



# INTERNAL AUDIT REPORT

COMMISSION OFFICE  
Comprehensive Operational Audit

JANUARY 1, 2014 – SEPTEMBER 30, 2015

ISSUE DATE: FEBRUARY 22, 2016  
REPORT NO. 2016-03

## EXECUTIVE SUMMARY

### AUDIT OBJECTIVES AND SCOPE

The purpose of the audit was to determine whether management controls over the following areas are adequate to ensure:

1. Commissioners and staff are provided adequate training/information flow.
2. Commissioners' per diem and salaries are in compliance with legal requirements and properly supported.
3. Transparency.
4. Commissioners' expenses are valid and related to Port business and comply with Port guidelines.

We reviewed information for the period January 1, 2014 - September 30, 2015. Details of our audit's scope and methodology are on page 2.

### BACKGROUND

The Commission Office is a department within the Port of Seattle. This audit was focused on the departmental activities, not on the Commissioners themselves. The current structure of the Commission Office includes a Chief of Staff, who reports directly to the Commissioners, and six full-time staff members, who report to the Chief of Staff. The Commission Office provides broad support to the five elected Commissioners, including, but not limited to:

1. Policy research and analysis.
2. Scheduling Commissioners' meetings and activities within the Port and the community.
3. Scheduling travel and processing expenses.
4. Noticing public meetings of the Commission, preparing agendas and briefing materials, and posting video-taped meetings and approved minutes to the internet.
5. Publishing Commissioner expenses on the Port's internet.
6. Processing Commissioners' per diems and salaries.
7. Liaising with other Port departments.
8. Training new Commissioners.

### AUDIT RESULT

Management controls over the following are materially adequate:

1. Commissioners and staff are provided materially adequate training/information flow.
2. Commissioners' per diem and salaries are in compliance with legal requirements and properly supported.
3. Transparency.
4. Commissioners' expenses are valid and related to Port business and comply with Port guidelines.

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## TRANSMITTAL LETTER

Audit Committee  
Port of Seattle  
Seattle, Washington

We have completed an audit of the management controls over Commission Office activity. We reviewed information relating to the Commission Office from January 1, 2014 – September 30, 2015.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. 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 management and staff of the Commission Office and to the Commissioners for their assistance and cooperation during the audit.



Joyce Kirangi, CPA, CGMA  
Internal Audit, Director

AUDIT TEAM	RESPONSIBLE MANAGEMENT TEAM
Ruth Riddle, Senior Auditor	Mike Merritt, Chief of Staff
	Commissioners Bowman and Gregoire, Co-Presidents

## BACKGROUND

The Commission Office is a department within the Port of Seattle. This audit was focused on the departmental activities, not on the Commissioners themselves. The current structure of the Commission Office includes a Chief of Staff, who reports directly to the Commissioners, and six full-time staff members, who report to the Chief of Staff. The six full-time staff positions include the following:

- Policy Analyst (2)
- Executive Assistant (2)
- Commission Clerk
- Assistant Commission Clerk

The Commission Office provides broad support to the Commissioners, including, but not limited to:

1. Policy research and analysis.
2. Scheduling Commissioners' meetings and activities within the Port and the community.
3. Scheduling travel and processing expenses.
4. Noticing public meetings of the Commission, preparing agendas and briefing materials, and posting video-taped meetings and approved minutes to the internet.
5. Publishing Commissioner expenses on the Port's internet.
6. Processing Commissioners' per diems and salaries.
7. Liaising with other Port departments.
8. Training new Commissioners.

## FINANCIAL HIGHLIGHTS

<b>COMMISSION OFFICE EXPENSES</b>	
<b>YEAR</b>	<b>AMOUNT</b>
2014	\$1,343,968
2015 (thru 9-30-15)	\$960,962
<b>Data Source:</b>	<b>PeopleSoft Financials</b>

## HIGHLIGHTS AND ACCOMPLISHMENTS

- Management updated the Commissioners' Handbook in preparation for providing training to the new Commissioner in 2016.
- Processes have been improved to ensure:
  - Timely and accurate posting of Commissioners' expenses and per diems to the internet.
  - Constituent correspondence is tracked and responses provided timely.

## AUDIT SCOPE AND METHODOLOGY

We reviewed information for the period January 1, 2014 - September 30, 2015. We utilized a risk-based approach from planning to testing. We gathered information through research, interviews, observations, and analytical review, in order to obtain a complete understanding of management controls over Commission Office activity. We evaluated risk and tested the mitigating controls, to determine whether they were operating as intended.

The key management controls we tested and the detailed tests we performed are as follows:

1. Commissioners and staff are provided adequate training/information flow:
  - a. Review new Commissioner orientation manual to determine whether it provides adequate information.
  - b. Discuss training/communication of information with staff to determine whether adequate.
2. Commissioners' per diem and salaries are in compliance with legal requirements and properly supported.
  - a. Test 100% of per diem and salaries for all Commissioners.
  - b. Trace at least one month's per diem for each Commissioner to supporting calendared schedule of events/activities.
3. Transparency
  - a. Trace a limited number of Commissioners' expenses posted to internet to actual disbursements.
  - b. Trace 100% of per diems posted to internet to amounts disbursed.
  - c. Determine whether Commission meetings are open and public and commission actions are available to the public.
4. Commissioners' expenses are valid and related to Port business and comply with Port guidelines
  - a. Select a limited number of expenses for each Commissioner and conduct triple-purpose testing to determine whether:
    - i. Properly approved (control).
    - ii. Properly supported by receipts (substantive) – in Concur.
    - iii. Valid Port business (compliance).

## CONCLUSION

Management controls over the following are materially adequate:

1. Commissioners and staff are provided materially adequate training and information flow.
2. Commissioners' per diem and salaries are in compliance with legal requirements and properly supported.
3. Transparency.
4. Commissioners' expenses are valid and related to Port business and comply with Port guidelines.