

PORT OF SEATTLE
MEMORANDUM

DATE: March 13, 2013

TO: Commissioner Bill Bryant, Chair, Audit Committee
Commissioner Tom Albro, Commission President
Tay Yoshitani, CEO

FROM: Joyce Kirangi, Internal Audit Director

SUBJECT: Commission Office Audit – Termination Memo

Action Requested

After due consideration, I recommend under the provisions of Government Auditing Standards (6.50) the audit of the Commission Office be terminated and included in the 2014 Annual Work Plan. This delay will allow Commission Office management sufficient time to fill staff vacancies and orient new Commissioners.

Background

As part of the Audit Committee approved 2012 Annual Work Plan, Internal Audit began a comprehensive operational audit of the Commission Office in November 2012. Since that time, the audit has been postponed twice and it is still on hold as of today.

The Commission Office has in recent months experienced myriad events, some of which have created challenges for continuation of the audit:

- Filling of the Commission vacancies.
- There are two unfilled staff vacancies.

Given the workload to fill Commission vacancies and the Commission Office staff, the remaining staff does not have sufficient time to devote to an audit process which undoubtedly takes time from other more pressing issues. Continuing the audit may cause unintended interruptions in the Commission Office operations and it is not cost-effective for the auditors to conduct an audit under these circumstances.

Issues

Issues that have surfaced to date through interviews, analytical procedures, and records review are as follows:

1. During 2012, one of the Commissioners was paid \$1,664 more per diem than the statutory limit of \$12,535.

Criteria: Revised Code of Washington (RCW) 53.12.260
Washington State Register (WSR) 08-11-127

Recommendations:

- Improve controls over Commission Office's per diem disbursement and seek recovery from the Commissioner the \$1,664 of the per diem overpayment. Note that as of to date, Port management has recovered most of the overpayment.
2. One Commissioner's 2012 per diem reports (August, October, and November) were not submitted timely. All three were dated December 28, 2012.

Criteria: The Commission Office staff is responsible for compiling the per diem reports for each Commissioner and obtaining the Commissioner's signature. It has been standard practice to process this documentation, at minimum, once per month.

Recommendation: Ensure that established timelines for report submission are met.

3. Some of the Commission Office procurement cards and credit cards were compromised. (However, no Port funds were lost.)

Criteria: Port Policy - CPO-7, 6.3.3

Recommendations:

- Ensure procurement cards and travel cards are safeguarded at all times.
 - Ensure only authorized staff are given access to the cards or credit card information.
4. The Commission's pledge to provide more transparency and to publicize all Commissioners' expenses on the internet has not been fulfilled, since April 2012.

Criteria: At its December 2011 retreat, the Commissioners directed Commission Office staff to publish all Commissioners' expenses on the internet, starting January 2012

Recommendation: Ensure that Commission directives to staff are fulfilled.