


**PORT OF SEATTLE**  
**MEMORANDUM**

**DATE:** October 4, 2011  
**TO:** Audit Committee & CEO Tay Yoshitani  
**FROM:** Joyce Kirangi, Internal Audit Director   
**SUBJECT:** Survey Results on Lease and Concession Audits

Lately, there has been a lot of discussion in the Audit Committee meetings regarding whether Internal Audit should conduct lease and concession audits. The current Audit Committee Charter calls for Internal Audit to audit lease and concessions, and we have been operating under the Charter directive.

Internal Audit has conducted a survey among internal audit organizations in the nation who audit **port/airport authorities**. These organizations and the Port of Seattle share similar risks as we are in the same industry or business activities.

Our survey asked two basic questions:

- 1) Does your internal audit group audit both the traditional organization internal controls and ALSO lease and concession contract compliance?**
- 2) Does your organization have two separate and distinct audit groups: one for the traditional internal controls and another for lease and concession audits?**

The survey result is attached. We received approximately 40 responses mostly from USA. You will notice that all respondents, except for Los Angeles World Airports, are organized the same way as our internal audit group at the Port of Seattle.

**NOTE:** Internal Audit has been tracking savings and recoveries resulting from various audits. Cumulatively, Internal Audit has suggested recovery of over \$3.5 million. Most of the audit recovery has come from lease and concession audits.

We focus more on the *future* savings than the past audit recovery.