



Council Auditor's Office 2022/23 Annual Report

Report # 879

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 six performance audit reports, which identified 52 Findings, 19 Internal Control Weaknesses, and 17 Opportunities for Improvement aimed at improving the City's operations and protecting the City's assets. Of the items easily quantifiable, the performance audits identified over \$95,000 in lost revenues and \$280,000 in reduced costs. We also issued 19 reports that were follow-ups on prior audits to determine whether our recommendations from the audits were implemented. Staff assisted the external auditors on the audit of the City, saving the City over \$50,000.

Legislation

We reviewed 600 legislative bills. Our review of legislation resulted in financial protections or safeguards in contracts and many other benefits to the City. The results of these benefits are not always quantifiable but place the City in a better position than what was originally proposed. An example of a recommendation was adding a claw back provision requiring a project parcel be used for purposes of generating bed taxes as this was the basis used to achieve an ROI greater than the minimum requirement (Ordinance 2023-268-E). An example of an issue we identified was that the amount of City borrowing that was initially proposed to fully fund the remaining Better Jacksonville Plan (BJP) projects above the original \$1.5 billion BJP Program was \$70 million less than what was needed (Ordinance 2022-416-E). These projects would not have had sufficient funding when going out to bid without our recommendation.

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 \$4.0 million and reduced expenditures by \$0.1 million, which created savings totaling \$4.1 million.

Special Projects

We issued six special reports and conducted numerous other special projects throughout the year. The special reports included our Quarterly Summary Reports, Budget Summary Report, and our Office Annual Report for FY 2021/22.



Council Auditor's Office

Annual Report FY 2022/23

January 22, 2024

Report #879

ANNUAL REPORT

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



January 22, 2024

Report #879

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, 2023 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. 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 audit of the City.

In addition to issuing reports, performing special projects, and reviewing legislation, more than 3,600 staff hours were spent from July through September 2023 reviewing the proposed fiscal year 2023/2024 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). Audit work accounted for approximately 13,900 hours of the overall time of our office in FY 2022/23. 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 2022/23 reports and a brief summary of the FY 2022/23 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,

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

increase productivity, and correct wasteful practices. Audit recommendations can improve services to the public by making programs more effective and efficient.

Results

We issued six performance audits during FY 2022/23. These six reports identified 52 findings, 19 internal control weaknesses, and 17 opportunities for improvement. Overall, these audits identified several process changes that could reduce costs and made multiple recommendations to address deficient system controls and safeguard City assets.

Of the items easily quantifiable, the performance audits identified over \$95,000 in lost revenues and \$280,000 in reduced costs.

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 did not issue any attestations in FY 2022/23.

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.

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

Results

By providing assistance to the external auditors, we reduced the cost of the contracts by approximately \$50,000 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.

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

Results

During the fiscal year, we completed 19 follow-ups on audit reports. We noted that 132 findings, 69 internal control weaknesses, and 32 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 16 findings, 4 internal control weakness, and 6 opportunities for improvement that still need to be addressed related to 7 of the 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 3,600 hours of the overall time of our office. See Exhibit A for a listing of FY 2022/23 reports and Exhibit B for a summary of the FY 2022/23 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 six numbered special reports in FY 2022/23. 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.

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.

One project that our office participates in is the Solid Waste Residential Hauler Rate Review. The review is generally performed for each hauler contract every three years and is part of the process to set the new base rate for each hauler contract. The Rate Review Committee works with the haulers following the rate review process outlined in the applicable contracts. In the rate review, the hauler's audited financial statements, along with proposals for the next year, are examined and reviewed for reasonableness. A new rate is calculated and recommended to City Council for approval. The most recent rate review was only for two of the three contracts due to timing of the contract periods. In that review, the agreed-upon expenses for both haulers had a total budgetary impact of increasing annual costs by \$6,490,322 in FY 2022/23. City Council

approved that increase plus an additional \$3,923,379 for one of the two haulers, which resulted in a total increase of \$10,413,701 in costs to the City for both haulers.

