

PORT OF SEATTLE

MEMORANDUM

DATE: May 9, 2016
TO: Audit Committee
FROM: Joyce Kirangi, Internal Audit Director

SUBJECT: Capital Projects Audit Engagement Update



The current 2016 - 2020 aviation capital program totals over \$2 billion and includes four major projects: completion of the Runway 16C/34C Reconstruction, NorthSTAR program – including the expansion of the North Satellite -, Baggage Optimization/Replacement, and International Arrivals Facility (IAF). There are some 90 capital construction projects Port-wide underway, with the bulk of the projects being in Aviation.

Aviation Division Capital Budget (in millions)					
2016	2017	2018	2019	2020	Total
\$360	\$457	\$454	\$416	\$363	\$2,050

Source: 2016 Capital Budget

Internal Audit began in 2015 an audit of the construction phase of the Runway 16C-34C Reconstruction project. The first phase of the construction was completed in 2015 and totally reconstructed Runway 16C-34C, giving new life to the oldest of Sea-Tac’s three runways. The 9,426-foot runway that was originally built in 1969 is now projected to have another 40-year lifecycle. The interim audit report on the 2015 construction was submitted separately.

We will continue to audit the 2016 construction phase, which will include closure of the inboard runway for necessary repairs and the subsequent closure of the center runway to complete its reconstruction. We will audit the Close-out phase of the project when that occurs.

We will be assessing risks and controls in the other three major projects in 2016. We have engaged a construction auditing consultant to advise us and develop a risk assessment and audit program.

We have developed a risk assessment methodology for capital projects and risk rated all 90 current projects, to assist in prioritizing audit activities now and in the future.