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**APPROVED MINUTES
AUDIT COMMITTEE SPECIAL MEETING DECEMBER 2, 2008**

The Port of Seattle Commission Audit Committee met in a special meeting at 9:00 a.m., Tuesday, December 2, 2008 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Hara and Tarleton were present, as well as citizen committee member Steve Miller. Also in attendance was CEO Tay Yoshitani and Joyce Kirangi, Port Internal Audit Manager.

CALL TO ORDER

The committee special meeting was called to order at 9:01 a.m. by Commissioner Lloyd Hara.

Approval of Minutes – None.

Status Report on the Response to the 2007 TKW Audit

Presenters: Lilyian Caswell-Isley, Manager, Office of Social Responsibility (OSR) and Ray Rawe, Chief Engineer

Ms. Caswell-Isley provided a document for review, titled “[TKW Audit Report Summary](#)” and provided background on audit findings related to the Port’s Small Business Program (items 12-21 within the report). Also provided was a copy of a printed version of current information available on the Port’s website at the link to Social Responsibility. Ms. Caswell-Isley noted that the majority of work related to the findings in the report would be completed within the first quarter of 2009.

Ms. Caswell-Isley pointed out items that would be ongoing into the future, and would not necessarily be considered as ‘closed out.’

Ms Caswell-Isley confirmed to the Committee that all work moving forward with future updates to Port Resolution No. 3506, regarding small businesses, is being done in conjunction with both the Capital Development Division and the Central Procurement Office. She also noted that the OSR is working closely with the legal department in this regard.

CEO Yoshitani responded to comments from Commissioner Hara regarding the commitment for the Port in response to applicants who need to feel more a part of the system. He commented that he believed the Port is being as aggressive as possible with the outreach of the small business program.

Commissioner Tarleton suggested that the 'outreach' needs to show more people on the small business roster who are actually getting jobs as a result.

Mr. Yoshitani commented on a policy issue that would be presented within the next couple of months regarding the promotion of utilizing small businesses.

Commissioner Hara asked that staff return within 90 days to report on the first quarter results on progress of the Office of Social Responsibility. He also asked that staff be sure they have adequate tracking methodologies of goals and targets.

Commissioner Tarleton noted that she would like to see, within the revised resolution regarding small businesses, language recommending an annual review by the audit committee of the compliance and effectiveness of the different business units within the Port.

Commissioner Hara asked that staff return within 90 days to provide information on progress of items outstanding.

Mr. Rawe then commented that he anticipated engineering items within the TKW audit report would be closed out by either the end of the current year, or first quarter of 2009. He also noted that he would be returning again in January, 2009 with further information.

Internal Audit Work Plan for 2009

Presenter: Joyce Kirangi, Internal Audit Manager

Commissioner Hara noted that the upcoming work plan suggested there would be more of a focus on performance audits.

Ms. Kirangi commented that the internal audit work plan for the upcoming year was really a work in process. She reviewed that there would be a risk assessment approachment and methodology. Noted were 10 areas which she felt should be addressed, which included:

- Central Processing Systems
- Organizational or Department Reviews
- Revenue Audits (customers, tenants)
- Federal Assistance
- Third Management Contracts
- Performance
- Financial Reporting / General Ledger
- Enterprise Risk Management

**MINUTES OF AUDIT COMMITTEE MEETING
TUESDAY, DECEMBER 2, 2008**

P. 3

- Special Investigations or other requests
- Capital Improvement Program

Following former recommendations from the committee as to which areas should be reviewed in 2009, Ms. Kirangi suggested that accounts payable and payroll may be appropriate.

Commissioner Hara reiterated the fact that he does not want to see a duplication of efforts as far as internal and external audits, not only at this point in time, but also into the future.

Commissioner Tarleton stated that by mid-December more information should be available for the full Commission regarding where the audit committee is headed.

Ms. Kirangi and CEO Yoshitani responded to questions from Commissioner Tarleton regarding how cruise lines in Port areas might be conducive to public and/or private partnerships.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:44 a.m.

Lloyd Hara