



Internal Audit Briefing

**Presented to the Port of Seattle
Audit Committee and Tay Yoshitani, CEO**

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Agenda

- **Audit Report**
 1. Lease and Concession Audits
 - None
 2. Operational Audits
 - Central Processing System
 - None
 - Comprehensive Operational Audit
 - Airfield Operations
 - Limited Operational Audit
 - None
 - 3rd Party Audit
 - None
- **Peer Review**
- **2011 Work Plan Status Update**
- **2012 Proposed Internal Work Plan**
- **Preliminary Scope Discussion for IT Risk Assessment and Performance Audit**



Comprehensive Operational Audit- Airfield Operations

Background

The Airfield Operations Department has 24 employees with an annual operating budget of \$3.5 million (exclusive of depreciation expenses). The Department is responsible for ensuring continuing compliance with the Federal Aviation Administration (FAA) regulations for airfield operations, operating certification, training and wildlife management. Additionally, the Department oversees the Airport Communications Center, and has taken the lead in implementing one of the nation's first Safety Management Systems at Seattle-Tacoma International Airport (STIA).

The Department accounts for all airfield revenues, including landing fees, gate fees and parking fees for all aircraft, in accordance with the fee schedule under Port *Tariff No. 1*. During the period under audit, the Department collected at an average of \$62 million annually.



Comprehensive Operational Audit- Airfield Operations

Audit Objectives

The purpose of the audit was to determine whether management has implemented adequate controls to ensure:

- 1.Revenue generated by the Airfield Operations Department is complete and accurate
- 2.Professional services contracts are in compliance with requirements
- 3.Small and attractive items are properly safeguarded
- 4.Benchmarks are available and can be used to help improve airport operations

We reviewed information for the period of January 1, 2008, through December 31, 2010, including activity through the end of fieldwork in November 2011.



Comprehensive Operational Audit- Airfield Operations

Audit Result

- Clean Audit Report



2011 Work Plan Status Update

- 2011 Work Plan Status
 - audit progress attached



Preliminary 2012 Work Plan Discussion

Risk-Based Internal Audit Steps

- Understand Port businesses and objectives
- Discuss Port risks with Port leadership and Commissioners (see attached)
- Identify potential Port wide risks
- Link the risk to specific Port objectives that could be disrupted/impaired
- Determine and set the scale to be used in the risk assessment
- Assess and rank risk factors/drivers
- 2012 project selection based on risk ranking



Preliminary 2012 Work Plan Discussion

Risk-Based Internal Audit Universe

	IT Risk	Strategic/ Governance Risk	Operational Risk	Compliance Risk	Accountability/ Transparency Risk	Reporting Risk
Business Units/Departments			X	X	X	X
Lease and Concession				X		
Central Key Processing Systems			X		X	
3RD Party Mgmt.			X	X	X	
Federal Assistance				X		X
Financial Reporting			X	X	X	X
Capital Improvement Program			X	X	X	X
Commission Directives/Policies		X				X
Information Technology (IT)	X					
Non-audit Services			X	X	X	



Preliminary 2012 Work Plan Discussion

Preliminary 2012 Audits by Type

Audit Type	Count	%
Lease and Concession	14	44%
Limited Operational Audit	8	25%
Business Units/Departments	6	19%
3RD Party Management	3	9%
Central Key Processing System	1	3%



Preliminary Scope Discussion for IT Risk Assessment and Performance Audit

- Preliminary Scope attached