



Internal Audit Report

Limited Operational Audit

Port Jobs Contract

January 1, 2012 - December 31, 2012

Issue Date: June 11, 2013
Report No. 2013-11

Table of Contents

Transmittal Letter	3
Executive Summary.....	4
Background	5
Highlights and Accomplishments	7
Audit Scope and Methodology	7
Conclusion.....	8

Transmittal Letter

Audit Committee
Port of Seattle
Seattle, Washington

We have completed an audit of the Port Jobs contract.

We reviewed information relating to Port Jobs from January 1, 2011, through December 31, 2012.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We extend our appreciation to the staff of the Office of Social Responsibility and Port Jobs for their assistance and cooperation during the audit.



Jack Hutchinson, CPA, CIA, CISA
Manager, Internal Audit

Executive Summary

Audit Scope and Objective The purpose of the audit was to determine whether management has implemented adequate controls to ensure:

1. Port Jobs met the deliverables of the contract.
2. Port funding met the terms of the agreement and supports the Port's goals and objectives as specified in the contract.

The scope of the audit covered the period January 1, 2011, through December 31, 2012, including current activities.

Background The Commission authorized the CEO on December 15, 2009, to enter into the current three-year contract (with two optional one-year extensions) with Port Jobs for \$1,895,000. The contract requires an annual report to the Commission.

The Office of Social Responsibility is responsible for managing the Port Jobs contract.

Port Jobs is a non-profit agency created in 1994 to assist the Port in workforce development. It operates a variety of programs, of which the Port under the contract partially funds the following three:

- Apprenticeship Opportunities Project – offers pre-apprenticeship assistance and training and operated by ANEW, a non-profit contracted by Port Jobs.
- Airport Jobs – offers a centralized employment hub for employers and job seekers at the airport.
- Airport University – offers college credit and job skills classes for airport employees and job seekers.

Audit Result Summary Management has implemented adequate controls to ensure that Port Jobs met the deliverables of the contract and Port funding met the terms of the agreement and supports the Port's goals and objectives, as specified in the contract.

Background

The Port and a group of government agencies participated in *The Working in King County Task Force*. The Port Commission accepted the Task Force report in August 1992. In 1993, the Port of Seattle, together with other organizations, created *Port Jobs* as a 501 c (3) non-profit agency. The Port committed to serve as a catalyst to create new job opportunities and provide a highly skilled workforce for the Port-related economy and to identify potential sources of additional public or private funding to assist in providing training and support services to program participants.

RCW 53.08.245 is the legal authority for this program:

“It shall be in the public purpose for all port districts to engage in economic development programs. In addition, port districts may contract with nonprofit corporations in furtherance of this and other acts relating to economic development.”

House Bill 2651, which took effect June 10, 2010, added the following language to the law:

“Economic development programs may include those programs for job training and placement, pre-apprenticeship training or educational programs associated with port tenants, customers, and local economic development related to port activities that are sponsored by a port, operated by a nonprofit entity and are in existence on the effective date of this section.”

On December 15, 2009, the Commission authorized the CEO to enter into the current three-year contract (with two optional one-year extensions) with Port Jobs for \$1,895,000. The contract requires an annual report to the Commission. The Office of Social Responsibility (OSR) at the Port is responsible for managing the Port Jobs contract.

Port Jobs operates several services and training programs, of which the Port partially funds three programs. Other government and private organizations (such as City of Seattle, King County, and Washington State) provide additional funding.

The following are the three Port Jobs programs partially funded by the Port’s contract:

- Apprenticeship Opportunities Project (AOP)

AOP was created in 1994 to increase access to trade-related jobs to those who would not otherwise have easy access to such careers. The program recruits applicants through a competitive application process for apprenticeship and pre-apprenticeship programs, and provides training, guidance, and advocacy with employers. The program also provides limited financial assistance for qualified applicants. AOP is a recognized pre-apprenticeship program by the Washington State Department of Labor & Industries.

This free, not-for-profit program helps people enter apprenticeships and trades-related jobs. It is a support system for apprentices and an employment information clearinghouse for would-be apprenticeships. Port Jobs currently manages the program under a contract with Apprenticeship and Non-Traditional Employment for Women (ANEW). ANEW is the oldest pre-apprenticeship training program in the United States and a recognized/approved provider

by the Washington State Apprenticeship and Training Council (WSATC) under Chapter 49.04 RCW.

- Airport Jobs

Airport Jobs was created in 2000 with support from the Port, City of Seattle, and Washington State to provide a centralized employment hub that connects job seekers with airport companies recruiting new workers. It has a dual customer focus: airport employers and airport job seekers.