Another 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 \$6,393,904. This was a decrease of \$3,296,331 from the original amount that was proposed by the Administration to be recaptured due to reducing the reduction of the Solid Waste Loan based on operations for the fiscal year, correcting encumbrance amounts, and taking into account transfers from retained earnings that occurred during the fiscal year. Also, as required by the annual Budget Ordinance 2022-504-E, we coordinated with the Department of Finance and Administration to identify funds that were unlikely to generate sufficient revenue through the remainder of the fiscal year to cure its negative cash position. The funds identified (City Venues – City, Office of General Counsel, Tax Collector, and Library Conference Facility Trust) had their negative cash balances addressed with Ordinance 2023-510-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 2022/23, 26 organizations were added to the non-compliance list. All but one was subsequently removed once compliance was achieved or they were removed by City Council action. As of September 30, 2023, there were 39 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 over 9,400 hours of the overall time of our office in FY 2022/23, which includes over 3,600 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 2022/23, we reviewed approximately 600 legislative bills, including multiple economic development agreements. Our review of legislation can result in financial savings, protections or safeguards in contracts, improvements in reporting requirements, and many other benefits to the City. The results of these benefits are not always quantifiable, but place the City in a better position than what was originally proposed. Examples over the past year included recommending a:

- 1. \$3,069,882 reduction in an appropriation of Community Development Block Grant (CDBG) dollars that were previously appropriated (2023-336-E). This prevented the ability to spend dollars that were not available to spend.*
- 2. \$69,863,964.68 increase in the amount of City borrowing over what was initially proposed to fully fund the remaining Better Jacksonville Plan (BJP) above the original \$1.5 billion BJP Program (Ordinance 2022-416-E). These projects would not have had sufficient funding when going out to bid without our recommendation.*
- 3. \$191,880 reduction of a DIA Downtown Preservation and Revitalization Program forgivable loan and increasing a repayable loan by the same amount to keep the project ROI above the minimum requirement (2023-88-E).*
- 4. \$179,744 reduction in an appropriation of Information Technologies funds for a multi-year project based on the amount that had been spent from the initial project budget (2023-24-E).*
- 5. Clawback provision be added to a redevelopment agreement requiring a project parcel to be used for purposes of generating bed taxes as this was the basis used to achieve an ROI greater than the minimum requirement (Ordinance 2023-268-E).*

Several of these bills, which required a significant amount of analysis and/or time to review, are detailed in Exhibit C.

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 3,600 staff hours were spent mainly from July through September 2023 reviewing the fiscal year 2023/24 budget proposal. We recently released Report #878 summarizing the Mayor's and Independent Agencies' proposed budgets and City Council actions regarding those budgets.

Results

The total City budget for FY 2023/24, including Independent Agencies, was approved by the City Council at \$7,851,010,491. Our review of the Mayor's Proposed Budget resulted in recommendations that increased revenues by \$4,011,727 and reduced expenditures by \$89,320, which created savings totaling \$4,101,047. These savings and the \$7.5 million set aside for City Council in the Mayor's Proposed Budget 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 throughout the fiscal year and provided background and financial information as requested.

Special Committees

- Special Committee on Parks and Quality of Life
- Special Committee to Address Critical Quality of Life Issues
- Special Committee to Review JSO Primary Facilities
- Special Committee on Redistricting
- Special Investigatory Committee on JEA Matters

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 2022/23 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 \$2.7 million in fiscal year 2022/23, as detailed in the following table:

Description	FY 2022/23 Estimated Expenditures*
Salaries	\$ 1,751,443
Pension	609,652
Other Employee Benefits	198,499
Internal Service Charges	133,730
Other Operating Expenses	31,386
	<u>\$ 2,724,710</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 2022, with no management letter comments. This peer review covered all audits and attestations performed in accordance with Governmental Auditing Standards from January 1, 2018 through December 31, 2020. The review was delayed one-year due to COVID-19.

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. 864	Public Works Mowing Contracts Audit	January 5, 2023
Report No. 865	Public Parking – Off-Street Parking Audit	January 5, 2023
Report No. 867	City Payroll Audit – Leave Payouts at Separation of Employment	March 8, 2023
Report No. 869	Public Works Construction-Related Vendors Audit	June 6, 2023
Report No. 870	Public Works Department – Public Buildings Division Security Guard Contract Audit	June 14, 2023
Report No. 871	Procurement Audit – Informal Purchase of Supplies	June 26, 2023

Special Reports – Excluding Follow-Ups

Report No. 861	Budget Summary Report FY 2022/23	November 17, 2022
Report No. 862	Council Auditor's Office Annual Report FY 2021/22	November 17, 2022
Report No. 863	Independent Agency Quarterly Summary for the Twelve Months Ended 9/30/22	December 14, 2022
Report No. 866	Quarterly Summary for the Three Months Ended 12/31/22	February 15, 2023
Report No. 868	Quarterly Summary for the Six Months Ended 3/31/23	May 12, 2023
Report No. 872	Quarterly Summary for the Nine Months Ended 6/30/23	August 15, 2023

