

Internal Audit Briefing

**Presented to the Port of Seattle
Audit Committee and Tay Yoshitani, CEO**

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Agenda

I. Audit Report

I. Lease and Concession Agreement

- I. Cruise Terminals of America (CTA)
- II. Host International, Inc. and Seattle Restaurant Associates (SRA)

II. Systems

- I. Procurement System

Audit Report – Lease and Concession

Cruise Terminals of America (CTA)

Inadequate Management Monitoring System

- Untimely Closing of the Port Bank Accounts
- Retroactive Employee Bonus
- Disallowed deductions and expenses
 - \$8,578 suggested recovery
- Lease Not Publicly Advertised
- Lack of Accountability of Port Equipment Used at the Cruise Line Business

Audit Report -Lease and Concession

Host International, Inc. and Seattle Restaurant Associates (SRA)

- Inadequate approval System of Franchises and Licensees
- Untimely Annual Revenue Reconciliation

Audit Report – Systems

Procurement System

- Major Construction (MC)
 - Inadequate Participation in Acquisition Planning by Construction Contract Services

- Small Works (SW)
 - Inadequate Documentation

Audit Report – Systems

Procurement System - continued

- A, C, and S – type procurement (definition)
 - A-Type - one-time purchases of specific goods and/or services
 - C-Type - recurring fixed-price contracts with pre-established terms and conditions
 - S-Type (aka Blanket Vendor Contract) - recurring purchases with a specific vendor

Audit Report – Systems

Procurement System - continued

- A, C, and S – type procurement (issues)
 - Segregation of duties
 - Inadequate S-type contract approval and documentation
 - Ineffective Purchase Requisition (PR) signature requirement
 - Insufficient procedures to ensure legitimate vendor creation