

ITEM NO. 7a Supp

DATE OF  
MEETING 5/24/2011

# SAO 2010 Performance Audit Report

## Audit Recommendations Port Action Status Report

Briefing to Port Commission

May 24, 2011

# Audit Timeline

- Apr. 2009 SAO started preliminary data gathering
- Oct. 2009 SAO presented preliminary observations
- Jul. 2010 SAO presented prelim draft audit report
- Sep. 2010 SAO presented final Draft Audit Report
- Dec. 2010 SAO issued Final Audit Report

10 Recommendations

# Recommendation 1

## Century Agenda

- Complete the Century Agenda as soon as possible

## Action Status

- Century Agenda process described to auditors
- Century Agenda Committee established on January 4, 2011
- Monthly panel discussions held on strategic topics March – September 2011
- Commission reviews and approves preliminary goals monthly
- Staff sets 5-year milestones
- Final approval of goals/milestones to be complete by December 2011
- Final product to be provided to SAO by December 2011

## Recommendation 2

### Clear Real Estate Management

- Clarify Seaport and Real Estate division responsibilities

### Action Status

- Completed
- Seaport and Real Estate divisions reviewed all properties, ensured assigned to appropriate division

# Recommendation 3

## Commission Oversight

- Resolution No. 3605 delegated authority; strategic management plan

## Action Status

- Construction management & real estate management, two different functions
- Sections 2 & 3 of Res. No. 3605 address real estate
- Revisions to Res. No. 3605 to be presented in September 2011
- Updated resolution to be provided to SAO
- Seaport and Real Estate divisions reviewed all properties, ensured assigned to appropriate division

## Recommendation 4

### Acquisitions & Sales

- Policy adoption and enforcement

### Action Status

- Current real estate policies RE1 – RE6
- Commission briefed on management of real estate portfolio March 1, 2011
- Century Agenda panel in September 2011 includes real estate policy issues
- Section 3 of Res. No. 3605 addresses acquisitions and sales
- Resolution No. 3605 to be reviewed in Fall 2011
- Updated resolution to be provided to SAO

## Recommendation 5

### Real Estate Strategy

- Establish strategy for each real estate asset
- Document transaction negotiations

### Action Status

- Strategy for real estate assets are reviewed and refined annually as part of the Port's budget process
- Assignment of property reviewed – per Recommendation 2
- Procedures developed - per Recommendation 6

## Recommendation 6

### Rates & Financial Analysis

- Establish policies and procedures to ensure market rates and acceptable rate of return

### Action Status

- Completed
- Updated real estate procedures prepared
- Port already uses industry/widely accepted financial analysis method



# Recommendation 7

## Leased Cranes

- Verify reported crane use, inspect cranes, review maintenance records

## Action Status

- Completed
- Established procedure to review & compare use data
- Established procedures to enhance crane inspections already being performed and review maintenance records

## Recommendation 8

### Fishermen's Terminal

- Segregation of duties, supervisory oversight, system access control

### Action Status

- Completed
- Key control duties segregated
- Supervisory review strengthened
- System access restrictions enhanced

# Recommendation 9

## Port Jobs

- Authority to contract, contributions to pre-apprenticeship program, clear scope of work, in-kind support

## Action Status

- Completed
- State legislation passed in 2010 clarified Port's ability to contract
- .20/per hour eliminated from new construction contracts
- 2008 and 2010 Port Jobs contracts have been clear on scope of work & in-kind support

# Recommendation 10

## Loss Reporting

- Protocols for reporting losses, level of engagement, monitor compliance, standard loss reporting form

## Action Status

- Completed
- Internal audit, Legal, Risk management, ICT, Police and Workplace responsibility collaboration
- Reporting & documentation protocols strengthened, will be incorporated in revised Code of Conduct
- New standard loss reporting form implemented
- Workplace responsibility office to monitor compliance

## Next Steps

June 14, 2011

- Commission will be asked to approve Port's Action Status Report to SAO

July 1, 2011

- Port's final Action Status Report transmitted to SAO