

JEA FINANCE & AUDIT COMMITTEE MINUTES  
August 13, 2018

The Finance & Audit Committee of JEA met on Monday, August 13, 2018 in the 8<sup>th</sup> Floor Conference Room, JEA Plaza Tower, 21 W. Church Street, Jacksonville, Florida.

**Agenda Item I – Opening Considerations**

- A. Call to Order – Committee Chair Kelly Flanagan attended telephonically and called the meeting to order at 8:00 AM. Board Chair Alan Howard and Vice Chair Husein Cumber in attendance. Others in attendance were Aaron Zahn, Melissa Dykes, Kerri Stewart, Ted Hobson, Jody Brooks, Steve Tuten, Joe Orfano, Walette Stanford, Janice Nelson, Ryan Wannemacher, Steve McInall, Frank DiBenedetto, Kristina Quarterman, Gina Kyle, and Lee Montanez. John DiSanto and Russ Jeans, Ernst & Young.
- B. Adoption of Agenda – The agenda was adopted on **motion** by Mr. Howard and second by Board Vice Chair Cumber.
- C. Approval of Minutes – The May 7, 2018 Minutes were unanimously approved on **motion** by Board Vice Chair Cumber and second by Mr. Howard.

**Agenda Item II – New Business**

- A. Approval of Annual Internal Audit Plan – Steve Tuten, Director, Audit Services, introduced Lee Montanez, Manager, Internal Audit Services. Mr. Montanez provided an overview of the FY19 Internal Audit Plan, including information on the annual planning approach, risk assessment survey, and the description of scheduled audits and proposed timeline. On **motion** by Board Chair Howard and second by Board Vice Chair Cumber, the Committee unanimously approved the Annual Internal Audit Plan and recommends Board approval.
- B. Annual Approval of Audit Services Charter – Steve Tuten, Director, Audit Services, presented the JEA Audit Services Charter, noting that the Institute of Internal Auditors (IIA) requires the Finance and Audit Committee annually review and formally approve the Charter. Mr. Tuten stated no revisions have been made to the Charter. On **motion** by Board Chair Howard and second by Board Vice Chair Cumber, the Committee unanimously approved the Annual Internal Audit Plan and recommends Board approval.
- C. Audit Services – Quarterly Audit Services Update – Lee Montanez, Manager, Internal Audit Services, provided an update to the Committee regarding the progress of the FY18 Internal Audit Plan, open audit and investigation report issues, ERM highlights, risks and trend report, and the Ethics Hotline Report. Frank DiBenedetto, Manager, Enterprise Risk Management, provided a review of the Enterprise Compliance & Risk Committee and Subcommittees, as well as the new Information Security Governance Committee. The Committee held discussions regarding Top Corporate Risks. A request was made by the Committee for staff to re-evaluate risks, in light of recent developments regarding Plant Vogtle and the Utility environment. This presentation was received for information.
- D. Ethics Officer Quarterly Report – Walette Stanford, Ethics Officer and Director, Emerging Workforce Strategies, provided an update regarding Ethics inquiries, FY18 gift registry items and Ethics policies and procedures. The Ethics officer role moved from Human Resources to Compliance on April 23, 2018. This presentation was received for information.
- E. Ernst and Young FY2018 Annual Financial Audit Plan was reviewed by John DiSanto, Executive Director. Mr. DiSanto introduced Russ Jeans, Senior Manager, Ernst and Young. On **motion** by

Board Vice Chair Cumber and second by Board Chair Howard, the Committee recommends the full Board approve the FY2018 Annual Financial Audit Plan.

- F. Electric System and Water and Sewer System Reserve Fund Quarterly Report – Joe Orfano, Treasurer, reviewed the Electric System and Water and Sewer System Reserve Fund Quarterly Report, which was received for information.
- G. JEA Investment Policy – Revision to Authorized Investments – Joe Orfano, Treasurer, presented. Staff is recommending revisions to the Investment Policy which include a revision to the lists of Authorized Investments for the Electric System and the District Energy System to ensure the language in the Investment Policy is consistent with updates to the Florida Statutes. In addition, the Policy will include new language to formally state that the authority to approve, amend or revise the Policy rests with the JEA Board. On **motion** by Board Vice Chair Cumber and second by Board Chair Howard, the Committee recommends the full Board approve the revised Investment Policy as amended.

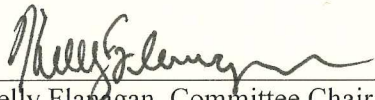
*Board Chair Alan Howard left the meeting at 9:26 AM*

- H. JEA Energy Market Risk Management Policy Report – Steve McNall, Director, Electric Production Resource Planning, reviewed the Energy Market Risk Management Policy Report, which was received for information.
- I. Announcements
1. The next Finance and Audit Committee meeting will be held on December 3, 2018, at 8:00 AM.
- J. Committee Discussion Sessions
1. Ernst & Young – At 9:45 AM, Committee Chair Flanagan dismissed staff and the Committee held a general conversation with John DiSanto.
  2. Director, Audit Services – At 9:56 AM, Committee Chair Flanagan and the Committee held a general conversation with Steve Tuten, Director, Audit Services.
  3. Council Auditor's Office – The Council Auditor's Office was not in attendance.

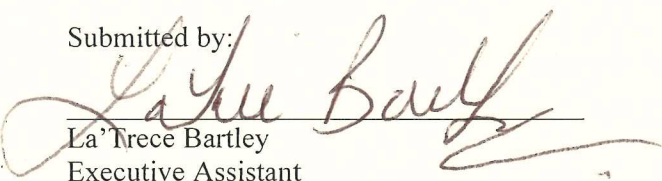
### Closing Considerations

With no further business claiming the attention of this Committee, the meeting was declared adjourned at 10:04 AM.

APPROVED BY:

  
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Kelly Flanagan, Committee Chair  
Date: 12/11/18

Submitted by:

  
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La'Trece Bartley  
Executive Assistant