



2012 Proposed Work Plan

By

*Port of Seattle
Internal Audit*

January 1, 2012 through December 31, 2012

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Risk Scoring Methodology

Each auditable unit is assessed and rated on a scale of 1 to 5 for the following applicable risks:

- Strategic/Governance Risk
 - **Risk of inconsistent policies and guidance with poor strategic directions**
- Operational Risk
 - **Risk of ineffective and inefficient operations** due to inadequate processes and management
- Accountability/Transparency Risk
 - **Risk of becoming a remiss custodian of the public trust**
- Reporting Risk
 - **Risk of misreporting (i.e., miscommunicating)** financial and operating results
- Information Technology (IT) Risk
 - **Risk of significant negative impact** to operations due to unmitigated Information Technology (IT) vulnerabilities
- Compliance Risk
 - **Risk of noncompliance** with applicable Federal, State, Local, and Port policies, procedures, and agreements

The current Internal Audit risk rating model consists of the following:

- Six columns across, each representing one of the aforementioned six risks
- Auditable units listed in rows

Below is a snapshot of the risk rating model (only two risks are listed for demonstration purposes):

	Governance Risk		Operational Risk	
	Impact	Likelihood	Impact	Likelihood
Business Units				
Auditable unit #1				
Auditable unit #2				

On a scale of 1 to 5, the Internal Audit team rates each auditable unit under applicable risks for their impact and likelihood. Following the initial assignment, impact and likelihood ratings are multiplied to derive a final quantitative determinant on a scale of 1 to 25 (5 for impact x 5 for

likelihood). When complete, auditable units are sorted in descending order based on the quantitative determinant to generate a work plan for the upcoming year.

The final quantitative risk determinant translates to the following qualitative risk ratings:

- Low Risk
- Medium Risk
- High Risk

5.0	5.0	7.5	10.0	12.5	15.0	17.5	20.0	22.5	25.0
4.5	4.5	6.8	9.0	11.3	13.5	15.8	18.0	20.3	22.5
4.0	4.0	6.0	8.0	10.0	12.0	14.0	16.0	18.0	20.0
3.5	3.5	5.3	7.0	8.8	10.5	12.3	14.0	15.8	17.5
3.0	3.0	4.5	6.0	7.5	9.0	10.5	12.0	13.5	15.0
2.5	2.5	3.8	5.0	6.3	7.5	8.8	10.0	11.3	12.5
2.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
1.5	1.5	2.3	3.0	3.8	4.5	5.3	6.0	6.8	7.5
1.0	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0
-									
	1.0	1.5	2.0	2.5	3.0	3.5	4.0	4.5	5.0

Risk Rating Summary

Internal Audit’s risk assessment and scoring resulted in the following proposed audits by type.

Audit Type	Count	Est. Hours	
		Hours	%
Lease and Concession	9	2,800	32%
Limited Operational Audit	7	3,250	38%
Comprehensive Operational Audit	6	1,700	20%
3RD Party Management	2	600	7%
Central Key Processing Systems	1	300	3%
Contingency		875	10%

**Non-Lease
Audit Coverage
58%**

Specific suggested audits for 2012 are as follows:

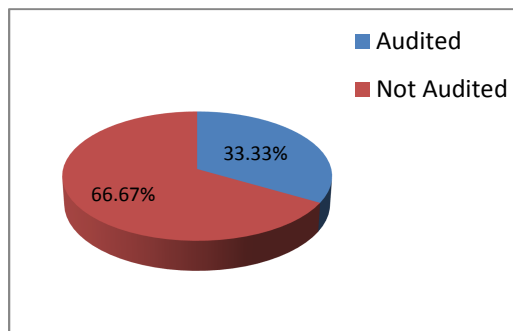
1) Carryover Audits from 2011

The following reviews were not completed in 2011 due to staffing and workload. These projects will be carried to the 2012 Work Plan.

- Crane Rental Agreement Review
- Airport concessionaire’s Subtenant Review – to be reviewed in 2012 as part of Host International, Inc. lease audit

2) Comprehensive Operational Audit (i.e., Business Units/Departments Operational Audits)

There are currently sixty-six (66) business organization nodes at the Port. A node is a group of individual org units that share common business purposes/practices. Below is a pie chart demonstrating business unit audit coverage in the past five years. Internal Audit did not have sufficient staffing until three years ago when the department was formally established. Hence, the majority of the audit coverage noted represents mainly the last three years. Previously audited business units represent those we assessed and deemed to be most at risk.



Internal Audit recommends the following business units for reviews in 2012. It should be noted that Internal Audit conducts risk-based audits. That is, while the department review includes all aspects of department operations, only the areas of perceived high risk will be included in the final scope. Additionally, performance and ERM elements (e.g., self-control assessment) will be part of all department reviews, where feasible.

- Commission Office

Weaknesses in the department processes over travel and related expense items have recently been identified. Given the weaknesses and somewhat frequent domestic and overseas travel by Commissioners, Internal Audit proposes a review of the commission department to ensure that there are adequate and sufficient controls over department operations including, but are not limited to, travel.

- Air Terminal Operation

Internal Audit conducted a review of Airfield Operations in 2011. As a continuation of an overall review of the single largest revenue generating department node at the Port, Aeronautics, Internal Audit proposes a review of Air Terminal Operations. Air Terminal Operations generate over \$100 million dollars annually from gate use and space rental.

- Noise Program

The noise program department manages the airport's noise abatement and mitigation programs. At the height of the 3rd runway construction, these programs were expending tens of millions of dollars in residential noise insulation projects. With the completion of the 3rd runway, program activity has significantly decreased but still incurs somewhat material amounts. While the programs have decreased in size, monitoring of the Port's

previous mitigation efforts needs to continue. Further certain questions have been raised about Port's financial participation in Aviation High School using noise mitigation funds.

- Risk Management

The department manages many programs including insurances for the Port. The department works with other departments to identify insurance needs for agreements (concession or otherwise). The department has contributed significantly to the standard insurance verbiage in the Port's agreement templates.

In the last couple of years, the department in conjunction with Human Resources has conducted two ERM pilot projects at the Port. ERM reviews are expected to continue, and the department will likely continue to drive the process.

- Ground Transportation

Internal Audit previously reviewed the department in 2007 for a two-year period ending December 31, 2006, and a number of control weaknesses were identified.

Ground Transportation (GT) manages taxis, limousines, charter buses, and shuttles at the airport. All of ground transportation carriers pay various fees to the Port and generate approximately \$5 million dollars annually. Moreover, one GT carriers, Yellow Cab, has been transitioned from a fee-based arrangement to a concession agreement. Internal Audit has not reviewed this concession. Considering that this is a new lease agreement for the department that has not previously managed a lease and concession agreement, Internal Audit proposes a review to determine whether there are adequate revenue controls.

- Real Estate Division Portfolio Management

PROPWorks (PW) is used to manage lease and concession agreements. Information related to billing calculations and changes to the agreement (e.g., address, annual acceleration, insurance, etc) are maintained in PW. Aviation Business Development performs PW functions for the Aviation Division, and Real Estate Portfolio Management performs such functions for the Seaport and Real Estate Division. Lease and concession agreements contribute significantly to the overall operating revenues. Inadequate management controls over PW could have material impact to the financial health of the Port.

3) Limited Operational Audit (Cross-cutting Port-wide audit Approach)

- Compliance Cost of CPO Policies and Procedures

Following the 2007 SAO performance audit, the Port created numerous substantive changes including the creation of Central Procurement Office (CPO) in the newly created Capital Development Division. CPO oversees essentially all procurement practices including contracts/agreements at the Port. CPO has written and fine-tuned

many of its policies and procedures. CPO has been conducting regular training classes to bring employees up to date with new policies/procedures for effective implementation.

CPO policies/procedures seem effective in ensuring compliance; however, in terms of efficiency, there appears to be common concerns among department personnel that the current policies/procedures have lengthened the procurement process to such an extent that they have begun to impact operations.

The proposed audit will examine CPO practices from both CPO and user perspectives to determine whether CPO compliance efforts are impacting operations and if so, to what extent.

- Delegation of Authority

The Port is a decentralized organization. Divisions and their respective units are provided with varying degrees of authority and responsibility to conduct and manage daily activity. As part of the Port governance, there are many layers of delegation of authority from the Commission, to the CEO, to the senior leadership/management, and to staff. The Commission approved Resolution 3605, as amended, contains delegation of authority from the CEO to the staff. The resolution streamlines and facilitates ways in which an authority is granted for the day-to-day operations. However, the resolution - despite the continuing management efforts to fine-tune - could not entirely simplify the complexity that is inherent in Port operations.

