



Council Auditor's Office

Follow-Up on Communication Tower Audit

Report #808A

Released on: March 30, 2021

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



March 30, 2021

Report #808A

Honorable Members of the City Council
City of Jacksonville

The purpose of this report is to document our follow-up review of our past report #808, Communication Tower Audit, and to determine whether corrective action has been taken in response to our findings and recommendations. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards. The initial audit report can be found on our website.

We sent a follow-up letter to the City's Chief Administrative Officer on July 7, 2020 inquiring as to the status of the original audit report recommendations. We reviewed the recommendations from our audit report, the auditees' responses to the recommendations, and the auditees' responses to our follow-up letter. We then performed limited testing to verify the responses.

Based on the responses received and our follow-up testing, a table detailing the original number of issues noted and the number of issues resolved as of this follow-up is included below.

Types of Issues	Original Number of Issues	Issues Cleared	Remaining Issues
Internal Control Weaknesses	3	3	0
Findings	6	5	1
Opportunities for Improvement	1	0	1
Total	10	8	2

The following is a brief summary of the remaining issues with responses from the Real Estate Division that we received on March 29, 2021.

Opportunity for Improvement 1 – 1 *Expedite Cell-On-Wheels Application Process*

During the original audit we found issues with section 656.1513 of the Municipal Code. Specifically, the Municipal Code did not define amounts to be charged for rented spaces nor did it mention who is authorized to set or negotiate the rent fee on behalf of the City in connection with temporary communication towers placed on City property. Section 656.1513 of the Municipal Code states that "Temporary antenna support facilities ("Cells on Wheels" or "COWS") shall be permitted at a maximum height of 130 feet and for a period not to exceed 90 days. Applications to permit a COW shall be filed with the Coordinator and shall be granted upon payment of the required application fee of \$250. The fees contained within this Section are subject to the Annual Review of Fees provision

found in Section 106.112, Ordinance Code.” The Real Estate Division explained that the Office of General Counsel advised them that all COW applications must be approved by City Council first. COW applications were usually received 2 to 4 weeks before an event. When the Division explained to the requesting companies that the legislative process would take 3 to 4 months to approve their application, the requests stopped coming in.

We recommended that the Real Estate Division explore obtaining a change in the Municipal Code which would enable them to set or negotiate Cell-On-Wheels fees on behalf of the City, without having to seek approval from City Council.

During our follow up testing, we asked the Real Estate Division for the status of a rewrite of the Municipal Code. Although the City began to explore a code change, it was stated that any legislation changes were still two to three years away from completion.

Real Estate Division Response to the Follow-Up of Opportunity for Improvement 1-1

Agree Disagree Partially Agree

Public Works Real Estate is going to propose other changes to the Municipal Code in which the Cell on Wheels language will also be added.

Supplemental Finding 1 *No Insurance Coverage Documentation from Tenants on File*

During the original audit, the Real Estate and Risk Management Divisions were unable to provide insurance coverage documents from main tenants leasing communication towers located on City owned property.

We recommended that the contract administrator (Real Estate) obtain and maintain copies of all insurance policies required in accordance with communication tower lease agreements.

During our follow up testing, we confirmed that the Real Estate Division was obtaining insurance coverage documentation from each main tenant. However, the Real Estate Division was not following up with the Risk Management Division to ensure compliance. We asked the Risk Management Division if tenants’ insurance policies were compliant in accordance with their lease agreements for year 2020. At the time of our inquiry, no review had commenced by Risk Management. After initial review, Risk Management determined that coverage for the tenants they had on file needed to be revised.

Real Estate Division Response to the Follow-Up of Supplemental Finding 1

Agree Disagree Partially Agree

Public Works Real Estate (Contract Manager) will request Finance's Risk Management Division to review the tenant's insurance coverage and for Risk Management to provide Real Estate with confirmation that the insurance coverage is compliant, or, if not, then for Risk Management to provide what additional information is needed.

We would like to thank the Public Works and Parks Recreation and Community Services Departments for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor