

The Board of Trustees of the Galveston Wharves

(a Component Unit of the City of Galveston, Texas)

Compliance Report
Year Ended December 31, 2018

Contents

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Independent Auditor's Report

To the Board of Trustees
The Board of Trustees
of the Galveston Wharves

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the Board of Trustees of the Galveston Wharves (the Port), a component unit of the City of Galveston, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Port's financial statements, and have issued our report thereon dated June 25, 2019. As described in Note 12 of the financial statements, the Port restated beginning net position effective January 1, 2018, to correct an error in revenue recognition. Our opinion is not modified with respect to this matter.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Port's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Port's internal control. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Port's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, as described in the accompanying schedule of findings and questioned costs, as item 2018-001, that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Port's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Port's Response to the Finding

The Port's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Port's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Port's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Port's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

San Antonio, Texas
June 25, 2019

**Report on Compliance for the Major Federal Program, Report on
Internal Control Over Compliance and Report on the Schedule of
Expenditures of Federal Awards as Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Trustees
The Board of Trustees
of the Galveston Wharves

Report on Compliance for the Major Federal Program

We have audited the Board of Trustees of the Galveston Wharves' (the Port), a component unit of the City of Galveston, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Port's major federal program for the year ended December 31, 2018. The Port's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Port's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Port's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Port's compliance.

Opinion on the Major Federal Program

In our opinion, the Port complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-005. Our opinion on the major federal program is not modified with respect to this matter.

The Port's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Port's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the Port is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Port's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Port's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as items 2018-002, 2018-003 and 2018-004, that we consider to be significant deficiencies.

The Port's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Port's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Port as of and for the year ended December 31, 2018, and have issued our report thereon dated June 25, 2019, which contained an unmodified opinion on those financial statements. As described in Note 12 of the financial statements, the Port restated beginning net position effective January 1, 2018, to correct an error in revenue recognition. Our opinion is not modified with respect to this matter. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM VS LLP

San Antonio, Texas
June 25, 2019

The Board of Trustees of the Galveston Wharves

Schedule of Expenditures of Federal Awards Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Federal Expenditures
United States Department of Homeland Security:				
Direct programs:				
Port Security Grant Program	97.056	EMW-2015-PU-00285-S01	\$ -	\$ 321,394
Port Security Grant Program	97.056	EMW-2016-PU-00297-S01	-	383,835
Port Security Grant Program	97.056	EMW-2017-PU-00510-S01	-	70,040
Total direct programs			-	775,269
Passed Through Governor's Division of Emergency Management:				
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	Grant #4332, Project F#1933	-	13,676
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	Grant #4332, Project F#2142	-	6,775
Disaster Grants—Public Assistance (Presidentially Declared Disasters)	97.036	Grant #4332, Project F#1382	-	31,082
Total Passed Through Governor's Division of Emergency Management			-	51,533
Total United States Department of Homeland Security			-	826,802
Total Expenditures of Federal Awards			\$ -	\$ 826,802

See notes to schedule of expenditures of federal awards.

The Board of Trustees of the Galveston Wharves

Notes to Schedule of Expenditures of Federal Awards

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Board of Trustees of the Galveston Wharves (the Port) under programs of the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Port, it is not intended to and does not present the financial position, changes in net position or cash flows of the Port.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Port has elected to not use the 10 percent de minimis indirect cost rate, as allowed under the Uniform Guidance.

The Board of Trustees of the Galveston Wharves

Summary Schedule of Prior-Audit Findings

None noted.

The Board of Trustees of the Galveston Wharves

**Schedule of Findings and Questioned Costs
Year Ended December 31, 2018**

I. Summary of Auditor's Results

A. Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? X Yes No
 - Significant deficiency(ies)? Yes X None Reported
3. Noncompliance material to financial statements noted? Yes X No

B. Federal Awards

1. Internal control over major programs:
 - Material weakness(es) identified? Yes X No
 - Significant deficiency(ies) identified? X Yes None Reported
2. Type of auditor's report issued on compliance for major programs: Unmodified
 - Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? X Yes No

3. Identification of major program:

CFDA Number	Name of Federal Program or Cluster
97.056	Port Security Grant Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

(Continued)

The Board of Trustees of the Galveston Wharves

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2018

II. Findings Relating to the Financial Statement Audit, as Reported in Accordance With *Government Auditing Standards*

A. Deficiencies in Internal Control

Finding 2018-001—Accounts Receivable (Federal Emergency Management Agency (FEMA))

Type of finding: Material Weakness

Criteria: FEMA grants are considered cost-reimbursement grants, which are subject to eligibility requirements. Under Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, a receivable and revenue should not be recorded in the financial statements until all applicable eligibility requirements are met.