The proposed audit will examine the policy and practices to determine compliance with Commission directive (governance) and identify opportunities, if any, to further strengthen the existing policy.

- Corporate Division Cost Allocations (including concerns related to Aviation Revenue Diversion)

The Port has five divisions:

- three operating - Aviation, Seaport, and Real Estate
- two non-operating – Corporate and Capital Development

The costs of non-operating divisions are supported (i.e., allocated) by operating divisions through two methods: 1) standard and 2) non-standard. Under the standard methodology, over 60% of non-operating division costs are allocated to the Aviation Division. The two remaining operating divisions support the rest.

The Aviation Division operates under numerous Federal Aviation Administration (FAA) regulations. One regulation in particular, as it relates to airport revenues, requires that revenues derived from airports should not be diverted to support non-airport operations.

The proposed audit will examine corporate allocation assumptions and methodologies to determine whether 1) they are reasonable and complete and 2) they address the risk of revenue diversion.

- 3rd Party Administrator of Self-Funded Employee Medical and Dental

The Port transitioned from a premium paying insurance to self-funded medical and dental plans in 2011. As a result, the Port is now self-insured, as opposed to be insured by third parties, for some medical and dental benefits. Group Health medical still remains as a premium paying insurance plan. For day-to-day administration for self-funded plans, the Port has obtained the services of 3rd party administrators: 1) Premera for medical and Washington Dental Service (WDS). Their administrative services are compensated on the basis of covered employee headcount.

The transition was largely to offset ever-increasing and unsustainable medical benefit costs while maintain the ability to provide employees with quality medical and dental benefits.

The proposed audit will examine existing practices to determine whether intended cost saving is reasonably realizable.

- Use of Service or PTO Hours after Separation

The policy on Paid Time Off (PTO) states that separating employees can either take accrued PTO in one lump sum or use service time to remain on payroll until PTO is exhausted. If the latter option is selected, the employee receives PTO/sick accruals, holidays, and medical/dental benefits. Existing policies do not clearly demonstrate what service time was intended to provide.

In 2011, there were 52 employees who separated from the Port, and they as a whole were compensated under service time for approximately 100 months.

The proposed audit will examine existing policies and practices to determine whether the earnings code is providing employees benefits as intended and there are no unintended costs.

- Procurement Card (P-card) Policies/Procedures and Monitoring

The Port implemented CPO-7 to provide efficient processing of routine goods and services while realizing processing cost reduction. In doing so, the use of P-cards has been expanded. Following implementation, an addition FTE was dedicated to the program, and CPO offered training classes and re-freshers to ensure proper administration at the department level.

Notwithstanding the additional FTE and strengthened policies/procedures, the risk of mis/abuse is still inherently high simply due to relatively frequent purchases of small (i.e., low dollar) items.

The proposed audit will examine existing policies/procedures and administrating/user department practices to determine 1) whether existing controls are adequate to mitigate the inherent risk of mis/abuse and 2) intended cost saving are reasonably realizable.

- **Monitoring of Insurance Requirements on Various Contracts**

Almost all Port agreements and/or service provider arrangements have certain insurance requirements. Most common are ones related to general liability and automobile. Naturally, insurance requirements exist so that the Port would not be liable for events outside of its involvement and/or responsibility. However, lapsed or absent insurances could jeopardize the very protection that insurance requirements are designed to provide.

The proposed audit will examine existing policies and practices to determine whether the Port overall has adequate controls to ensure to track and maintain insurance requirements.

4) Central Key Processing Systems

Internal Audit proposes a review of general ledger accounting processes in 2012.

The review will focus on the adequacy and effectiveness of controls to ensure proper and timely processing of accounting information. Most, if not all, Port financial information is recorded in and reported from general ledger. Incorrect and incomplete information could lead to unfairly stated financial statements and, more importantly, misinform users including management across the Port.

This is an area where Moss Adams, the Port's independent external auditor, annually conducts an audit of financial statements to ensure that the statements are fairly stated. Internal Audit is aware of the financial statement audit. In the proposed Internal Audit of general ledger, Moss Adam's work will be reviewed and leveraged to the extent feasible. Internal Audit will make every effort to prevent work duplication.