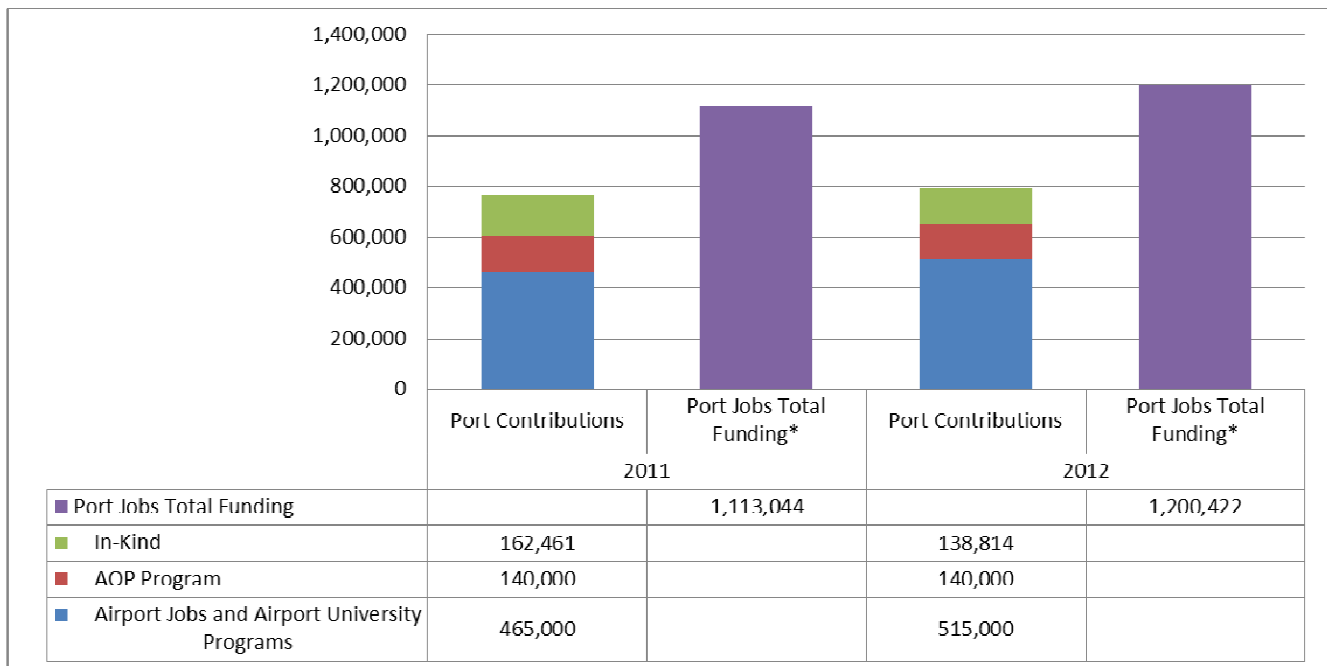
This program provides a listing of open airport jobs, coordinates special hiring events, provides application assistance, etc. Airport Jobs staff assists new hires with preparation for badge testing, as required for airport employment, and obtaining food handler cards.

- Airport University

Airport University was created in 2002 to sponsor college credit classes at the airport, in partnership with South Seattle Community College and Highline Community College.

This program offers jobs skills classes to improve career opportunities and to help applicants pass tests required for airport employment, such as badge tests, airfield driving, and food handling. It also provides interview preparation and online application assistance to job seekers.

For 2011 and 2012, Port of Seattle funding contributed 69% and 66%, respectively, to total Port Jobs funding as follows:



Source: Port Jobs Annual Report

*Funders include King County, City of Seattle, and Washington State

The outcomes of these programs were as follows:

Port Jobs Program Funded by the Port	2011 Results	2012 Results
AOP		
People placed in apprenticeships and trades-related jobs	85	132
Number of people who received financial assistance	107	121
Airport Jobs		
Job seekers visits	8,773	7,170
Number of Website visits to job openings	161,000	142,000
Number of Hires	682	1,170
Airport companies served	65	72
Airport University		
People completing credit-bearing college courses	41	108
People completing job skills classes	149	139

Source: Port Jobs Annual Report

Highlights and Accomplishments

During the course of the audit, we observed the following highlights and accomplishments:

- At OSR's request, Port Jobs has recently expanded reporting of performance target results in its Quarterly Report.
- In November 2012, Highline Community College recognized Port Jobs as one of two Outstanding Community Partners for its considerable contributions to the community with Airport Jobs and Airport University programs.
- In 2012, ANEW exceeded its annual apprenticeship placement goal by 277% and combined goal of apprenticeship and family wage placements by 194%.

Audit Scope and Methodology

We reviewed information for the period January 1, 2011, through December 31, 2012. We utilized a risk-based audit approach from planning to testing phase. We gathered information through research, interviews, observations, and analytical reviews, in order to obtain a complete understanding of the Port Jobs contract and programs. We assessed significant risks and identified controls to mitigate those risks. We evaluated and tested whether the controls were functioning as intended.

We applied additional detailed audit procedures to areas with the highest likelihood of significant negative impact as follows:

1. To determine whether management has implemented adequate controls to ensure Port Jobs meets the deliverables of the contract, we:
 - Compared the Annual Reports of Port Jobs with the contract deliverables.

- Reviewed quarterly performance reports of Port Jobs for second and fourth quarters of 2011 and 2012 for progress on targeted performance metrics.
Reviewed four monthly performance reports of ANEW for progress on targeted performance metrics.
 - Assessed, for 2012, the reliability of the reported deliverables for Port Jobs and the AOP program run by ANEW.
 - Assessed the AOP program contracts between Port Jobs and ANEW for quantifiable deliverables.
 - Visited Port Jobs and ANEW offices and observed on-going programs in operation.
 - Reviewed prior audit reports and followed up on recommendations.
 - Port contracted limited-scope review by an independent CPA firm in 2008.
 - Performance review by the Washington State Auditor's Office in 2010.
2. To determine whether management has implemented adequate controls to ensure Port funding meets the terms of the agreement and supports the Port's goals and objectives as specified in the contract, we:
- Verified that actual expenses - direct and in-kind - were complete, reasonable, and accurate.
 - Verified 2012 in-kind expenses for compliance with contract terms.
 - Reviewed audited financial statements for Port Jobs and ANEW for 2011 and 2012.

Conclusion

Management has implemented adequate controls to ensure that Port Jobs met the deliverables of the contract and Port funding met the terms of the agreement and supports the Port's goals and objectives, as specified in the contract.