Follow-Ups on Audits

Report No. 808B	Follow-Up on Communication Tower Audit	October 4, 2022
Report No. 781B	Follow-Up on Animal Care and Protective Services Audit	October 19, 2022
Report No. 751C	Follow-Up on Fire and Rescue Department – Ambulance Billing and Inventory Audit	October 20, 2022
Report No. 736C	Follow-Up on Police and Fire Pension Fund Audit	November 14, 2022
Report No. 731C	Follow-Up on Jacksonville Retirement System Audit	November 21, 2022
Report No. 787B	Follow-Up on Compensation and Benefits Division Audit	December 19, 2022
Report No. 793B	Follow-Up on Nonresidential Solid Waste Franchise Fees Audit	December 19, 2022
Report No. 832A	Follow-Up on Real Estate Audit	December 19, 2022
Report No. 823A	Follow-Up on Stormwater Fee Audit	January 10, 2023
Report No. 780B	Follow-Up on Jacksonville Sheriff's Office Payroll Audit	January 31, 2023
Report No. 795B	Follow-Up on Police and Fire Pension Fund Bank Account Audit	February 9, 2023
Report No. 792B	Follow-Up on Risk Management Workers' Compensation Audit	February 27, 2023
Report No. 859A	Follow-Up on Duval County Property Appraiser Audit	February 27, 2023
Report No. 813B	Follow-Up on Tourist Development and Convention Development Taxes Audit	April 11, 2023
Report No. 845A	Follow-Up on License Fees – Adult Bookstores Audit	April 11, 2023
Report No. 846A	Follow-Up on Kids Hope Alliance Grants Audit	April 18, 2023
Report No. 848A	Follow-Up on Fleet Management Audit	May 19, 2023
Report No. 826A	Follow-Up on Metropolitan Parking Solutions (MPS) Redevelopment Agreement Audit	June 5, 2023
Report No. 763C	Follow-Up on Jacksonville Transportation Authority Payroll Audit	June 7, 2023

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

Public Works Mowing Contracts Audit

Report #864 – January 2023

We conducted an audit of the City’s mowing contracts administered by the Mowing and Landscape Maintenance Division of the Public Works Department. Our audit focused on whether payments for the City’s non-nuisance mowing contracts were accurate and timely in accordance with the contracts.

Significant Issues:

- Important data for determining payments to contractors was not always being input into the Mowing Database. This included mow schedules, actual mowing dates, and re-inspection information.
- Change orders were not always being processed in a timely manner to add parcels to contracts.
- Various issues with the proposed mowing schedule and timing of actual mowing, which could have resulted in liquidated damages.
- Inspections by Mowing Division personnel were not performed in a timely manner and there was not a documented policy in place related to frequency of inspections.

Public Parking – Off-Street Parking Audit

Report #865 – January 2023

We conducted an audit of the Public Parking Office’s off-street operations, which included a review of their revenue-generating activities relating to City-owned parking garages and surface lots. Our audit focused on whether revenue generated from off-street parking facilities was accurately collected, timely deposited with the Tax Collector’s Office, and accurately recorded in the City’s financial system.

Significant Issues:

- Lack of a documented revenue reconciliation process.
- Daily parking gate activity was not being monitored to identify any potential issues with special access cards used by parking attendants at garages.
- Many written policies and procedures were outdated or incomplete.
- There was over \$80,000 in forfeited deposit fees for access cards for monthly parkers that had not been recognized as revenue.
- The City was issuing checks for internal transactions (e.g., payroll deduction payments from employees were being paid to Public Parking with a check).
- There were issues related to adequate support and accuracy for Special Event parking activity.

City Payroll Audit – Leave Payouts at Separation of Employment

Report #867 – March 2023

We conducted an audit of the payments made to employees for accrued leave upon separation of employment. Our audit focused on whether the City accurately paid employees for accrued leave upon separation of employment.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Significant Issues:

- Based on detailed testing and analytical testing, a net \$117,931 was overpaid to employees due to calculation and input errors. Additionally, we found that:
 - 12 employees were not paid for any of their accrued leave at separation, resulting in a total underpayment of \$22,649.
 - 4 employees were paid twice for all or some of the accrued leave at separation, resulting in a total overpayment of \$10,138.
 - A lack of review within the Central Payroll Office of the payments made at separation, particularly with it being a manual process, contributed to the issues noted in the report.

