adult bookstore certificate of use issuance process.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Kids Hope Alliance Grants Audit

Report #846 – April 2021

We conducted an audit of the grants received by the City through the Kids Hope Alliance (KHA) and its predecessor, the Jacksonville Children’s Commission. Our audit focused on whether KHA properly managed grants received in accordance with requirements specified by the respective grantors in the binding agreements.

Significant Issues:

- KHA lacked written standard operating procedures, which likely contributed to many of the issues noted below and otherwise in the report.
- Grants that ended were not closed out in a timely manner and unused funds that remained were often reclaimed or re-purposed by KHA without securing evidence of the grantor’s authorization to do so.
- We noted compliance issues for more than half of the non-financial requirements included in our test.
- Grant opportunities, including KHA match requirements, were not always properly disclosed to the KHA Board before KHA pursued them, contrary to the Board’s requirement.
- We found various issues related to how KHA retained records related to the grants they received.
- We found instances where KHA requested untimely reimbursement from the grantor or utilized City matching funds to pay for costs that were not allowable per the respective binding agreements of the grants in our test.

Fleet Management Audit

Report #848 – June 2021

We conducted an audit of the Fleet Management Division. Our audit focused on whether the Fleet Management Division had proper and accurate inventory records of City motor vehicles and equipment; whether motor vehicle and equipment purchases were accurate and in compliance with City procurement policies; and whether decommissioned motor vehicles and equipment were properly disposed of and revenue generated from the sale was accurately collected and deposited.

Significant Issues:

- Agencies were not always billed for the cost of all their vehicle replacements.
- Not all municipal code reporting requirements of Fleet Management to City Council and approval processes for deferring replacement of vehicles were followed.
- Surplus vehicles were not always placed in auction in a timely manner.
- Acquisition of new vehicles and the disposition of old vehicles were not always timely updated in the Capital Asset Inventory System maintained by the Accounting Division.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Debt Management Fund Audit

Report #850 – September 2021

We conducted an audit of the Debt Management Fund. Our audit focused on whether the Debt Management Fund had collected and scheduled to collect funds from the appropriate funding sources to meet the Debt Management Fund's portion of the City's external debt service payments. This audit identified that departments were overbilled \$19 million and were scheduled to be overbilled another \$43 million from the City's internal Debt Management Fund by 2047.

Significant Issues:

- Lack of documented procedures related to the loan management system.
- Issues with the initial set-up of internal loans resulting in overcollections.
- Various issues with the actual collection of internal loans.
- Issues with duplicate internal loans created in the loan management system resulting in some double billing.
- Issues with restructuring of internal loans after refunding of external bonds or when funds were transferred to other projects.

Attestations

Sheriff's Investigative Fund FY 2016/17 and FY 2017/18

Reports #843 (April 2021) and #844 (April 2021)

This attestation is required by Section 925.055(2) of the Florida Statutes. We examined and expressed an opinion on a schedule of Cash Receipts and Disbursements of the Criminal Investigative Fund of the Office of the Sheriff. We found the schedule presented fairly, in all material respects, the receipts and distributions of the Criminal Investigative Fund for the applicable periods.

David Compliance Attestation – Clerk of Courts

Report #851 – September 2021

This attestation is required by the Memorandum of Understanding (MOU) between the Florida Department of Highway Safety and Motor Vehicles and the Duval County Clerk of Courts. We examined and expressed an opinion on the internal controls in place to protect personal data in the Driver and Vehicle Information Database (DAVID) system from unauthorized access, distribution, use, modification, or disclosure pursuant to the MOU. We found there were adequate controls in place to protect personal data in the DAVID system from unauthorized access, distribution, use, modification, or disclosure pursuant to the Memorandum of Understanding between the Florida Department of Highway Safety and Motor Vehicles and the Duval County Clerk of Courts. All deficiencies/issues found during the review were corrected and measures enacted to prevent recurrence.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Special Reports

Budget Summary for FY 2020/21

Report #838 – January 2021

The Budget Summary Report details the major points of the City Council approved budget for FY 2020/21. It details the major changes that occurred from the Mayor's Proposed Budget to the City Council Approved budget that were made by the Council based on the extensive review performed by our office and using the savings identified during our review.

Council Auditor's Office Annual Report FY 2019/20

Report #839 – February 2021

This report provides a summary of the activities and accomplishments of the Council Auditor's Office during the fiscal year ended September 30, 2020.

Quarterly Summaries

Reports #837 (December 2020), #840 (February 2021), #842 (March 2021), #847 (May 2021), #849 (August 2021)

The City and Independent Agencies are required to submit to the Council Auditor's Office quarterly financial reports by specified dates. The Council Auditor's Office is tasked with compiling the information and submitting a report to the City Council. The purpose of these reports is to identify budget problems as early as possible to allow for corrective action. While the Independent Agencies submitted a report each quarter, the City only submitted a quarterly summary for the period ended September 30, 2020. No other quarterly summaries were provided by the City during FY 2020/21 due to the City working through the implementation of its new financial system.