5) 3rd Party Management Contracts

- **World Trade Center (WTC) - Seattle**

The WTCS building is located on Seattle's downtown waterfront. The fourth floor of the building contains conference rooms, as well as an executive and a private dining room. The sponsoring companies and their members have the privilege to use the Facility and its services for a fee. In addition, private catered events are also held at this Facility.

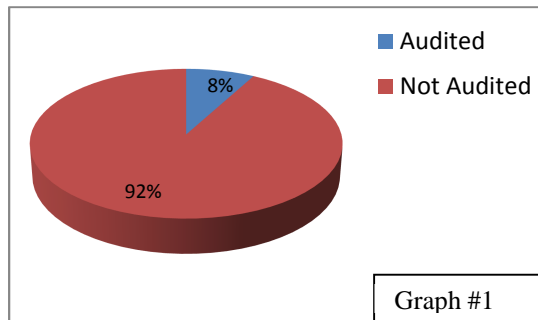
- **Bell Harbor International Conference Center (BHICC)**

The BHICC derives most of its revenues from providing a full range of conference services to include audio visual, food, beverage, meeting room rental, and catering for private and social events.

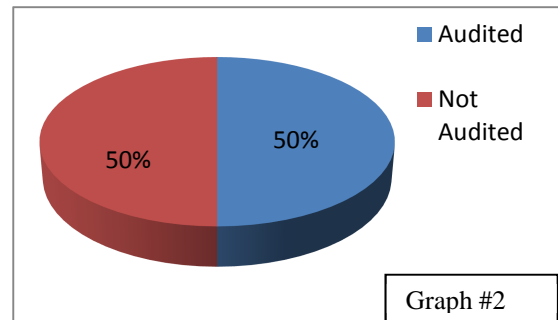
6) Lease and Concession

There are 463 lease and concession agreements according to PROPWorks. Of those, we have audited thirty-seven agreements in the past five years. See Graph #1.

Audit Coverage as Percentage of the Total Lease and Concession Agreements



Audit Coverage as Percentage of the Concession Agreements Only



Of 463 lease and concession agreements, approximately sixty have a concession part to the agreement, and these are considered high risk. The rest of the lease agreements are mainly for space rentals and although these agreements have a high financial impact, they are considered low risks.

For concession agreements, we have audited thirty of sixty agreements in the past five years. See Graph #2. The agreements we have audited represent agreements with the largest financial contributions to the operating revenues (i.e., most at risk).

Internal Audit proposes the following lease agreements for review in 2012.

- Rent-A-Car Lease and Concession Agreements
 - Hertz Corp, Budget Rent a Car, Alamo Rent a Car, National Car Rental, and Avis Rent a Car System
- Retail Lease and Concession Agreements
 - Host International, Inc.,
- Food and Beverage Lease and Concession Agreements
 - Seattle Restaurant Associates, Host International, Inc., and Concessions Int'l Inc.

Attachment A - Auditable Units Based on Our Risk Scoring Methodology

Legends for the table are as follows:

- ✓ - Projects selected for 2012.
- * - IT risks will be addressed in a separate engagement by an independent consultant. The contract will be procured through established CPO competitive procedures. The engagement is budgeted \$250,000 in 2012.
- @ - Risks associated with airlines are addressed in separate engagements by type as opposed to reviewing each airline agreement for particular fee provisions. Although financial impact is high, the risk associated with airline landing fees is low because all costs are eventually recovered by the Port.

Example,

- Landing fees were reviewed as a type in 2010.
- Gate fees were reviewed as a type in 2011.

- # - Lease and Concession audits that have already been reviewed in the last couple of years are not selected again for 2012. Generally ratings are high because of their high revenue impact.
- X - Auditable units are not part of the preliminary list of 2012 audits because available audit resources are not available.

Column headers are as follows:

- 1st column – rating from 1 to 50 for demonstration purposes. The entire list much longer.
- 2nd column – auditable units
- 3rd column – total risk rating score (product of the 4th and the 5th column)
- 4th column – risk rating score for impact
- 5th column – risk rating score for likelihood
- 6th column – audit groups
- 7th column – preliminary list of 2012 audits

	Auditable Unit	Total Score	Impact	Likelihood	Audit Universe Group	Preliminary 2012 Audits
1	HOST INTERNATIONAL, INC	14.25	3.80	3.75	Lease and Concession	✓
2	Compliance Cost of CPO series policies/procedures	14.00	4.00	3.50	Limited Operational Audit	✓
3	IT risk assessment	13.33	4.00	3.33	Comprehensive Operational Audit	*
4	IT Performance Review	13.33	4.00	3.33	Comprehensive Operational Audit	*
5	ALASKA AIRLINES INC	13.13	3.50	3.75	Lease and Concession	@