Condition: As a result of Hurricane Ike which occurred in 2008, the Port submitted claims (from 2012 to 2017) to the Texas Division of Emergency Management (TDEM) and FEMA for costs that resulted from damages incurred from Hurricane Ike. As of December 31, 2017, the Port showed a net receivable related to various claims outstanding with TDEM and FEMA totaling \$8,279,129.

In 2018, the Port operated under the direction of a new Port Director/Chief Executive Officer. One of his priorities was to assess why the FEMA receivable from Hurricane Ike, which occurred in 2008, remained outstanding. Based on follow up procedures performed with the respective parties involved, management learned the following:

- During TDEM's project close-out audit process, additional direct administrative costs (DACs) were being questioned due to insufficient support, which indicated additional information would be needed.
- The issue TDEM noticed during its audit process was that various DAC invoices were not linked to an approved project worksheet (PW) or were not specific enough to the PW the Port originally indicated.
- Internally, management also identified certain claims included in the receivable related to costs that were not considered allowable and, thus, not subject to reimbursement.

Based on this information, the unallowable costs, as well as the gaps in the supporting documentation, management determined that more time was necessary to gather the additional documentation needed to support the claims submitted for reimbursement.

The results from the information above indicate revenue and accounts receivable may not have been recognized in accordance with GASB Statement No. 33, as described in criteria above. Accordingly, management restated net position to correct the error effective January 1, 2018.

Cause: The cause appears to be the result of lack of proper oversight and timely follow up to process the claims to final close-out status, which could have fulfilled the eligibility requirements.

Effect: Receivables and beginning net assets were overstated in the prior year. Thus, management restated the beginning net position effective January 1, 2018, by \$8,279,129.

The Board of Trustees of the Galveston Wharves

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2018

Recommendation: While the trade accounts receivable policy related to the Port's main operations appears to be in place and functioning as designed, we recommend management consider developing a similar policy, but specifically related to grants accounts receivable. The policy should include control procedures which specify documentation requirements supporting the claims for grant reimbursement and the fulfillment of the grant eligibility requirements, the period of time such records need to be maintained and be available for inspection, as well as a requirement that calls for periodic reconciliations of the detail claims outstanding to the general ledger. The control procedures should also include an enhancement to the current tracking mechanism (by claim), which documents the follow up performed and status thereof.

View of responsible officials: Management concurs with the finding. See corrective action plan.

B. Compliance Findings

None reported.

III. Findings and Questioned Costs for Federal Awards

A. Deficiencies in Internal Control

Finding 2018-002—Equipment/Real Property Management

U.S. Department of Homeland Security

Port Security Grant Program

CFDA No. 97.056

Federal Award Number: EMW-2015-PU-00285-S01, EMW-2016-PU-00297-S01 and
EMW-2017-PU-00510-S01

Federal Award Year: 2015, 2016 and 2017

Type of Finding: Significant Deficiency

Criteria: Per 2 CFR 200.313(d)(2), "A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years." In addition, the Port's grant policy manual requires, "a physical inventory be scheduled during the second quarter of every odd numbered year."

Condition: During our testing of equipment, we noted the last documented physical inventory was performed in fiscal year 2015. Management informed us that, due to Hurricane Harvey in 2017, it performed alternative procedures which included a full inventory of assets to assess damages due to the hurricane. However, under the circumstances, management was not able to retain a full detail of the alternative procedures performed.

Cause: Due to the unusual circumstances caused by Hurricane Harvey in 2017, a full detail of the alternative procedures performed was not able to be retained.

Effect: Although we did not detect any errors in the equipment tested, due to the unusual circumstances described above, full compliance with the criteria was not attained.

Questioned costs: None

Context: Under the circumstances described above, management was not able to retain a full detail of the alternative procedures performed.

The Board of Trustees of the Galveston Wharves

Schedule of Findings and Questioned Costs (Continued) Year Ended December 31, 2018

Recommendation: We recommend management consider reaching out to its respective cognizant agency to assess if a waiver is available under the unusual circumstances that are evident from a natural disaster, like Hurricane Harvey.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

Finding 2018-003—Procurement

**U.S. Department of Homeland Security
Port Security Grant Program**

CFDA No. 97.056

**Federal Award Number: EMW-2015-PU-00285-S01, EMW-2016-PU-00297-S01 and
EMW-2017-PU-00510-S01**

Federal Award Year: 2015, 2016 and 2017

Type of Finding: Significant Deficiency

Criteria: Per 2 CFR 200.317, all nonfederal entities are required to have local procurement policies and procedures which follow 2 CFR 200.318 through 200.326.

