

Briefing to Commission Audit Committee

Risk Assessment & Mitigation

Accounting & Financial Reporting Department

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Presenters

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Director of Accounting & Financial Reporting

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Senior Manager – AFR Business Technology

Port's Fiscal Stewardship

- **\$400-500 million annual revenues/expenditures**
- **\$600 million annual CIP program**
- **\$1 Billion in current & other assets**
- **\$5 Billion net capital assets**

AFR Department - Core Operations

- **Billing, Receivables & Collection Enforcement**
- **Disbursements & Payroll Administration**
- **Cash, Debt, General Ledger, Capital Projects & Fixed Assets Accounting**
- **Financial Reporting & GAAP Compliance**
- **Business Tax Administration**
- **Grants Billing & Reporting**
- **Corp Credit Card, P-Card & Expense Reimbursements**

Our Drivers & Foundational Values

Accuracy

Integrity

Transparency

External Audit Scrutiny

- **Public Accountability (SAO)**
- **Financial Statements (Moss Adams)**
- **Performance – Effectiveness/Efficiency (SAO)**
- **Single Audit – Federal Grants Compliance (Moss Adams)**
- **Passenger Facility Charge (Moss Adams)**
- **Regulatory Compliance (State/Federal Auditors)**
- **Labor Contracts Administration (Contracted CPA firms)**
- **Controls/Compliance/Performance (Internal Auditors)**

Risk Assessment & Mitigation

Objectives

Legal – Regulatory Policies – Procedures

- **Current**
- **Comprehensive – clearly documented**
- **Aligned – each key business process**
- **Communicated – understood**
- **Employees – trained & refreshed**
- **Compliance**

Organizational Structure

- **Control Centric**
- **Resource Alignment**
- **Staff Competency**
- **Accountability - clear**
- **Segregation of Duties**
- **Review/Approval Points**

Management Oversight

- **Awareness**
- **Involvement**
- **Control Points**
- **Monitoring**
- **Approvals**

Records & Documentation

- **Content & Substance**
- **Complete & Accurate**
- **Justification for Actions**
- **Approvals Documented**
- **Managed & Safeguarded**

Risk Management

- **Operational Risks Known**
- **Exposure Mitigation in Place**
- **Integrated into Business Processes**
- **Periodic Comprehensive Reviews**



Risk Assessment & Mitigation

Approach & Results

Project Approach

- **Broad Scope**
- **All Key Operations Covered**
- **Full AFR Leadership Engaged**
- **Facilitated Assessment Sessions**
- **Decisions Documented**
- **Action Progress Tracked**
- **SharePoint Collaboration site**

Key Action Areas

- **Strengthen Control Points & Confirm System Controls**
- **Enhance Monitoring & Reviews**
- **Refine Policies & Desk Procedures**
- **Strengthen Organizational Training & Communication**

Strengthen Control Points Confirm System Controls

- **Vendor Set-ups – independent of Purch & AP**
- **Clear Lease Administration Resp. – Aviation vs AFR**
- **CIP Planning & Closing – AFR involved/aware**
- **Customer Set-ups – independent set up and approval**

Enhance Monitoring & Reviews

- **Dual employee & contractor status – HR vs. AP**
- **GL-AP control acct. reconciliation – 2nd sign-off**
- **Duplicate vendor analysis – mitigate & clean up**
- **Marina Mgmt System – audit reports**
- **Capital Lease worksheet – review @ year-end**
- **AFR “Project Year-End” – refinements**
(contract dispute info from Legal, tariff rate changes from field, etc.)
- **Mandatory minimum full week of PTO annually**
– Payroll staff

Refine Policies & Procedures

- **Revenue Recognition – Port wide policy**
- **Capitalization of IT Project Costs – Port wide policy**
- **Unclaimed Monies Reporting to DORev – procedure**
- **AR Accounts Adjustments & Aging – procedure**
- **P-Card Reconciliation of Wires to AP – procedure**
- **GL Chartfield Additions/Changes – procedure**

Policies & Procedures

- **SharePoint Collaboration “sites”**
- **“AFR Risk Mitigation”**
- **Interim Depository for Mgt Review**
- **“Accounting & Financial Reporting main”**
- **Final Depository for Port-Wide Visibility**

Organizational Training & Communication

- **Financial Policies & Controls for Port Managers**
- **Port-wide Fiscal Year-End Training**
- **Inter-Dept Project Closing Meetings**
- **Port-wide Commitment Control Training**
- **Additions to HRD's New Hire & Pay Forums**

Current Status

- **150 Action Items Identified**
- **100 Completed**
- **50 Assigned - Name & Due Date**
- **Continue Monitoring with Action Plan Updates**

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? Questions ?