

# Port of Seattle Internal Reforms

## McKay Recommendations Status Report

April 21, 2009

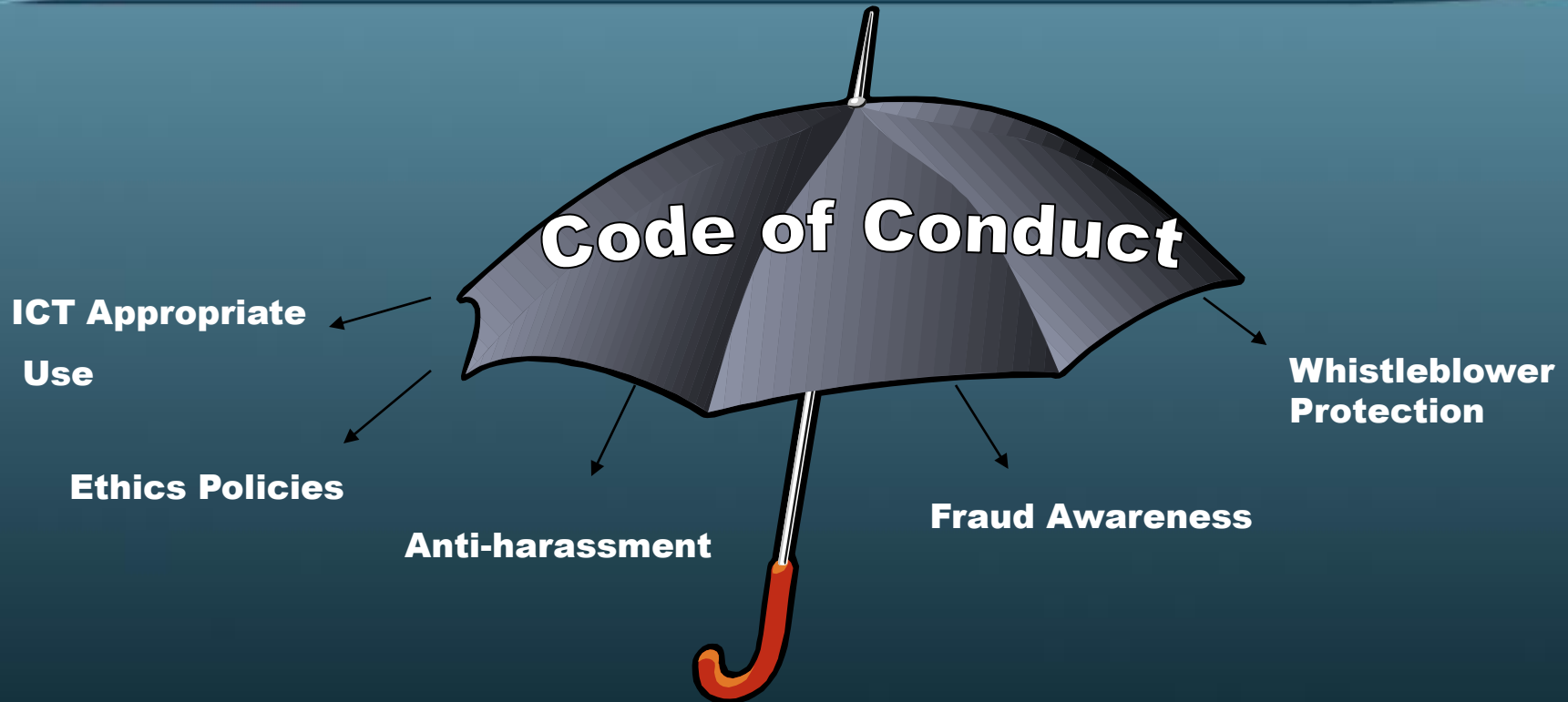
- Team Approach – Deputy CEO/General Counsel/ Director, Capital Development/Chief Procurement Officer
- Seven Recommendations – Tracked and Updated Regularly in Matrix Format
  - A. *Implement a robust compliance program*
  - B. *Ensure all procurement processes comport with port policy and state and federal law*
  - C. *Increase Legal department involvement in procurement processes*
  - D. *Ensure Legal department involvement is appropriately documented*
  - E. *Centralize procurement document management system*
  - F. *Standardize project manual provisions*
  - G. *Include an enforceable audit provision in all contracts that survives termination of the contract.*

## A. Implement a Robust (ethics) Compliance Program

- Work team organized, including outside consultants:  
Davis Wright Tremaine
- Interim Report, Dated April 2, 2009, approved by CEO, now on Port website.
  - *Recommended Programmatic Approach – “Workplace Responsibility”*
  - *Draft work plan and schedule included*

# Workplace Responsibility

## Statement of Values



Training & Communications

Compliance & Accountability

# Workplace Responsibility Next Steps

## Phase I Research/Drafting

April 15 – June 15

Complete Drafts

- Statement of Values
- Code of Conduct

Complete Policy  
Refresh

Develop  
Compliance Options

## Phase II Outreach

June 15 – Sept 15

Internal Engagement

- Employees ~ Statement of Values
- Port Management ~ Code of Conduct

External Targeted  
Outreach

- Municipal League
- Port Ethics Board Members
- McKay Team?
- SAO?

## Phase III Finalization

Sept 15 – Dec 1

Complete Training Plan &  
Curriculum

Complete  
Communications Plan

Complete Internal  
Reorganization to Align  
With New Compliance  
Structure

## B. Ensure all procurement processes comport with Port policy and state and federal law: Ongoing

- Identify applicable law: Federal, State, best-practices
- Port resolutions, policies and procedures define requirements
- Work processes detail steps and assign responsibilities
- Training informs employees and refreshes knowledge
- Quality control and quality assurance ensure compliance.

### C. Increase Legal Department involvement in procurement processes

- Legal review requirements are included in CPO#1 Procurement Policy
- CDD, CPO and Legal now meet every two weeks to identify and discuss key issues

### D. Ensure Legal department involvement is appropriately documented

- Legal department has implemented a written procedure for delivering and recording legal opinions.

**E. Centralize Procurement Document Management System: Policy April 2009, Implement by December.**

- Procurement File and Contract Administration File
- Central listing of locations
- Defined contents, maintenance, retention.

**F. Standardize Project Manual Provisions: Implement by December 2009.**

- Project manual is the sum of project-related design, construction and contracting processes
- Intranet-based index of separate procedures ensures consistency and avoids redundancy.



**G. Include an enforceable audit provision in all contracts that survives termination of the contract:  
Complete**

The Contractor's and all subcontractor's (at all tiers) original accounting records, bid documents, and all other relevant records pertaining to any work performed under this Contract, are subject to audit by representatives of the Port during the life of the Contract and for a period of not less than three (3) years after the date of Final Acceptance or termination thereof, and the Contractor shall retain such records for that period.