Follow-Up Reports

Reports #736B (October 2020), #793A (November 2020), #809A (January 2021), #798A (January 2021), #752B (February 2021), #767A (February 2021), #778B (March 2021), #812A (March 2021), #749B (March 2021), #805A (March 2021), #808A (March 2021), #800A (June 2021), #811A (June 2021), #763B (July 2021), #769A (July 2021), and #813A (September 2021)

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

EXHIBIT C
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2020-528-E:** Amended Ordinance Code Section 108.507 to provide for notice to the Office of General Counsel if a City employee or official intends to seek reimbursement from the City for outside counsel attorney's fees, set the reasonable rate for hourly fees, and require Council approval for reimbursement in excess of the reasonable rate.
- **2020-529-E:** Approved a 2021 limited retirement option providing for a six-month window for normal or early retirement for City, Jacksonville Housing Authority, and JEA employees participating in the General Employees Pension Plan.
- **2020-559-D:** Proposed a local option vessel registration fee as permitted by State law. This legislation was denied by Council.
- **2020-586-E:** Approved the Amended and Restated Use Agreement between the City and SZH Hockey, LLC for the Jacksonville Icemen's use of Vystar Veterans Memorial Arena.
- **2020-589-E:** Amended several sections of the Municipal Code to establish rules and procedures for the identification and removal of derelict vessels and floating structures.
- **2020-591-E:** Approved the redevelopment agreement and lease for the Armory building and approved the quitclaim deed with right of reverter for an adjacent City owned parcel.
- **2020-648-D:** Proposed approval of a redevelopment agreement for the City-owned parcel known as Lot J. This legislation was denied by Council.
- **2020-679-E:** Appropriated \$1,600,000 from the Florida Georgia game contingency account to provide a base payment of \$600,000 to each school and \$400,000 for advertising and promotion costs for the 2020 game.
- **2020-707-E:** Approved the redevelopment agreement for the renovation of the Independent Life building and authorized a \$3,000,000 grant from the Downtown Historic Preservation and Revitalization Trust Fund.
- **2020-757-E:** Amended Ordinance Code Chapter 655 (Concurrency and Mobility Management System) to revise the mobility fee calculation to provide an additional reduction in trips for demolished or repurposed, remodeled, or renovated structures, excluding the Downtown area.
- **2021-83-E:** Created the Public Nuisance Abatement Board and established its powers, duties and procedures, authorized hearings, and provided for remedies, orders and enforcement.
- **2021-100-W:** Authorized the borrowing of \$100,000,000 to provide funding for the phasing out of septic tanks. This bill was later withdrawn by City Council.
- **2021-113-E:** Appropriated \$7,500,000 from the General Fund/GSD fund balance to provide a \$1,000,000 grant and \$6,500,000 loan to Icemen Igloo, LLC for the purchase and development of a second ice rink.
- **2021-117-E:** Approved changes to the Jacksonville Small Emerging Business (JSEB) Program attempting to make the Program more successful and provide assistance to a larger number of businesses.
- **2021-118-E:** Appropriated a total of \$26,884,362 (\$14,384,362 of City funds and \$12,500,000 of JEA funds) to provide funding for the Christobel neighborhood septic tank phase out project.
- **2021-142-E:** Approved a park admission fee exemption for Gold Star families that are Duval County residents.
- **2021-155-E:** Appropriated \$350,000 from the General Fund/GSD Special Events contingency account to provide funding to update the Disparity Study, as recommended by the JSEB Special Committee.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2021-179-E:** Authorized borrowing up to \$32,905,000 to purchase the three parking garages commonly referred to as the Sports Complex, Arena, and Courthouse garages from Metropolitan Parking Solutions (MPS).
- **2021-223-E:** Approved the levy of a combined six-cent local option gas tax (5-cent and 9th-cent local option gas taxes) for a period of 30 years beginning in January 2022 along with the extension of the current six-cent local option gas tax for a period of ten years from 2036-2046. The gas taxes authorized will be split between the City and JTA.
- **2021-253-E:** Approved the redevelopment agreement for the River City Brewery site to include multi-family residential units, a parking facility, restaurant and bar, marina improvements, and Riverwalk improvements, and authorized conveyance of the 3.43 acre City-owned project parcel at no cost. City incentives included a \$12,996,885 REV Grant, \$500,000 infrastructure grant, \$500,000 restaurant completion grant, and reimbursement of \$1,143,807 for marina dock improvements for the project.
- **2021-254-E:** Approved a settlement in the case of City of Jacksonville v. Loblolly Mitigation Preserve, LLC resulting in a total combined future value of \$2,356,875 to the City. This settlement came about due to a lawsuit the City filed as a result of audit work performed by our office (Audit Report #784 – Loblolly Wetland Mitigation Bank Audit issued on September 28, 2016).
- **2021-290-E:** Appropriated a \$470,000 grant from the State of Florida Department of Law Enforcement to fund the expansion of the City’s Cure Violence program and approved direct contracts for the operation of the third site.