Public Works Construction-Related Vendors Audit

Report #869 – June 2023

We conducted an audit of the contracts awarded and payments made to three construction-related vendors that were paid the most from October 1, 2016 through September 30, 2020. Our audit focused on whether construction contracts were procured in a proper manner and in accordance with Chapter 126 of the Municipal Code, and whether payments to the construction contractors were consistent with the contract, properly supported, properly authorized, accurately calculated, and timely paid.

Significant Issues:

- Public Works lacked standard operating procedures regarding the awarding and managing of construction contracts.
- Change orders to extend contracts were approved after contract expiration and there were instances where work related to change orders was paid prior to the change order being approved.
- Procurement had issues with calculating bid amounts (did not impact who was awarded).
- Retainage was not being tracked in the financial system.

Public Works Department – Public Buildings Division Security Guard Contract Audit

Report #870 – June 2023

We conducted an audit of the security guard contract overseen by the City's Public Buildings Division of the Public Works Department. Our audit focused on whether payments to the vendor for the security guard services were properly supported, accurately calculated, correctly authorized, and timely paid.

Significant Issues:

- There were documentation retention issues with payrate and staffing schedules.
- The billing rate for one position was overstated and resulted in overbilling of approximately \$2,000.
- Security guards working in excess of the maximum amount allowed in a 24-hour or 48-hour period per the contract.
- The Public Buildings Division was not being notified of terminations of security guards as required by the contract.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Procurement Audit – Informal Purchase of Supplies

Report #871 – June 2023

We conducted an audit of the City’s informal procurement process for supplies. Our audit focused on whether the Procurement Division processed requests for informal purchases of supplies in a manner that was consistent with the Municipal Code and Procurement Manual.

Significant Issues:

- Various issues with the Procurement Manual including unwritten, incomplete, and outdated policies and procedures.
- Requisitions could bypass the Procurement Division and therefore purchase orders created without following proper processes.
- System access issues.
- Gaps in procurement data (e.g., requisition numbers).
- Exempt records not properly protected.

Special Reports

Budget Summary for FY 2022/23

Report #861 – November 2022

The Budget Summary Report details the major points of the City Council approved budget for FY 2022/23. 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 2021/22

Report #862 – November 2022

This report provides a summary of the activities and accomplishments of the Council Auditor’s Office during the fiscal year ended September 30, 2022.

Quarterly Summaries

Reports #863 (December 2022), #866 (February 2023), #868 (May 2023), #872 (August 2023)

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.

EXHIBIT B (Contd.)
SUMMARY OF REPORTS

Follow-Up Reports

Reports #808B (October 2022), #781B (October 2022), #751C (October 2022), #736C (November 2022), #731C (November 2022), #787B (December 2022), #793B (December 2022), #832A (December 2022), #823A (January 2023), #780B (January 2023), #795B (February 2023), #792B (February 2023), #859A (February 2023), #813B (April 2023), #845A (April 2023), #846A (April 2023), #848A (May 2023), #826A (June 2023), #763C (June 2023)