6	Corp. Cost Allocations/Aviation Revenue Diversion	13.08	3.88	3.38	Limited Operational Audit	✓
7	IT General Control	12.50	3.75	3.33	Comprehensive Operational Audit	*
8	IT Application Control	12.50	3.75	3.33	Comprehensive Operational Audit	*
9	Delegation of Authority	12.38	3.67	3.38	Limited Operational Audit	✓
10	NATIONAL CAR RENTAL	12.00	3.20	3.75	Lease and Concession	✓
11	ALAMO RENT A CAR	12.00	3.20	3.75	Lease and Concession	✓
12	SEATTLE RESTAURANT ASSOCIATES	12.00	3.20	3.75	Lease and Concession	✓
13	YELLOW CAB	12.00	3.00	4.00	Lease and Concession	X
14	3 rd Party Administrator of the self-funded Employee Medical	11.92	3.67	3.25	Limited Operational Audit	✓
15	HERTZ CORPORATION	11.90	3.40	3.50	Lease and Concession	✓
16	AVIS RENT A CAR SYSTEM	11.90	3.40	3.50	Lease and Concession	✓
17	DELTA AIR LINES INC	11.63	3.10	3.75	Lease and Concession	@
18	Commission Office	11.52	3.45	3.33	Comprehensive Operational Audit	✓
19	Real Estate Policies/Procedures related to lease and concession	11.50	3.83	3.00	Limited Operational Audit	X
20	TASTE INC dba VINO VOLO	11.25	3.00	3.75	Lease and Concession	X
21	Procurement Card Policy	11.25	3.33	3.38	Limited Operational Audit	✓
22	BUDGET RENT A CAR	11.20	3.20	3.50	Lease and Concession	✓
23	Bell Harbor International Center (BHICC)	11.20	3.50	3.20	3RD Party Management	✓
24	World Trade Center (WTC) - Seattle	11.20	3.50	3.20	3RD Party Management	✓
25	Air Terminal Operation	11.05	3.68	3.00	Comprehensive Operational Audit	✓
26	UNITED AIRLINES	10.88	2.90	3.75	Lease and Concession	@
27	SOUTHWEST AIRLINES CO.	10.88	2.90	3.75	Lease and Concession	@
28	INMOTION PICTURES	10.88	2.90	3.75	Lease and Concession	X

29	AIRPORT MANAGEMENT SERVICES LLC	10.80	3.60	3.00	Lease and Concession	#
30	Noise Program	10.65	3.45	3.08	Comprehensive Operational Audit	✓
31	Ground Transportation	10.50	3.60	2.92	Comprehensive Operational Audit	✓
32	CRUISE TERMINALS OF AMERICA LLC	10.50	3.50	3.00	Lease and Concession	#
33	World Trade Center (WTC) - W Seattle	10.50	3.50	3.00	3RD Party Management	X
34	ICT	10.37	3.36	3.08	Comprehensive Operational Audit	#
35	Real Estate Division Portfolio Management	10.34	3.55	2.92	Comprehensive Operational Audit	✓
36	CONCESSIONS INT'L INC.	10.20	3.40	3.00	Lease and Concession	✓
37	General Ledger Accounting Processes	10.20	3.40	3.00	Central Key Processing Systems	✓
38	HORIZON AIR	10.13	2.70	3.75	Lease and Concession	@
39	AMERICAN AIRLINES INC	10.13	2.70	3.75	Lease and Concession	@
40	US AIRWAYS INC	10.13	2.70	3.75	Lease and Concession	@
41	Human Resources Policies/Procedures related to the use of service/PTO hours after separation	10.06	3.50	2.88	Limited Operational Audit	✓
42	Insurance Compliance Monitoring on Various Contracts	10.00	3.33	3.00	Limited Operational Audit	✓
43	SSA TERMINALS LLC	9.75	2.60	3.75	Lease and Concession	✓
44	EAGLE MARINE SERVICES LTD	9.75	2.60	3.75	Lease and Concession	✓
45	DILETTANTE CHOCOLATES INC	9.75	2.60	3.75	Lease and Concession	X
46	BUTH-NA-BODHAIGE INC	9.75	2.60	3.75	Lease and Concession	X
47	NORTHWEST AIRLINES INC-PFC	9.75	2.60	3.75	Lease and Concession	@
48	Risk Management	9.68	3.23	3.00	Comprehensive Operational Audit	✓
49	Fishing & Commercial Vessels	9.63	3.40	2.83	Comprehensive Operational Audit	X
50	Recreational Boating	9.63	3.40	2.83	Comprehensive Operational Audit	X

