



**Commissioners**

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*An audio of the meeting proceedings and meeting materials are available on the Port of Seattle web site -*

<http://www.portseattle.org/about/organization/commission/commission.shtml>

**APPROVED MINUTES  
AUDIT COMMITTEE SOCIAL MEETING JUNE 2, 2009**

The Port of Seattle Commission Audit Committee met in a special meeting at 9:30 a.m., Tuesday, June 2, 2009 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Committee members Creighton, Hara and Miller were present, as well as Deputy CEO Linda Strout and Joyce Kirangi, Port Internal Audit Manager. Commissioner Gael Tarleton was also in attendance.

**CALL TO ORDER**

The committee special meeting was called to order at 9:37 a.m. by Commissioner Lloyd Hara.

**Approval of Minutes**

Motion for approval of the Minutes of April 14, 2009 and May 5, 2009 – Creighton

Motion carried by the following vote:

In Favor: Creighton, Hara (2)

Mr. Miller participates as a non-voting member of the Committee.

**Internal Audit Report of Louis Dreyfus Grain Terminal Lease**

Presentation documents: Computer slide [presentation](#) from Joyce Kirangi and report titled, “Internal Audit Report – Louis Dreyfus, Corporation Lease Agreement No. 228”

Presenters: Ms. Kirangi and Jack Hutchinson, Senior Internal Auditor

Ms. Kirangi opened by saying that the Internal Audit Department would be presenting three audit reports to be closed today, and that all would be very brief as there were few issues to be discussed.

Regarding the Louis Dreyfus Lease Audit, staff noted that the audit covered the period of 2006-2008 and pointed out that risk was not very high. The objective of this audit was to determine whether 1) Louis Dreyfus is properly reporting in accordance with the lease agreement, and 2) Port management has adequately monitored the agreement.

Staff stated that recommendations for the Louis Dreyfus lease to include: (1) An audit clause to adequately protect Port interest, and (2) A payment term to establish and maximize cash flow.

Responding to Commissioner Hara's question about the recommendations being included immediately rather than at the current end of the lease, Mr. Hutchinson stated that the intent was to incorporate the recommendations into the lease when it is renewed in November.

Commissioner Hara commented on the importance of including terms within the lease as to when any payments are expected to be received (30 days, 15<sup>th</sup> of the month, etc.)

Ms. Kirangi responded to comments from Mr. Miller about using information from the USDA (United States Department of Agriculture) and whether there were any discrepancies found in the shipping and delivery weights at the site noted by Louis Dreyfus. Ms. Kirangi stated that she could provide more in-depth information to the Committee.

### **Internal Audit Report of World Trade Center Seattle Mgmt. Services Agreement**

Presentation documents: Computer slide [presentation](#) from Joyce Kirangi and report titled, "Internal Audit Report - World Trade Center Seattle, Management Services Agreement No. 677"

Presenter: Ms. Kirangi

Coverage period of the audit was noted as 2005– 2007 for the World Trade Center (WTC) Seattle management services agreement, which is managed by Columbia Hospitality. Staff stated that the main focus of the audit was related to accurate revenue reporting. Staff noted that the only issue of focus was related to the budget, and that they could not find enough documentable information to show the Port had been notified of budget variances.

### **Internal Audit Report of Seaport Security Department**

Presentation documents: Computer slide [presentation](#) from Joyce Kirangi and report titled, "Internal Audit Report – Seaport Security Department"

Presenter: Ms. Kirangi and Mr. Hutchinson

Staff stated that this was a departmental audit for the period of January 2006 through December 2008, and noted that it was a clean audit, with adequate and effective controls to monitor its projects and assets.

Mr. Miller commented on the importance of the audit committee to have clear understanding of the audit coverage and internal control coverage of port security grants, and not assume it is included in the single audit. Discussion followed about the need to avoid duplicating efforts in staff audits and audits performed by Moss Adams.

Staff spoke at a high level committee what port security grants cover, including cameras and badging costs for employees. It was also noted that much of what is covered by the grants is dictated by the US Coast Guard.

### **Upcoming Items**

Staff commented that at the July Audit Committee meeting, there would be a presentation from the Real Estate Division regarding the World Trade Center.

Comments were also made regarding the upcoming audit by the State Auditor's Office (SAO), which would begin soon.

It was noted that this may be a good time to check in with the Internal Auditor's Office to follow up on their upcoming work plan.

### **10. ADJOURNMENT**

There being no further business, the meeting was adjourned at 10:40 a.m.

(A digital recording of the meeting is available on the Port's website.)

Lloyd Hara  
Commissioner