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

- **2022-416-E:** To complete previously authorized Better Jacksonville projects, appropriated \$288,724,289.02 consisting of \$94,875,967.35 in transfers from completed capital improvement projects, \$38,978,979.19 in transfers between expense accounts in various Better Jacksonville Plan projects, and \$154,869,342.48 in new borrowing.
- **2022-574-E:** Amended Chapter 804 (Jacksonville Traffic Code) to prohibit non-exempt interaction between pedestrians and vehicles within the roadways and established a permitting process for charitable solicitation.
- **2022-575-E:** Appropriated prior year revenues of \$388,083.85 within the Downtown Northbank CRA Fund to be allocated to future year debt reduction (\$100,000) and the Commercial Revitalization Program (\$288,083.85).
- **2022-576-E:** Appropriated prior year investment pool earnings revenue of \$44,363 within the Southbank CRA Trust Fund to be allocated to future year debt reduction.
- **2022-690-E:** Appropriated \$350,880 to provide grants to 43 organizations recommended by the Safety and Crime Reduction Commission and related training assistance for programs to reduce crime countywide.
- **2022-732, 733, 734, 735, and 736-E:** Approved the October 1, 2022 through September 30, 2025 collective bargaining agreements between JEA and LIUNA, AFCSME, JSA, PEA, and IBEW.
- **2022-841-E:** Approved a redevelopment agreement for the (1) rehabilitation of the building formerly known as the Central National Bank and (2) construction of a new multifamily housing building and parking garage that included authorized a:
 - REV Grant of \$2,670,000
 - Downtown Preservation and Revitalization Program loans of \$5,814,697
 - Parking Garage grant of \$1,800,000, and
 - Parking rights agreement to provide the City with 90 parking spaces within the parking garage with the City responsible for annual maintenance of said spaces.
- **2022-871-E:** Approved an amended and restated redevelopment agreement for the property known as Kids Kampus (originally approved by Ord. 2021-673-E), which separated the original agreement into two separate agreements for the Hotel and Office Building, authorized the sale of the City-owned Office Building Parcel (rather than leasing the parcel to the Developer), required the City to relocate utilities located under the Service Road at its expense, extended the completion of the project by six months to June 30, 2026 and granted the Developer an additional six months to exercise its right of first offer to lease or purchase the Future Development Parcel, revised the Developer's minimum capital investment for the Hotel and Office Building, added Minimum Required Direct Cost amounts, and increased the REV grant by \$11,017,545 to \$58,701,500.
- **2022-872-D:** Proposed a public straw ballot referendum for the March 21, 2023 election to ask whether the Charter should be amended to create immediate vacancies for City Council members, the Mayor, Sheriff, Supervisor of Elections, Property Appraiser, Tax Collector, Clerk of the Court, and Duval County School Board members who qualify as a candidate for another of the aforementioned offices. This legislation was denied by City Council.
- **2022-874-E:** Authorized the appropriation and borrowing of up to \$17,500,000, which was made up of (1) a \$12,500,000, 10-year, 3.5% interest loan and (2) a \$5,000,000 revolving line of credit to JaxPort to support the raising of JEA's Fulton Cut Crossing electric transmission lines to increase the number and capacity of vessels able to call on JaxPort ports. Also authorized a \$10,000,000 grant to JaxPort, subject to future Council appropriation, for the same purpose of raising the transmission lines.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2022-886-E:** Repealed Ordinance Code Chapter 180 (Duval County Job Opportunity Bank) and created a new Chapter 180 (Jacksonville Upward Mobility Program), established the purpose, criteria, funding, and administration of the new Jacksonville Upward Mobility Program (JUMP), created new Code Section 111.630 (Jacksonville Upward Mobility Program Special Revenue Fund), and appropriated \$100,000 for the initial funding of JUMP.
- **2023-22-E:** Authorized the Third Amendment to the Amended and Restated Agreement for Residential Waste and Recycling Collection and Transportation Services (Service Area I) between the City and Waste Management Inc. of Florida and established the monthly per premise base rate paid to Waste Management Inc. of Florida for FY 2022/23.
- **2023-23-E:** Authorized the Fourth Amendment to the Amended and Restated Agreement for Residential Waste and Recycling Collection and Transportation Services (Service Area III) between the City and Waste Pro of Florida, Inc. and established the monthly per premise base rate paid to Waste Pro of Florida, Inc. for FY 2022/23.
- **2023-88-E:** Approved a redevelopment agreement for the rehabilitation of a historic building located at 325 E. Duval Street (formerly known as the YWCA) and new construction to be located at 327 E. Duval Street, authorized Downtown Preservation and Revitalization Program (DPRP) funding of \$2,398,400, amended the HOME Investment Partnership and State Hosing Initiative Partnership Loan Modification Terms previously approved by Ord. 2019-855-E, and waived the DPRP Guidelines to extend the term of the DPRP Deferred Principal loan from 10 years to 16 years.
- **2023-89-E:** Authorized a redevelopment agreement and purchase and sale agreement between the City and AR Polar Jacksonville, LLC (“AR Polar”) to facilitate a property swap whereby the City will exchange a portion of a City-owned parcel located adjacent to WJCT currently being used as a retention pond for a portion of a riverfront parcel owned by AR Polar in order to acquire land necessary to construct a new marine fire station to serve as the replacement of the former Metropolitan Park marine fire station.
- **2023-114-E:** Authorized the appropriation and borrowing of up to \$20,000,000 to provide a grant to the University of Florida Board of Trustees to support the creation of a Health and Financial Technology Graduate Education Center within Duval County and waived Ordinance Code Sec. 118.107 (Nonprofits to receive funding through a competitive evaluated award process) to authorize the direct contract between the University of Florida Board of Trustees and the City. The City committed to providing \$50 million in total for the project.
- **2023-147-E:** Authorized the Fifth Amendment to the Capital Maintenance and Capital Improvements Costs Disbursement Agreement between the City and Shands Jacksonville Medical Center Inc. to provide a \$10,000,000 contribution for construction of the new Leon Haley Jr. Trauma Center, subject to future appropriation, and waived Ordinance Code Sec. 118.107 (Nonprofits to receive funding through a competitive evaluated award process) to authorize the Fifth Amendment to the agreement.
- **2023-184-E:** Authorized a redevelopment agreement between the City and the Museum of Science and History of Jacksonville (“MOSH”) to facilitate the construction of a new “iconic” and integrated museum to be located on City owned property within the Shipyards area.
- **2023-187-E:** Amended the Ordinance Code to provide the City the option to publish certain required public notices by electronic methods (i.e. a publicly accessible website) as permitted under Section 50.0311, Florida Statutes.

