

Background: The Office of Social Responsibility (OSR) completely concurs with the findings and recommendations of the internal audit. For background, this was a new department established in January, 2008, with a Director hired who was new to the Port. The new Director did not have the proper training and orientation to the numerous policies and procedures, and the OSR Manager also lacked proper knowledge of some of the procedures. The first administrative staff for OSR was hired in September, 2008. A year of change also included a new Central Procurement Office (CPO) with new procedures. All in all, this contributed to some of the inconsistency in adhering to and knowledge of these Port policies and procedures.

OSR has to strengthened controls to ensure that the entire department has the knowledge necessary to comply with Port policies, procedures, and guidelines. Below is the departmental response noted in the Internal Audit Report dated July 7, 2009, and the updated actions.

- Management review of each of the major policies and procedures relating to disbursements and procurements.
 - *OSR Director, Manager, and Administrative Specialist met and reviewed each specific policy and procedure.*
- Administrative staff will review the major policies and procedures and draft a summary of the major highlights in an easy reference format.
 - *Administrative Specialist prepared an "OSR Purchasing Procedures Checklist and Summary" that highlighted each major form and the specific policy and procedure that it referenced.*
- Meet with entire OSR team to review the major policies and procedures and a form for each team member to sign.
 - *Each team member reviewed the Checklist and Summary and signed off that they had read each individual policy. Those covered included: AC-1 and 2 Procedures; AC-4 Policy; CPO-1 Policy; Promotional Hosting; PUR-1b, 1c, 1d, and 1e Procedures.*
- Additional checks and balances on disbursements and procurements between OSR Manager and Administrative Specialist staff to double-check for accuracy.
 - *OSR Manager and Administrative Specialist meet regularly and the Manager double-checks all procurements and disbursements.*
- Additional form to attach to disbursements to accommodate the additional required explanations.
 - *OSR has attached instructions to the forms to ensure proper explanations for disbursements.*
- More direct involvement by the Director through regular meetings with the Manager and Administrative Specialist to ensure that procedures are being properly followed.
 - *OSR Director meets bi-weekly with Manager and Administrative Specialist to ensure that procedures are being properly followed.*

Detailed Findings	Corrective Actions Taken
We noted that the Office of Social Responsibility's disbursement practices are not in compliance with Port policies and procedures.	Management carefully reviewed each audit finding to determine trends which related to errors and need for understanding of policies and procedures. Met with OSR team to discuss the specific Audit findings on 8/13/09.
Six receipts that were missing, not properly itemized, or excluded from the applicable expense report.	Met with team and discussed the importance of turning in all itemized receipts. Reviewed how to correct the itemization and reporting with Administrative Specialist and Manager.
Four disbursements in which an improper payment method was used. (All four were also coded to the wrong account.)	<ul style="list-style-type: none"> • Meet with Manager and Administrative Specialist on a monthly basis to review procedures and discuss any questions/concerns relating to disbursements and procurements. • Administrative Specialist uses account code sheet to check entries and the accounting web page to ensure the proper payment form is submitted. Manager double-checks before signing.
Nine disbursements related to Trade and Community Development that were not properly pre-approved by General Counsel.	On 8/14/09, OSR Director sent an e-mail reminder to all team members with directions to submit all Trade Development requests to Craig Watson at a minimum of 30 days prior to an event and that no late requests will be allowed.
The available documentation did not always identify the direct benefit of each promotional hosting disbursement, as required by the State Auditor's office. Management was able to justify each incident; however, the documentation did not clearly identify how the disbursement was going to influence business at the Port.	Entire team had a Q & A session to discuss when to use a Promotional Hosting form and how to complete the document properly. They were also directed to justify each event following the specific guidelines.
We noted that the Office of Social Responsibility's disbursement practices are not in compliance with Port policies and procedures.	<ul style="list-style-type: none"> • 8/10/09 - Administrative staff created a summary form in an easy reference format. • 8/13/09 – Met with team to review/discuss OSR Purchasing Procedures. • 9/25/09 - Each team member <i>read</i> and <i>signed</i> the OSR Purchasing Procedures, which includes the Port's policies and procedures related to travel, purchasing and procurement.

It would be the OSR Director's expectation that if another audit were conducted a year from now, that there would be no exceptions found.