

**BOARD OF DIRECTORS MEETING**  
**Audit Committee**  
**Jacksonville Port Authority**  
**March 5, 2018**

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A meeting of the Jacksonville Port Authority Audit Committee was held on Monday, March 5, 2018 at the Port Central Office Building, 2831 Talleyrand Avenue, Jacksonville, Florida. Mr. John Baker called the meeting to order at 9:00 a.m., welcomed all attendees and led the audience in the Pledge of Allegiance.

**Audit Committee/Board Members Attending:**

Mr. John Baker, Treasurer  
Mr. Jamie Shelton, Secretary  
Mr. Ed Fleming, Chairman  
Dr. John A. Newman, Member

Mr. John Falconetti, Vice Chairman - Absent

**Other Attendees:**

Mr. Eric Green, CEO  
Mr. Mike Poole, CFO  
Ms. Linda Williams, Chief, Adm. & Corporate Performance  
Mr. Mike McClung, Director of Finance  
Mr. Jeff Zeichner, RSM  
Ms. Becky Dicks, Board Liaison

Since the Chairman of the Audit Committee could not attend this meeting, Mr. Baker conducted the meeting. Mr. Baker called for approval of the August 28, 2017 Audit Committee meeting minutes. After a motion to approve the minutes by Mr. Baker and a second by Mr. Shelton, the Committee unanimously approved the minutes as submitted.

Mr. Baker then turned the meeting over to Mr. Mike Poole to discuss the FY2017 Audited Financial Statements.

Mr. Mike Poole informed the Audit Committee that they received two packets. The first one is the audited financial statements and second one is the report from RSM to the Audit Committee that Mr. Jeff Zeichner will discuss later.

The first item is a letter of transmittal that shows some of our accomplishments in the last year. We had a record year in TEU's; JAXPORT moved a record 1,033,068 twenty-foot equivalent units (TEUs) and exceeded the previous record of 968,279 TEUs set last year. JAXPORT also moved 693,248 vehicles in 2017. This record setting volume maintains JAXPORT's ranking as the nation's second busiest vehicle-handling port.

Page 1 shows our audit opinion and we received a clean audit. After discussing more of the major highlights of the report, Mr. Poole turned the discussion over to Mr. Jeff Zeichner of RSM.

Mr. Jeff Zeichner stated that RSM has always had a good working relationship with the management at JAXPORT. He introduced Justin Siler who was in charge of this audit.

Mr. Zeichner stated that RSM has issued an unmodified opinion on the financial statements, which is the highest level of assurance a CPA can give. This opinion states that your financial statements accurately reflect the financial position of the port and the changes in its operations for the FY ending September 30, 2017.

After a motion by Mr. Shelton and a second by Mr. Baker, the Audit Committee unanimously accepted RSM's Audited Financial Report for the fiscal year ended on September 30, 2017.

Ms. Linda Williams presented an Internal Auditor Services update. She stated that JAXPORT did a company-wide risk assessment two years ago. The assessment was based on interviews and questionnaires, policies, procedures and business process documentation. The risk assumptions included fiscal impact, strength of management, environment, public relations, and reputation, fraud, corruption and non-compliance (regulatory) and complexity of activity. Based on this information, the risk assessment determined each functional area with a high, medium or low risk level.

It was determined that Engineering & Construction, Accounting & Finance, Procurement, Operations/Safety, Information Technology and Equipment Maintenance-TMT all came in at a high risk level. Management realized that a certain technical area of expertise is needed in conducting these audits and it was decided to look at hiring an external firm to do the internal auditing services for JAXPORT.

In January 2018, the Procurement Department solicited formal proposals for the internal auditor services. The areas we will be looking at in terms of auditing is accounts receivable/payable, billing, capital projects, procurement, security and others as needed.

The Procurement Department received seven conforming proposals. The Evaluation Committee met and after reviewing and scoring the proposals, they recommend the award of a contract to RSM US, LLP, the highest evaluated bidder for a three-year period with two additional one-year renewal options.

Mr. Shelton made a motion to approve the recommendation of awarding RSM the contract of Internal Auditor Services for the Jacksonville Port Authority and it was seconded by Mr. Baker.

Ms. Williams then presented a draft of the 2018 Audit Work Plan. The plan includes the assignment description, preliminary objectives, estimated start date, estimated end date, business process owner, responsible party, and the status.

Mr. Shelton made a motion to accept the draft of the 2018 Audit Work Plan and for management to come back with the finalized 2018 Audit Work Plan by the next Audit Committee meeting and Mr. Baker seconded it.

Mr. Baker asked that RSM attend the next Audit Committee meeting to inform the committee what they are going to cover over the three-year cycle and to include the estimated cost for the contract.

Mike Poole introduced Jennifer Murtha and Clara Ewing of RSM who will be working with the Audit Committee on the internal auditing services.

There being no further business of the Audit Committee, meeting was adjourned at 9:45AM.