- **2021-292-E:** Authorized an assessment of 1.1 mills for properties within the Downtown Business Improvement District for tax years 2021-2031, expanded the boundaries of the Downtown Business Improvement District, provided exemptions for certain residential properties, and approved the Enhanced Municipal Services Agreement between the City and Downtown Vision, Inc.
- **2021-332-E:** Approved the redevelopment agreement for the former Florida Baptist Convention Building and the former Federal Reserve Building and approved Downtown Preservation and Revitalization Program loans totaling \$8,624,320.
- **2021-346-A:** Approved the economic development agreement with Dun & Bradstreet for the relocation of the company’s national headquarters to Jacksonville and authorized a \$6,000,000 relocation grant, \$12,000,000 headquarters retention grant, and \$3,000,000 employment creation grant.
- **2021-354-E:** Reallocated \$19,900,000 from unexpended, previously appropriated CARES Act funding to provide funding for JSO and JFRD overtime and payroll-related expenses (\$16,833,586.69), the procurement of Emergency Operations Center/JFRD emergency response systems and equipment upgrades (\$488,016.67), vaccinations and health-related services from the Department of Health (\$250,000), business relief grants to the Jacksonville Symphony Association (\$1,000,000), Cathedral District-Jax (\$50,000), Cultural Council of Greater Jacksonville (\$800,000), and Beaches Emergency Assistance Ministry (\$172,276), and other qualifying expenditures identified by City Council (\$306,102.64).
- **2021-358-E:** Approved the development and license agreements with the Jacksonville Historic Naval Ship Association to establish the USS Orleck as a ship museum tourist attraction at the Shipyards property.
- **2021-453-E:** Approved the redevelopment agreement for the Laura Street Trio project and approved Downtown Preservation and Revitalization Program loans totaling \$26,674,300.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2021-463-E:** Appropriated \$26,000,000 in federal ARP Act funds to offset economic harm and lost revenue due to COVID-19 at Jaxport (\$4,000,000), City-owned sports and entertainment facilities managed by ASM (\$8,300,000), City of Jacksonville Beach (\$3,000,000), City of Atlantic Beach (\$2,000,000), City of Neptune Beach (\$1,000,000), Town of Baldwin (\$200,000), Edward Waters University (\$1,000,000), and a contingency account for future appropriation (\$6,500,000).
- **2021-495-E:** Authorized Amendment 15 to the Jacksonville Jaguars lease to provide for the construction of a Sports Performance Center to be owned by the City and leased to the Jaguars and authorized an Amended and Restated Covered Flex Field Lease agreement.
- **2021-496-E:** Approved the redevelopment agreement with Johnson Commons LLC for construction of townhomes and a retail building in the LaVilla area.
- **2021-504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, & 515-E:** Approved the FY 21/22 budgets for the City and independent agencies, adopted the five-year (2022-2026) Capital Improvement Plan, authorized the fiscal year 2021/22 appropriation and agreement with Shands Jacksonville Medical Center, Inc. for indigent healthcare, adopted the five-year (2022-2026) inclusive IT System Development Program, adopted the annual growth rate for the future pension liability surtax proceeds, approved the fiscal year 2021/22 appropriations for Public Service Grants, the Jacksonville Chamber of Commerce, Kids Hope Alliance programming, and JSO inmate health care services, and approved direct contracts with Read USA, the Clara White Mission, and Boys' and Girls' Clubs of Northeast Florida.
- **2021-516-E:** Appropriated \$141,847,895 in federal ARP Act funds to fund septic tank phaseouts (\$50,000,000), pay raises and one time premium payments for City employees (\$11,000,000 and \$20,000,000, respectively), roadway resurfacing (\$19,450,153), City departmental enhancements (\$19,123,489), indigent healthcare provided by Shands Jacksonville Medical Center (\$4,724,406), Eastside Affordable Housing Development Program (\$3,000,000), Ability PSH-10 Program (\$1,000,000), vaccinations, testing and other health-related needs and services (\$2,000,000), solid waste emergency actions (\$4,000,000), a portion of the costs related to the City's new solid waste hauler contract (\$4,549,847), professional services for implementation of a community health initiative in Duval County (\$1,000,000), consulting services to the City (\$980,000), a grant to Community Rehabilitation Center, Inc. (\$500,000), two emergency vehicle simulator training devices (\$500,000), and the purchase of four automated external defibrillators by Edward Waters University, Inc. (\$20,000).
- **2021-551-W:** Appropriated \$5,000,000 from General Fund – GSD Fund Balance for COVID testing and vaccinations at three separate locations to deal with the increasing COVID cases from the Delta variant. This bill was later withdrawn by City Council.

EXHIBIT D
CITY COUNCIL AUDITOR'S OFFICE STAFF

Staff members as of September 30, 2021:

Kim Taylor, CPA, Council Auditor
Phillip Peterson, CPA, Assistant Council Auditor
Brian Parks, CPA, Principal Auditor
Heather Reber, CPA, Principal Auditor

Thomas Beaucham
Chedly Broche, CPA
Trista Carraher, CPA
Thomas Carter, CPA
Megan Evans
Prestine Ferguson
Elena Korsakova, CPA
Alexandria Lee, CPA
Charles Lee
Louis Lepore, CPA
Edward Linsky, CPA
Jeffrey Rodda
Kyle Thorpe, CPA