



# **Internal Audit Briefing**

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

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Director, Internal Audit**

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# Agenda

- **Audit Report**
  - Comprehensive Operational Audit
    - Seaport Container Management
  - Third-Party Arrangements Operational Audit
    - None
  - Limited Operational Audit
    - None
  - Concession and Lease Audit
    - CityIce Cold Storage, LLC
- **2011 Work Plan Status**



# Comprehensive Operational Audit Seaport Container Management

## Background

The mission of the department is to provide cargo facilities, equipment, and services to enable customers to move greater amounts of cargo through the Port of Seattle at Terminal 5, 18, 30, 46, and 115. Container operations include five terminals located on 500 plus acres. Space is leased to such private terminal operators as Eagle Marine Services, SSA Terminals, Total Terminals International and Northland Services.

## **Summary of Operating Income and Expenses Related to Container Traffic**

	<i>2008</i>	<i>2009</i>	<i>2010</i>
Operating Revenues	\$57,120,183	\$61,037,545	\$65,697,596
Operating Expenses	\$3,880,640	\$4,920,589	\$2,266,983



# Comprehensive Operational Audit Seaport Container Management

## Audit Objectives

The objective was to determine if management implemented adequate controls to assure:

- Lease agreements are effectively managed.
- Lease and billing information is effectively monitored in PROPworks.

We reviewed information related to the period from January 1, 2010 to December 31, 2010.



# Comprehensive Operational Audit Seaport Container Management

## Audit Result

- Clean Audit Report



# Concession and Lease Audit Citylce Cold Storage, LLC

## Background

The Port currently has five separate agreements with Citylce Cold Storage, LLC for various locations at Terminal 91 and south end of Terminal 115. Citylce Cold Storage, LLC provides secondary packaging, onsite processing, agricultural storage, and Industrial Importers.

Below are Citylce Cold Storage, LLC financial highlights for the last three years:

Year	Reported Gross Revenue	Percentage Rental (payable if it exceeds the rent paid)	Rent Paid
2008	\$3,802,704	\$114,081	\$286,936
2009	\$4,220,221	\$126,606	\$298,882
2010	*	*	\$313,824
Total	\$8,022,916	\$240,687	\$585,818

\* Effective January 1, 2010, the Percentage Rental fee under lease agreement #131 was no longer applicable.



## Concession and Lease Audit CityIce Cold Storage, LLC

### Audit Objectives

The purpose of the audit was to determine whether:

- Reported concession was complete and properly calculated.
- The Port and the lessee complied with provisions of the Lease and Concession Agreement.

We examined information related to a two-year period from January 1, 2009, through December 31, 2010.



# Concession and Lease Audit CityIce Cold Storage, LLC

## Audit Result

- Clean Audit Report