



Council Auditor's Office

Follow-Up on Mobility Fees Audit

Report #811A

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



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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 #811, Mobility Fees 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	4	2	2
Findings	6	3	3
Opportunities for Improvement	2	2	0
Total	12	7	5

The following is a brief summary of the remaining issues with responses from the Director of the Planning and Development Department that we received on April 12, 2021.

Overall Internal Control Weakness 1 *Systems Control Weaknesses*

In our original audit, we found various issues with access rights to the Concurrency Management and Mobility System (CMMS) and other Planning Department functions and systems. There were users that had inappropriate access rights, an excessive number of administrative users, an excessive number of employees who could edit data on the Transportation Planning Division's storage drive, and a few instances of unnecessary access to the Building Inspection Division's (BID) system. We recommended that:

1. all roles and users of the CMMS be reviewed and documented periodically, including any deactivations. This included removing access for all former employees.
2. data files used in the calculation of mobility fees be moved to a shared drive that is only accessible to those that need it.
3. Concurrency-related access to the BID system be removed for those who do not need such access.

The Planning Department stated in their initial follow-up response that the user access reviews were occurring approximately every 6 months. However, in our follow-up review, we found that if these reviews were occurring, they were generally not documented. There were no documented reviews in 2019 and only one in 2020. We also found one current employee who no longer processed mobility calculations had access to the mobility fee calculation data files and that two employees still had access to the Concurrency-related portion of the BID system that were mentioned in the original audit.

We recommend that unneeded access to the data files and BID system be removed immediately. We continue to recommend that the CMMS access rights be periodically reviewed, and the review be documented. Access should then be removed for those who no longer need it.

Planning and Development Department Response to the Follow-Up of Overall Internal Control Weakness 1

Agree Disagree Partially Agree

1) Upon follow up review additional measures have been taken to assure the CMMS access rights are periodically reviewed and the review will be documented and signed off on by the appropriate staff on a biannual bases. Any staff no longer processing mobility calculations will be removed.

2) Access to the system by the two employees noted in the audit has been removed as of 4/8/2021.

Overall Internal Control Weakness 2 *Various Cash Handling Violations*

In our original audit, we discovered that the Concurrency Office did not perform certain cash handling procedures per the City’s Cash Handling Operating Procedures (SOPs). The Concurrency Office did not perform monthly reconciliations of checks received, keep a proper check log documenting chain of custody, institute a proper segregation of duties for deposits, and perform monthly supervisory reviews of any receipts of money. Also, the checks received by the Concurrency Office were kept in an area accessible to the public. We recommended that the Concurrency Office perform monthly reconciliations of receipts to the City’s accounting system, keep a proper check log, segregate the duties of recording, depositing, and reconciling checks, and keep any checks received out of the public access area.

In our follow-up review, we discovered that there still was not a proper check log and that the documentation supplied to us as evidence of the two check reconciliations we reviewed appeared to be inadequate. The entries on the check logs were crossed through with no indication of what that means. Also, the reconciliations did not indicate who performed them and when they were performed. We also found that even though it appears that instances of the Concurrency Office actually handling check payments have been reduced, there is still no proper segregation of duties for deposits – the same person

still records and deposits the checks. However, we were made aware that the checks were being locked when kept in the office.

As in the original audit, we recommend that the Concurrency Office:

- Perform monthly reconciliations of receipts to the City's accounting system,
- Keep a proper check log, and
- Segregate the duties of recording, depositing, and reconciling checks.

Planning and Development Department Response to the Follow-Up of Overall Internal Control Weakness 2

Agree

Disagree

Partially Agree

Upon review of the requirements of the City's Cash Handling Operation Procedures, staff workloads and a review of the current technology available to the CMMSO customers and staff, it was determined, the CMMSO is no longer needed to accept direct payment. All customers will be directed to make payment directly to the Tax Collectors office.

The new process will allow the customer to make application electronically through email, once the application is deemed sufficient the customer will receive an emailed invoice for payment to be taken to the Tax Collectors Office or paid over the phone.

Finding 1 - 1 *Extension Fee Issues*

In our original audit, we found that none of the 42 Mobility Fee Calculation certificate extension fee payments tested were for the correct amount. Also, 48% of the extension fee payments tested were paid after the mobility fee certificate had expired. These certificates are only valid for one year unless extended by the payment of the applicable annual inflation (as determined by the State of Florida) before the expiration date. Most of the extension fees were charged the same amount of the actual application fee instead of the inflation adjusting resulting in over collection of nearly \$24,000. We recommended that extensions fees be calculated according to the Ordinance Code, that a separate application for extensions be created for better accounting purposes, and that the Concurrency Office work with the Office of General Counsel (OGC) to determine how to handle any overcollection of fees.