Attachment B – Proposed 2012 Audit Projects with Prior Audit Coverage

See Next Page



**Port of Seattle Internal Audit Department
Proposed 2012 Audits
with
Prior Audit Coverage History**

Note: 2011 audits include suggestions by management (superscripted) and Internal Audit (non superscripted).

	Project Description	2009	2010	2011	Suggested 2012 Work Plan	Division	Contact	Responsible Mgmt.
Central Key Processing Systems	Payroll	✓				Corporate	Duane Hill	Rudy Caluza
	Accounts Payable	✓				Corporate	Duane Hill	Rudy Caluza
	Accounts Receivables/Billings		✓			Corporate	Sherry Pittman	Rudy Caluza
	Asset Management			✓		Corporate	Debbi Browning	Rudy Caluza
	General Ledger				✓	Corporate	Debbi Browning	Rudy Caluza
	Surplus Property					Capital Development	Tim Jayne	Nora Huey
Comprehensive Operational Audit	Police Department	✓				Corporate	Rodney Covey	Colleen Wilson
	Aviation Lease Management	✓				Aviation	Jim Shone	Mark Reis
	IT Administration	✓				Corporate	Kim Albert	Peter Garlock
	IT Service Delivery	✓				Corporate	Tony Butler	Peter Garlock
	Airfield Security	✓				Aviation	Patrick O'Brien	Wendy Reiter
	Ground Transportation				✓	Aviation	Jeff Hoebet	Mike Ehl
	Human Resources & Development	✓				Corporate	Gary Buchanan	Dan Thomas
	Airport Public Parking Garage		✓	✓		Aviation	Diane Santiago	Paul Grace
	Port Construction Services					Capital Development	Dwight Rives	Ralph Graves
	Seaport Security	✓				Seaport	Arif Ghouse	Linda Styrk
	Seatac Utility		✓			Aviation	Various	Soike
	Fire Department		✓			Aviation	Randy Krause	Wendy Reiter
	Fishermen's Terminal		✓			Real Estate	Kenny Lyles	Darlene Robertson
	Aviation Marketing		✓			Aviation	Kazue Ishiwata	Dave Soike
	Airport Office Building			✓		Aviation	Michele Fideler	Antonio Baca
	Container Management			✓		Seaport	Michael Burke	Linda Styrk
	Noise Program				✓	Aviation	Stanley Shepherd	Diane Summerhays
	Airfield Operations			✓		Aviation	Mark Coates	Mike Ehl
	Marketing and other Services that Promote Port Services and Facilities		✓			Seaport	Bari Bookout	Linda Styrk
	Commission Office				✓	Corporate	Mary Gin Kennedy	Commissioners
Air Terminal Operations				✓	Aviation	Nick Harrison	Mike Ehl	
Risk Management				✓	Corporate	Jeff Hollingsworth	Dan Thomas	
Real Estate Division Portfolio Management				✓	Real Estate	Melinda Miller	Joe McWilliams	
3rd Party Management	Bell Harbor International Conference Center (BHIC)				✓	Real Estate	Melinda Miller	Joe McWilliams
	World Trade Center (WTC) -W Seattle	✓			✓	Real Estate	Melinda Miller	Joe McWilliams
	Pier69 Port Cafeteria		✓			Real Estate	Nick Milos	Joe McWilliams
	VIP Lounge			✓ [Ⓚ]		Aviation	Jeffrey Wolf	Jim Schone
	Aviation Lost and Found			✓ [Ⓚ]		Aviation	Susan Hansen Smith	Nicholas Harrison
	AVIS (owns Budget)	✓			✓	Aviation	Jolene Culler/James Jennings	Jim Schone
	BUDGET RENT A CAR	✓			✓	Aviation	Jolene Culler/James Jennings	Jim Schone
	ENTERPRISE (owns Alamo and National)			✓		Aviation	Jolene Culler/James Jennings	Jim Schone
	ALAMO RENT A CAR(owns by Enterprise)				✓	Aviation	Jolene Culler	Jim Schone
	NATIONAL CAR RENTAL (owns by Enterprise)				✓	Aviation	Jolene Culler	Jim Schone
	HERTZ Corp (owns Advantage)	✓			✓	Aviation	Jolene Culler/James Jennings	Jim Schone
	Fox Rent-A-Car		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	DTAG (dbaThrifty)		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	CMC INVESTMENTS INC (dba Dollars)		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	HOST				✓	Aviation	Deanna Zachrisson	Jim Schone
	AIRPORT MANAGEMENT SERVICES LLC (Hudson)		✓	✓		Aviation	Deanna Zachrisson	Jim Schone
	MAD ANTHONY'S INC.	✓				Real Estate	Melinda Miller	Joe McWilliams
	CLEAR CHANNEL OUTDOOR	✓				Aviation	Deanna Zachrisson	Jim Schone



