



Minutes for Audit Committee Meeting

06/28/2021 | 08:15 AM - 08:52 AM - Eastern Time (US and Canada)

2831 Talleyrand Avenue, Jacksonville, FL 32206 - Engineering Conference Room

Audit Committee/Board Members Attending:

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

Other Board Members Attending:

Mr. Jamie Shelton, Chairman, Board of Directors
Mr. Brad Talbert, Board Member

Other Attendees:

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

Call Meeting to Order

A meeting of the Jacksonville Port Authority Audit Committee was held on Monday, June 28, 2021 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida in the Engineering Conference Room, 2nd floor. Chairwoman Wendy Hamilton called the meeting to order at 8:15 a.m. and welcomed all attendees.

Approval of February 22, 2021 Audit Committee Meeting Minutes

Chairwoman Hamilton called for approval of the February 22, 2021 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.

Proposed Operating & Capital Budget for FY2022

Ms. Hamilton then turned the meeting over to Ms. Beth McCague who presented an overview of the Proposed Operating and Capital Budget for FY2022 to the committee. She asked the Audit Committee for approval of the FY2022 budget pursuant to the Charter of the Consolidated Government of the City of Jacksonville, which states that the port is required to send its proposed budget over to the City Council by July 1, 2021.

After discussion by the Audit Committee, Chairwoman Hamilton asked for a motion to approve the proposed FY2022 Operating and Capital Budgets. After a motion by Mr. Bean and a second by Mr. Clarkson, the Audit Committee unanimously voted to approve the proposed FY2022 Proposed Operating and Capital Budget as submitted.

Billing Audit Update

Ms. McCague provided an updated response to the internal auditor's recent billing audit since RSM had some concerns regarding verification of information submitted by tenants. Ms. McCague informed the Audit Committee that a comprehensive Billing Process Improvement Plan was developed by a team of internal staff under the direction of the CFO and Director of Finance with input from external resources. The objective of this plan was to define and document a comprehensive plan to ensure that JAXPORT tenants and customers are being accurately billed in a timely and consistent manner for services rendered that are subject to either contract or tariff pricing in accordance with established contractual, financial and billing protocols. Formal reviews of select customers began in January/February 2021. Staff analysis concluded that approximately 80% of total billings are considered to be verifiable, with appropriate source documents such as manifests and direct vessel information. Other observations found that approximately 20% of the port's total revenue (primarily "Container Throughput") will be examined more closely in the customer reviewing process. Specifically, the port's Puerto Rico carriers operate under a different set of federal regulations as "domestic" carriers; therefore, they are not required to file the same automated manifest information with U.S. Customs.

Ms. McCague stated that the port secured a CPA with audit experience to develop Audit processes and examine its customer billing processes. This auditor reviewed Crowley procedures for weighing cargo and confirmed that the containers were weighed at the JAXPORT entry gate. The auditor met with Crowley personnel to document reports and processes Crowley uses to prepare billing information. Based on this independent review, it appears information provided to JAXPORT by Crowley for billing purposes is accurate.

In conclusion, Ms. McCague stated that she is very pleased with the results of the billing audit and that internal staff will complete reviews of domestic carriers' billing information by calendar year-end. Meetings will be arranged with the appropriate key personnel within JAXPORT's customers' organizations to assist the port in identifying additional data sources needed to verify submitted billing information. A new billing information template is being developed to standardize information collected from each customer. Staff efforts are focused in two main areas: (1) revenue verification; and (2) process improvement.

Adjourn

Chairwoman Hamilton asked if there were any more questions or discussion. There being none, the meeting adjourned at 8:52 a.m.