Condition: During our testing of procurement, we noted several instances where the Port's procurement policies and procedures referenced outdated federal award cost principles.

Cause: The Port's current procurement policies and procedures for federal awards are not updated to comply with current requirements identified in the Uniform Guidance.

Effect: Although we did not detect any errors in procurement for the vendor selected for testing, not having the most current requirements as part of the policies and procedures increases the risk that noncompliance could occur and not be detected in a timely manner.

Questioned costs: None

Context: Procurement policies and procedures are not in line with current cost principles in effect and the Uniform Guidance.

Recommendation: We recommend the Port review the current cost principles in effect, the Uniform Guidance and ensure procurement policies and procedures are updated to reflect these new requirements.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

The Board of Trustees of the Galveston Wharves

Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2018

Finding 2018-004—Reporting

U.S. Department of Homeland Security
Port Security Grant Program

CFDA No. 97.056

**Federal Award Number: EMW-2015-PU-00285-S01, EMW-2016-PU-00297-S01 and
EMW-2017-PU-00510-S01**

Federal Award Year: 2015, 2016 and 2017

Type of Finding: Significant Deficiency

Criteria: The Port is required to complete quarterly federal financial reports (SF-425) as part of the Port Security Grant Program (PSGP). Per 2 CFR 200.303, "The nonfederal entity must: (a) Establish and maintain effective internal controls over the federal award that provide reasonable assurance that the nonfederal entity is managing the federal award in compliance with Federal statutes, regulations and the terms and conditions of the Federal award."

Condition: During our testing of SF-425 reports, we noted there's no review and approval process prior to the submission of the SF-425 reports.

Cause: The Port's current process does not require review and approval of the SF-425 reports prior to submission.

Effect: Not having a formal review and approval process increases the risk that noncompliance could occur and not be detected in a timely manner.

Questioned costs: None

Context: Four SF-425 reports tested did not have evidence of review and approval prior to submission.

Recommendation: We recommend the Port develop a process to review and approve the SF-425 reports prior to submission. Evidence of the review and approval process should be retained to support the operating effectiveness of the control.

Views of responsible officials: Management concurs with the finding. See corrective action plan.

B. Compliance Findings

Finding 2018-005—Equipment and Real Property

U.S. Department of Homeland Security
Port Security Grant Program

CFDA No. 97.056

**Federal Award Number: EMW-2015-PU-00285-S01, EMW-2016-PU-00297-S01 and
EMW-2017-PU-00510-S01**

Federal Award Year: 2015, 2016 and 2017

Type of Finding: Noncompliance

See finding 2018-002 above.



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**CORRECTIVE ACTION PLAN
YEAR ENDED December 31, 2018**

Identifying Number: 2018-001

Finding: Accounts Receivable (Federal Emergency Management Agency (FEMA))

Name(s) of the contact person(s) responsible for corrective action: Mark Murchison and Laura Camcioglu

Anticipated Completion Date: December 31, 2019

Corrective Actions Taken or Planned: The Port of Galveston made a determination that due to the length of time that some of the FEMA receivables were on the books and the open status of many of the PWs, that it would engage a new consulting and employee team to be charged with reviewing, closing, and following up with TDEM/FEMA on PWs. This transition took place early in 2018, and while great progress has made, the Port made the decision to adjust the FEMA receivable, while we continue our efforts to review, close, and follow up with TDEM/FEMA on PWs. This is a conservative approach in which collections will be recognized when received due to questions concerning the amount and timing of these receivables. The Port also made the decision to record this change as a prior period adjustment, resulting in the finding of a material weakness in this area. Corrective actions the Port has put in place:

- Future natural disaster claims identified by PWs will be maintained in a master list that includes invoices (by PW) and claim status. This list will be maintained by the Director of Administration or someone within his or her control.
- The CFO and the Director of Administration will review the list a minimum of quarterly, and report their findings concerning claims, claim status, and possible impairment of claims with the Port Director. Possible impairment will be determined based on the length of time the claim has been outstanding, open status of the claim, or any other factor leading Port management to believe collectability may be impaired. Review of the list of all PWs will be documented and signed off quarterly by the CFO and Director of Administration. Results of the review will be documented in writing and presented to the Port Director.
- Impairments to FEMA receivables will be booked to the financial statements annually by December 31st at a minimum.
- This action will be put in place with the next natural disaster.
- All records regarding these procedures will be maintained per records retention requirements.