EXHIBIT C (Contd.)
LEGISLATION REQUIRING SIGNIFICANT REVIEW

- **2023-238-E:** Amended Part 8 of Ordinance Code Chapter 118 to incorporate changes recommended by the Public Service Grant Council including revisions to the Public Service Grant application requirements and the process for the review, evaluation, and scoring of applications.
- **2023-249-E:** Authorized the Fifth Amendment to the Amended and Restated Agreement for Residential Waste and Recycling Collection and Transportation Services (Service Area III) between the City and Waste Pro of Florida, Inc. to extend the term of the contract through September 30, 2029, adjust the annual consumer price index (CPI) increase from a not-to-exceed cap of 3% to 5%, and provide that the base rate paid to Waste Pro of Florida, Inc. shall never be lowered as a result of the rate review process.
- **2023-310/311-E:** Authorized a redevelopment agreement between the City and Cosentino Industrial, LLC (“Cosentino”) to facilitate the construction of a new manufacturing facility at the Cecil Commerce Center, authorized the sale of 330 acres and purchase option of 150 acres of City land located at the “Mega Site,” and appropriated \$8 million for the construction of a rail spur and \$5.5 million for the construction of road and utility improvements to service the site.
- **2023-314-E:** Authorized execution of an Interlocal Agreement with St. Johns County to allocate ad valorem and sales taxes originating from the Marketplace at Nocatee development and apportion first response services to the development.
- **2023-316-E:** Established the Restore Endangered Historic Adaptable Buildings (REHAB) Special Revenue Fund and program to foster the repair, rehabilitation, and restoration of non-residential income producing, mixed-use historic buildings, or historic buildings owned by not-for-profits located outside of the Downtown area.
- **2023-348-E:** Appropriated \$50,634,346 from the Special Committee on Parks and Quality of Life CIP project for various Parks, Recreation and Community Services projects including improvements to Lonnie Miller Park (\$8M), replacement of 37 playgrounds (\$7.65M), additional funding for the Cecil Ball Field master plan (\$5M), and many other improvements throughout the county.
- **2023-349-E:** Amended Ordinance Code Chapter 780 to adopt a new property tax exemption authorized under the Florida “Live Local Act” for eligible affordable housing developments to begin with the 2024 tax roll.
- **2023-351-E:** Authorized the sale of approximately 77.7 acres of City property located on Reed Island to Harbour Waterway Dependent Special District (“Harbour”) for use as a publicly accessible park with improvements to be constructed by Harbour and reallocated funding previously budgeted for Reed Island FIND Grant projects.
- **2023-355-A:** Encouraged and requested the Downtown Investment Authority to explore procurement options related to the operation of the Courthouse, Arena and Sports Complex parking garages (also known as the MPS Garages).
- **2023-403-E:** Authorized the issuance of up to \$235,000,000 in Special Revenue Bonds for the purpose of refunding a portion of the City’s outstanding Special Revenue bonds and financing capital improvement projects.

EXHIBIT D
CITY COUNCIL AUDITOR'S OFFICE STAFF

Staff members as of September 30, 2023:

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

Thomas Beaucham, CPA
Leila Bellaire
Chedly Broche, CPA
Trista Carraher, CPA
Thomas Carter, CPA
Caroline Greathouse
Elena Korsakova, CPA
Alexandria Lee, CPA
Charles Lee
Louis Lepore, CPA
Edward Linsky, CPA
Jeffrey Rodda
Kyle Thorpe, CPA

Administrative Assistant
Mary Fletcher