

BOARD OF DIRECTORS MEETING
Audit Committee
Jacksonville Port Authority
August 28, 2017

A meeting of the Jacksonville Port Authority Audit Committee was held on Monday, August 28, 2017 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Vice Chairman Fleming called the meeting to order at 9:05 a.m., welcomed all attendees and led the audience in the Pledge of Allegiance.

Audit Committee/Board Members Attending:

Mr. Ed Fleming, Vice Chairman
Mr. John Falconetti, Treasurer
Mr. Joe York, Member
Mr. Jim Citrano, Chairman
Mr. John Baker, Secretary
Dr. John A. Newman, Member
Mr. Jamie Shelton, Member

Other Attendees:

Mr. Mike Poole, CFO
Mr. Mike McClung, Controller
Mr. Vincent Mokwenye, Internal Auditor
Mr. Ken Anderson, Deputy Director, Public Safety
Mr. Jeff Zeichner, RSM
Ms. Becky Dicks, Board Liaison

Vice Chairman Fleming called for approval of the June 26, 2017 Audit Committee meeting minutes. After a motion to approve as submitted by Mr. Falconetti and a second by Mr. Fleming, the Committee unanimously approved the minutes as submitted.

Vice Chairman Fleming then asked Mr. Ken Anderson, Deputy Director of Public Safety, to give an update on the port's public safety statistics. Mr. Anderson stated that all of their reporting mechanisms are governed by Standard Operating Procedure 1202 and the department completes an accident and investigation form for all incidents. In that process, the department has its Public Safety Officer independently go out and perform a full report of what type of incident has occurred.

After every incident, the Public Safety Officer performs a "root cause analysis" which provides additional details back to Management. This documentation also provides recommendations for corrective actions including everything from policy to engineering different ways of doing the work itself, providing PPE or additional training. All of this information is tracked on an OSHA 300 log, which allows the Public Safety Department to record information such as date of injury, type of injury, body part, injured, etc.

As of October 2016 to the present date, the port has had eight employees receive minor medical attention, which means they went to the urgent care site, and then returned to work sometimes with restrictions and sometimes without restrictions and no medical attention for two employees. They have been able to track incidents and have done an analysis sheet that shows what the problems are so they can address the specific issues and it also allows them to target training for the employees.

Mr. Anderson stated that from October 2016 to the present date, there have been seventeen reports of tenant injuries. A couple of those have been rescue but most have been minor issues like first aid. Mr. Anderson confirmed that JAXPORT's Public Safety Department is aware of all OSHA reports filed by our tenants.

Mr. Vincent Mokwenye presented his findings from an Equipment Maintenance Department Audit conducted from 2012 through 2016. The audit looked at the maintenance department's activities related to crane and vehicle assets.

In Mr. Mokwenye's review, he determined that documentation of preventive/corrective work performed on the work order forms lacked a detailed description of the work performed. There was no place on the work order log for supervisory sign-off on the work performed to indicate that the work was completed.

JAXPORT also does not have an asset or fleet replacement policy that specifies how long an asset will be in operation before retirement. However, as a compensatory control, JAXPORT identifies asset replacement during the annual budget and 5 year Capital Improvement Plan. This audit also found that the previous Maximo 5.2 program was very limited in its capabilities and features.

Mr. Mokwenye recommends that the work order form needs to be re-designed to properly capture relevant records that will present the description of work performed. Maximo will help to record and report maintenance expenditures properly and all work orders will be routed to a manager for review before they are closed out.

Maximo 7.6 can also be used to track and account for more expenses (e.g. fuel costs) directly related to each asset than is currently being tracked and accounted for. Maintenance currently being tracked outside of Maximo should be included and tracked in Maximo to prove more refined asset maintenance costs. Mr. Mokwenye stated that Management is aware of the shortcomings in the Maximo 5.2 program and has already made an upgrade to the newest version of Maximo 7.6.

Mr. Mokwenye stated that he included the status of prior audits in the audit packet. The first one is the ICTF audit. The recommendation was to build an electronic interface to line E-Builder (Project Management Software) with Great Plains (Accounting Software) to ease monthly account reconciliation. As of now, three of those processes have been completed. The IT Department is still determining the level of IBG programming effort, completing software integration and implementing new software. The expected completion date is October 2017.

The second status update is the SSA Revenue Collection Audit. The recommendation was to use an electronic device to streamline the manual logs for easy and timely recording and to upgrade or re-engineer the Vessel Scheduling and Billing System (VSAB). Two recommendations have been completed and the other recommendation is pending due to higher than expected annual maintenance costs from the lowest conforming RFP respondent. Management has decided to further review the acquisition of a new VSAB system before finalizing the purchase. Mr. Poole stated that it should be completed by the end of this calendar year.

The last status update is in regards to the IT Audit. It was recommended to prioritize the activation and implementation of the IT assets management module in Maximo. The IT Audit recommendation has been scheduled to be implemented in two phases. Mr. Steve Johnstone has completed the Planning Phase and the other phases are in progress.

Discussion and recommendations were made of the previous audit follow-up schedule to be presented to the Audit Committee.

Mr. Mike Poole informed the Audit Committee that the external auditing services expired with the issuance of the FY2016 audit. The Procurement Department put out an RFP and four firms responded. A three-person selection committee was set up with Board Member Jamie Shelton, Mike McClung, Controller, and Paul Soares, Sr. Director of Facilities Development.

Mr. Louis Naranjo, Director of Procurement, stated that this committee read all of the proposals, evaluated and then ranked them. After discussion, RSM US had the highest score with 94 points. He stated this even though this company did not come in as the lowest bidder; you have to consider not only price but also other factors of the company such as relevant experience. The committee discussed that even though they happen to be our incumbent, they felt RSM was the most qualified and recommended an award of the contract to RSM.

After a motion by Mr. York and a second by Mr. Falconetti, the Audit Committee unanimously approved the award of a contract to RSM US, LLP, the highest evaluated bidder for a three-year period with three additional one-year renewal options made at the discretion of JAXPORT.

There being no further business of the Audit Committee, the meeting was adjourned at 9:55 a.m.