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**CORRECTIVE ACTION PLAN
YEAR ENDED December 31, 2018**

Identifying Number: 2018-002

Finding: Equipment/Real Property Management

Name(s) of the contact person(s) responsible for corrective action: Mark Murchison and Brett Milutin

Anticipated Completion Date: December 31, 2019

Corrective Actions Taken or Planned: The Port of Galveston performed alternative inventory procedures in 2017 due to Hurricane Harvey that resulted in finding that some security cameras were no longer functioning and needed to be replaced. This was at the same time that the Port Controller, who had been responsible for physical inventories, made the decision to retire. While it is possible that the Port Controller kept records of these alternative inventory procedures that were performed, the documentation was not found. Corrective actions the Port has put in place:

- The Port Controller will schedule inventory audit beginning in May of 2019 and every two years thereafter. By scheduling the audit during the 2nd quarter, should the audit need to be pushed back due to any major event, the Port will still conduct a managed, and well documented inventory.
- The Port Controller will send Outlook invitations to the CFO, Director of Operations, and other appropriate parties this week. The event of the physical inventory will be scheduled to take place every other year in Outlook when the Outlook invitation is sent, automatically bringing up future physical inventory counts.
- The physical inventory result sheets will be reviewed and signed by both the CFO and the Director of Operations, and they will report their findings to the Port Directors.
- Physical inventory sheets will be filed and maintained per records retention requirements.

This process began in late May 2019 with physical counts of the physical inventory occurring.



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**CORRECTIVE ACTION PLAN
YEAR ENDED December 31, 2018**

Identifying Number: 2018-003

Finding: Procurement

Name(s) of the contact person(s) responsible for corrective action: Laura Camcioglu

Anticipated Completion Date: December 31, 2019

Corrective Actions Taken or Planned: The Port of Galveston has grant procurement procedure and uses a government-approved source for all of its federal procurement. While Port procurement is sometimes more restrictive than procedures outlined in 2 CFR 200.318 through 200.326 (guidance), the following corrective actions are being put in place:

- The Director of Administration and her procurement team will conduct a review of current procurement procedures compared with procedures outlined in guidance during the 3rd quarter of 2019. In this review, the team will identify all procedures that are not consistent with guidance or guidance procedures that are not contained in Port procedures. The team will produce a revised policy which includes any required changes to will make Port procedure consistent with guidance. The Director of Administration will review these changes with the Port Director and present a revised Policy for the Board to consider.
- Compliant procedures will be rolled out to all appropriate parties at the Port by the end of the 3rd quarter of 2019.
- The Director of Administration or her designee will monitor guidance annually at a minimum, and will conduct changes to Port procedure to ensure they are in line with guidance before the stated application dates of new policies



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**CORRECTIVE ACTION PLAN
YEAR ENDED December 31, 2018**

Identifying Number: 2018-004

Finding: Reporting

Name(s) of the contact person(s) responsible for corrective action: Laura Camcioglu

Anticipated Completion Date: December 31, 2019

Corrective Actions Taken or Planned: The Port of Galveston has established procedures whereby an error in SF-425 submission by the Administration Department would be detected by finance as they review expenses and related revenues. Because this is a detective, rather than a preventive, control, the following corrective actions are being put in place:

- The Director of Administration will put a review process in place whereby she reviews invoices and the related proposed SF-425 submissions, proposes changes as necessary, and signs off on the SF-425 submission prior to filing, thereby certifying the completeness and correctness of the filing in accordance with CFR 200.303 (guidance).
- Copies of the review and approval will be maintained with the appropriate Port Security Grant Program, filed, and maintained per records retention requirements.
- The Director of Administration will put this procedure in place effective immediately.



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Leigh Elizabeth Beeton, Trustee
Richard DeVries, Trustee
Jayson L. Levy, Trustee
Todd P. Sullivan, Trustee
Mayor James D. Yarbrough, Trustee

PORT DIRECTOR/CEO
Rodger Rees

**CORRECTIVE ACTION PLAN
YEAR ENDED December 31, 2018**

Identifying Number: 2018-005

Finding: Equipment and Real Property

Name(s) of the contact person(s) responsible for corrective action: Mark Murchison and Brett Milutin

Anticipated Completion Date: December 31, 2019

Corrective Actions Taken or Planned: See Corrective Actions 2018-002 above.

