

**PORT OF SEATTLE**  
**MEMORANDUM**

**DATE:** October 10, 2016  
**TO:** Audit Committee  
**FROM:** Joyce Kirangi, Internal Audit Director *Joyce Kirangi*  
**SUBJECT:** Internal Audit 2017 Proposed Budget

Per the Audit Committee Charter, the Committee reviews the Internal Audit Department’s annual budget and gives its recommendation to the full Commission. Thus, I respectfully submit our proposed 2017 budget for your consideration.

**2017 Budget Highlights and Notes**

The budget was prepared under the 2017 Port budget guidelines. It fully complies with the established guidelines and budget targets.

	2015 Actual		2016 Budget		Proposed 2017 Budget	
	Amount	%	Amount	%	Amount	%
Salaries/Wages and Benefits (1)	\$1,118,496	87.40%	\$1,299,553	82.80%	\$1,365,420	69.32%
Outside Services (2)	122,496	9.57%	186,190	11.86%	545,130	27.67%
Travel, Training, and Other Emp Expense (3)	21,761	1.70%	45,940	2.93%	40,159	2.04%
Equipment Expense	6,763	0.53%	21,500	1.37%	8,910	0.45%
General Expenses	4,737	0.37%	8,216	0.52%	3,774	0.19%
Supplies/Stock	1,643	0.13%	3,000	0.19%	1,500	0.08%
Telecommunications	3,831	0.30%	5,160	0.33%	4,944	0.25%
	<b>1,279,727</b>	<b>100%</b>	<b>\$1,569,559</b>	<b>100%</b>	<b>1,969,837</b>	<b>100%</b>

- 1) 5% increase in salaries/wages from 2016 reflects expected increase from performance evaluations and employee benefits. This category/amount is calculated by Finance & Budget based on the department authorized FTEs.
- 2) Increase in Outside Services is for the following :
  - o Conduct a Port-wide information technology risk assessment to identify technology risks and develop a 3-year work plan for IT audits -- \$190,000.
  - o The Port has budgeted to spend approximately \$650 million in capital improvement program in 2017 and up to \$2.7 billion within the next five years. In response, Internal Audit has requested \$180,000 to outsource the review and monitoring of the significant Port capital programs.
- 3) Travel/registration to meet the Continuing Professional Education (CPE) requirements of the Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing.

The remaining are for sundry items (e.g., cell phone bills, Port Compliance and Ethics Hot Line, professional membership dues, and subscriptions).