



Minutes for Audit Committee Meeting

10/05/2020 | 08:30 AM - 09:04 AM - Eastern Time (US and Canada)

2831 Talleyrand Avenue, Jacksonville, FL

Audit Committee/Board Members Attending:

Ms. Wendy Hamilton, Audit Committee Chairwoman
Mr. Palmer Clarkson, Member
Mr. Daniel Bean, Member

Other Board Members Attending:

Mr. Ed Fleming, Board Member

Other Attendees:

Mr. Eric Green, CEO
Ms. Beth McCague, CFO
Mr. Fred Wong, COO
Ms. Linda Williams, Chief, Adm. & Corporate Performance
Mr. David Migut, Office of General Counsel
Mr. Mike McClung, Director of Finance
Mr. Nick Primrose, Chief, Regulatory Compliance
Ms. Rebecca Dicks, Board Liaison

Call Meeting to Order

Chairwoman Hamilton called the Audit Committee meeting to order and welcomed all attendees.

Approval of June 22, 2020 Audit Committee Meeting Minutes

Chairwoman Hamilton called for approval of the June 22, 2020 Audit Committee meeting minutes. After a motion to approve the minutes by Mr. Bean and a second by Mr. Clarkson, the Committee unanimously approved the minutes as submitted.

CEO Annual Review and Evaluation

Ms. Hamilton turned the meeting over to Ms. Linda Williams to present the CEO Annual Review and Evaluation. Ms. Williams stated that the CEO's review encompassed established goals and accomplishments from FY19/20.

After much discussion as to weighted and completed percentages on Mr. Green's performance scorecard, the Audit Committee all agreed that Mr. Green did an outstanding job during an unprecedented and difficult year. Mr. Clarkson made a motion to award the performance of the CEO with a bonus of \$88,222 for fiscal year 2019/20. The motion was seconded by Mr. Bean, and the Audit Committee unanimously agreed.

Mr. Clarkson recommended for discussion at an upcoming meeting, restructuring the CEO's future performance scorecards to show a maximum of up to only 100% on the percentage completed. He also recommended changing the CEO's single-year goal to a three-year goal.

Internal Audit Report: Timekeeping

Mr. Joe Nash of RSM presented an Internal Audit Report on Timekeeping. RSM's observations identified during their assessment showed two high ratings. One was as to User Access and Segregation of Duties. JAXPORT is not performing regular reviews of their users' access on the timekeeping system. Testing revealed that four employees have inappropriate access. Management stated that it has revised its User Profiles to reside under the responsibility of a System Administrator with reporting lines to Human Resources.

The other high observation dealt with Approval of Timecards. RSM stated that through their detailed testing of timekeeping, they found six instances where managers had the ability to approve their own timecards and two instances where timecards were not approved timely. Management stated that User Profile changes and corrections were made related to these exceptions and that these types of occurrences should be eliminated with these changes.

Mr. Nash noted that RSM found two moderate ratings. One instance was that of longevity pay and the other was with overtime payment calculations. Management stated the longevity pay error was corrected when discovered and that the process improvement measure includes an added team review of all longevity pay anniversary dates that will take place with each payroll processing event. Management reported that the difference was an immaterial ADP calculation error and that a correction is in progress.

Mr. Nash stated that the last item was a low rating that dealt with Procedures and Guidelines. RSM stated that JAXPORT should formalize and document their internal controls for the timekeeping and payroll process. Management stated that that the SOP #1235 titled Timekeeping Procedure had not been updated since 2017. It will be revised in October 2020 to include the Segregation of Duties

enhancements and other necessary changes. Process flow, edit, and review processes will also be updated to reflect automation opportunities for streamlining the edits and payroll review process.

Mr. Nash concluded his report by noting the findings and observations indicated no instances of fraud or malfeasance, rather RSM suggests that stronger internal controls could be established. He noted that management filed a response to the internal audit which will be reviewed at a future Audit Committee meeting.

Discussion of Proposed Slate of Board Officers

Chairwoman Hamilton informed the Audit Committee that it was time to update the slate of Board Officers. She reminded them that it was decided at the March 9, 2020 Board of Directors meeting that upon John Baker's appointment to the JEA Board, Mr. Shelton would serve the remainder of Mr. Baker's chairmanship through September 30, 2020. She recommended that Mr. Shelton remain as Chairman, she would remain Vice Chair, Palmer Clarkson would now become Treasurer, and Daniel Bean would serve as Secretary for a term to begin on October 5, 2020 through September 30, 2021.

After a motion by Mr. Clarkson, and a second by Mr. Bean, the Audit Committee unanimously approved this slate of officers to serve a term beginning on October 5, 2020 through September 30, 2021.

Chairwoman Hamilton also proposed that the Audit Committee, for the term beginning October 5, 2020 through September 30, 2021, should remain as follows: She will serve as Chair of the Audit Committee, since by policy the Vice Chair serves as Chair of this committee, along with members Palmer Clarkson and Daniel Bean.

After a motion by Mr. Clarkson, and a second by Mr. Bean, the Audit Committee unanimously approved this slate of officers to serve on the Audit Committee for a term beginning on October 5, 2020 through September 30, 2021.

Other Info, Comments, Questions, Concerns

Chairwoman Hamilton asked if there were any more questions or discussion. There being none, the meeting adjourned at 9:04 a.m.