



# Internal Audit Report

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Seaport Security Department

Audit Period

January 1, 2006 through December 31, 2008

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### Internal Auditor's Report

We have completed an audit of Seaport Security Department. Seaport Department Management has the primary responsibility to establish and implement effective internal controls surrounding security plans for Port-owned and operated facilities, administering and monitoring security grant projects, maintaining control over Port owned security assets, initiating security training, and increasing Seaport security awareness.

We conducted the audit using due professional care. The audit was planned and performed to obtain reasonable assurance that department controls are adequate and operating effectively as intended.

Based on the audit procedures performed, Seaport Security Department has adequate and effective controls to meet its objectives.

We extend our appreciation to the Seaport Security Department Management and staff for their assistance and cooperation during the audit.



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Internal Audit Manager

## Executive Summary

**Audit Scope and Objective** The purpose of the audit was to determine whether:

- 1) Management's monitoring systems have controls to ensure that Seaport Security projects and grants are adequately monitored.
- 2) Management oversight over procurement and expenses includes proper reviews and approvals to ensure compliance with Port policies and procedures.
- 3) Seaport Security assets and equipment are properly accounted for and tracked.

**Background** The Department goals and objectives include:

- Ensure compliance with federal security regulations
- Provide a leadership role in the implementation of security projects
- Partner with other Puget Sound Ports to enhance overall maritime security
- Comply with all maritime regulatory security requirements at Port-owned and operated facilities.

**Audit Result Summary** Seaport Security Department has adequate and effective controls to monitor its security projects and assets, and to ensure compliance with Port policies and procedures.



## Background

The Department goals and objectives include:

- Ensure compliance with federal security regulations
- Provide a leadership role in the implementation of security projects
- Partner with other Puget Sound Ports to enhance overall maritime security
- Comply with all regulatory security requirements at Port-owned and operated facilities.

The Seaport Security Department is a participant in the Port Security Grant Program (PSGP) under the auspices of FEMA and the Department of Homeland Security. Federal funds have been granted to the Port for the protection of the infrastructure from terrorism. The Seaport Security Department has utilized these funds to enhance maritime domain awareness, enhance risk management capabilities to prevent, detect, respond to and recover from attacks involving improvised explosive devices (IEDs), weapons of mass destruction (WMDs) and other non-conventional weapons, as well as training, safety exercises and Transportation Worker Identification Credential (TWIC) implementation.

The Port has several stakeholders in its Seaport Security program. In addition to the Seaport Security Department (SSD), the following play a major role in ensuring that Seaport security goals and strategies are met:

- ICT Department
- Seaport Project Management
- Contracted Grant Administrator
- Port-owned and operated terminals
- Container and Maritime Tenants of the Port of Seattle (i.e., Louis Dreyfus, Total Terminals)
- United States Coast Guard who is responsible for overall Puget Sound Port security
- Seattle Police and Fire Departments
- Other Sub-grantees, such as the Ports of Tacoma and Everett

Department's operating budget and significant expense categories are summarized as follows:

Table 1 – Operating Budget (in 000s)

	<b>2008 (actual)</b>	<b>2009 (budget)</b>
Operating Revenue	\$850	\$0
Operating & Maintenance Expense	1,574	280
Corporate Administrative Expense	62	0
Total Operating Expense	1,636	280
Net Operating Income before Depreciation	(\$786)	(\$280)

Source: PeopleSoft

Table 2 – Significant Actual Expenses (in 000s)

Description	2006	2007	2008
General Expenses	\$35	\$1,091	\$2
Outside Services	2,468	48	667
Salaries & Benefits	449	538	580
Department Equipment Expense	34	37	261
Travel & other related expense	56	44	37

Source: PeopleSoft

## Audit Objectives

The purpose of the audit was to determine whether:

- 1) Department management's monitoring systems have adequate controls to ensure that Seaport Security projects and grants are adequately monitored.
- 2) Management oversight over procurement and expenses includes proper reviews and approvals to ensure compliance with Port policies and procedures.
- 3) Seaport Security equipment are properly accounted for and tracked.

## Audit Scope

The scope of the audit covered the period January 1, 2006 through December 31, 2008.

## Audit Approach

We performed the following audit procedures:

- Determined whether SSD management has established procedures and processes to ensure that monitoring and oversight of in-process Security projects and the contracted Grant Administrator is adequate and performed consistently.
- Evaluated SSD management role in the procurement process and verified proper documentation and approved.
- Evaluated management controls over monitoring and approving of invoices.
- Assessed the controls SSD management has established pertaining to asset management of Security equipment.
- Determined whether Management has established adequate controls over its expenses.



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**Conclusion**

Seaport Security Department has adequate and effective controls to monitor its projects and assets, and to ensure compliance with Port policies and procedures. The controls are adequate to allow the department to meet its objectives.