**Port of Seattle Internal Audit Department
Proposed 2012 Audits
with
Prior Audit Coverage History**

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	Project Description	2009	2010	2011	Suggested 2012 Work Plan	Division	Contact	Responsible Mgmt.
Lease and Concession	BORDERS INC	✓				Aviation	Deanna Zachrisson	Jim Schone
	STONEPATH LOGISTICS INT'L SERVICES INC	✓				Real Estate	Patricia Spangler	Joe McWilliams
	ANTON AIRFOOD	✓				Aviation	Deanna Zachrisson	Jim Schone
	CRUISE TERMINALS OF AMERICA LLC			✓		Seaport	Mike McLaughlin	Linda Styrk
	REPUBLIC PARKING NORTHWEST INC (Pier 66)		✓	✓		Real Estate	Melinda Miller	Joe McWilliams
	LOUIS DREYFUS CORP	✓				Seaport	Mike McLaughlin	Linda Styrk
	SEATTLE RESTAURANT ASSOCIATES				✓	Aviation	Deanna Zachrisson	Jim Schone
	FIREWORKS	✓				Aviation	Deanna Zachrisson	Jim Schone
	FLYING FOOD FARE INC		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	GATE GOURMET INT'L		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	SKY CHEFS INC		✓			Aviation	Jolene Culler/James Jennings	Jim Schone
	MAD ANTHONY'S INC PIER 66	✓				Real Estate	Melinda Miller	Joe McWilliams
	SSA TERMINALS LLC	✓				Seaport	Michael Campagnaro	Linda Styrk
	CONCESSIONS INT'L INC.	✓			✓	Aviation	Deanna Zachrisson	Jim Schone
	KIEWIT GENERAL JOINT VENTURE	✓				Seaport	Gregory Englin	Linda Styrk
	Wendy's (Latrele's)			✓ [Ⓢ]		Aviation	Deanna Zachrisson	Jim Schone
	Qdoba (ZRC)		✓			Aviation	Deanna Zachrisson	Jim Schone
	Pallino Pastaria		✓			Aviation	Deanna Zachrisson	Jim Schone
	Smarte Carte		✓			Aviation	Deanna Zachrisson/Bonnie Darch	Jim Schone
	Landed Weight/Landing fees - all airlines		✓			Aviation	Vicky Ausbun	Mike Ehl
	IVARs			✓		Aviation	Deanna Zachrisson	Jim Schone
	SODEXHO AMERICA LLC		✓			Aviation	Deanna Zachrisson	Jim Schone
	Crane Rental (EAGLE MARINE, STEVEDORE SVCS, TOTAL TERMINALS)		✓	✓	✓	Seaport	Mike Burke	Linda Styrk
	Afashionado Gallery Inc.					Real Estate	Melinda Miller	Joe McWilliams
	Citylce Cold Storage Company/ Pier 91			✓ [Ⓢ]		Seaport	Mike Burke	Linda Styrk
	Bill and Nick Inc.			✓ [Ⓢ]		Real Estate	Melinda Miller	Joe McWilliams
	Simply Wheelz LLC (Rent-A-Car)			✓		Aviation	Jolene Culler/James Jennings	Jim Schone
	Ex Officio LLC			✓		Aviation	Elaine Lincoln/Deanna Zachrisson	Jim Schone
	Food Systems Unlimited Inc			✓		Aviation	Elaine Lincoln/Deanna Zachrisson	Jim Schone
	Airline Audit (one or two annually)			✓ [Ⓢ]		Aviation	Vicky Ausbun	Mike Ehl
	Subtenant Review (e.g., Concourse Concession)			✓ [Ⓢ]	✓	Aviation	Deanna Zachrisson	Jim Schone
	Fuel Dock at Shilshole			✓ [Ⓢ]		Real Estate	Darlene Robertson	Joe McWilliams