The Department's follow-up response stated that the City of Jacksonville Ordinance Code Section 655, which is the Concurrency and Mobility Management System, is currently undergoing an extensive re-write in conjunction with other changes and that the extension fee changes would also be clarified in the re-write. However, they stated that the expiration date for nearly all applications qualifies for extension by Executive Order of the Governor for Declarations of Emergency, and so, upon request, are extended consistent with state statute, and without imposing any fee or inflation charge.

No extension payments were collected during the time of our follow-up review period due to the COVID-19 pandemic, which resulted in Florida's Governor declaring a state of emergency, and subsequently, the passage of City Ordinance 2020-235-E which included free mobility fee extensions.

This finding will be included in a future follow-up.

Planning and Development Department Response to the Follow-Up of Finding 1-1

Agree

Disagree

Partially Agree

The Department has confirmed that the EPLU software system will address this issue. EPLU rollout is expected in two years.

Finding 2 - 2 *Certificate of Occupancy Obtained After the End of the Partial Waiver Period*

In our original audit, we discovered that about 52 of 174 (29.89%) building permits tested that were subject to a mobility fee did not obtain a Certificate of Occupancy within their 42-month period required by Ordinance 2013-94-E to qualify for the partial waiver of mobility fees. This ordinance gave an exception for a partial waiver of mobility fees, but these developments are no longer eligible to receive that waiver. We recommended that the Department work with OGC to collect any funds owed from developers, and that they work with the City's Information Technologies Division (ITD) to determine other developments that may have obtained a Certificate of Occupancy after the partial waiver period.

In our follow-up review, we found the Department was able to acquire a list of all properties that could possibly be subject to the Ordinance. We chose a small sample of properties to test from this list, as well as properties that were discovered in our original audit, to see if the balance of the mobility fees were paid. For 28% (21 of 55) of properties tested, there was no evidence that the balance of the mobility fee was paid to the City.

We recommend that the Department research all the properties subject to the Ordinance and collect the balances of any mobility fees owed. Going forward, the Department needs to ensure it has a proper process in place to track applications that are subject to waivers to confirm the proper amount is collected for the mobility fee.

Planning and Development Department Response to the Follow-Up of Finding 2-2

Agree

Disagree

Partially Agree

1) Through the City's IT Division the Department has identified 684 potential projects subject to the waiver based on Ordinance 2013-94-E. The department has researched 84 of these properties of the \$53,542 outstanding, we have recovered \$46,666 in mobility fees. The department will continue to research the remaining properties for compliance. The Department will work with OGC to recover funds still owed from the developers.

2) The Department has created a process to track all waiver applications for the 2020 through 2021 waiver covered by Ordinance 2020-235. This new process will allow the department to confirm the proper amount is collected for the mobility fee. This process includes a list of all applicants who requested a waiver, all applicants approved for the waiver, and all applicants that took advantage of the waiver. The required completion dates are January 28, 2022 for residential projects and April 20, 2023 for commercial projects. Beginning on August 1, 2021 the Department will send out notice to the applicants that have not received a Certificate of Completion or a Certificate of Occupancy, reminding them of the need to complete the project within the allotted time frame or pay the fee. These notices

will be sent at 180, 90 and 60 days prior to the deadline. At 30 days prior to the above mentioned dates the department will send an invoice requesting payment for the waived mobility fee. 90 days after this notice, the Department will compile a list of unpaid fees and begin the process of working with OGC to collect the outstanding fees.

Finding 2 - 3 *Mobility Fees Received After Expiration of the Mobility Fee Calculation Certificate*

In our original audit, we found 11 out of 408 (2.69%) mobility fee payments tested were not received within one year of issuance of the Mobility Fee Calculation Certificate or an appropriate extension. The Mobility Fee Calculation Certificate is only valid for one year unless extended. We recommended that the Concurrency Office inquire of ITD to see if a system mechanism can be added to the CMMS to automate alerts on unpaid Mobility Fee Calculation Certificates that will expire soon.

The Department stated in the follow-up response that Concurrency Office has worked with ITD over the past year and a half to develop software that will provide additional notice features, alerts and full integration with other City processes and implementation of this software is pending.

Due to their response, no work was performed related to this finding and this item will be included in a future follow-up.

Planning and Development Department Response to the Follow-Up of Finding 2-3

Agree Disagree Partially Agree

The Department has confirmed that the EPLU software system will address this issue. EPLU rollout is expected in two years.

We would like to thank the Planning and Development Department for their cooperation in conducting this follow-up review.

Respectfully submitted,

Kim Taylor

Kim Taylor, CPA
Council Auditor