**Port of Seattle Internal Audit Department
Proposed 2012 Audits
with
Prior Audit Coverage History**

Note: 2011 audits include suggestions by management (superscripted) and Internal Audit (non superscripted).

	Project Description	2009	2010	2011	Suggested 2012 Work Plan	Division	Contact	Responsible Mgmt.
Follow-Up of Prior Audit Findings and/or Management Letter Items	Aviation/Marine Maintenance -- inventory		✓			Aviation/Real Estate	Real Estate-Lindsay Pulsifer/ Airport-John Christianson	Real Estate-Lindsay Pulsifer/ Airport-John Christianson
	Ground Transportation - revenue completeness		✓			Aviation	Stacy Mattson	Paul Grace
	ID Badging - receipting/system weaknesses		✓			Aviation	Christian Samlaska	Wendy Reiter
	Police Department			✓		Corporate	Rodney Covey	Colleen Wilson
Continuous Monitoring (CM)	Design CM procedures related to Vendor vs. Employee Database		✓			Corporate	Jack Hutchinson	Joyce Kirangi
	Design CM procedures related to Request for Payment		✓			Corporate	Jack Hutchinson	Joyce Kirangi
	Execute and Test CM Procedures			✓		Corporate	Jack Hutchinson	Joyce Kirangi
Limited Operational Audit	Port Contracting Practices at Capital Development Division (CDD) - Post SAO Audit/Effectiveness		✓			Capital Development	Ralph Graves	Ralph Graves
	Fleet Maintenance (cross functional Program) - efficiency			✓ ^⓪		Aviation/Real Estate	Mary Ann Lobdell/Benny Austin/Luisa Bangs	John Christianson/Lindsay Pulsifer
	Travel and Entertainment (T&E) - economy/accountability		✓			Corporate	Duane Hill	Rudy Caluza
	Mobile Communication Device Procurement Practices and Administration		✓	✓		Corporate	Kim Albert	Peter Garlock
	Office of Social Responsibility - effectiveness/is the dept. achieving the objective?		✓			Corporate	Luis Navarro	Luis Navarro
	ABM contract (Aviation Main Terminal janitorial services) - effective monitoring?		✓	✓		Aviation	Andy Frank	Mike Ehl
	Overtime - Port staff - all aviation depts.		✓			Aviation	Various/Borgan Anderson	Mark Reis
	Compliance cost of CPO series polices/procedure				✓	Capital Development	Nora Huey	Ralph Graves
	Delegation of Authority				✓	Governance	CEO	Commission
	Corp. cost allocations/Aviation Revenue Diversion				✓	Corporate	Michael Tong	Dan Thomas
	3rd party administrator of self-funded medical/dental				✓	Corporate	David Leon	Gary Buchanan
	Monitoring of Insurance requirements on various contracts				✓	Corporate	Jeff Hollingsworth	Dan Thomas
	Procurement card administration				✓	Corporate	Patty Etzkorn	Tim Jayne
HR policies/procedures related to service/PTO hours after separation				✓	Corporate	Tammy Woodward	Gary Buchanan	
Enterprise Risk Management (ERM)	ERM/Strategic Planning		✓	✓	✓	Corporate	Jeff Hollingsworth	Dan Thomas
Contingency	SAO Performance Audit Follow-Up (PSAs, MCs, SWs)	✓				Corporate	Various	Various
	Payment Card Industry (PCI) Compliance		✓ ^⓪	✓ ^⓪		Corporate	Various	Various
	Internal Special. Investigations -	✓				Various	Various	Various
	Aviation Acquisition and Relocation	✓				Aviation	Jim Shone	Jim Schone
	Office of Social Responsibility (OSR)	✓				Aviation	Luis Navarro	Luis Navarro
	Special Projects as Requested, Unexpected Events, etc...		✓	✓		Various	Various	Various