

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**
 1. **Lease and Concession Audits**
 - Bell Street Parking Garage and Pier 66 Parking Lot - Republic Parking Northwest, Inc.
 2. **Operational/Performance Audits**
 - Central Processing System
 - None
 - Comprehensive Operational Audit
 - Risk Management
 - Limited Operational Audit
 - None
 - 3rd Party Audit
 - None
- **Briefing/Updates**

Background

Republic Parking was founded in 1966 in Tennessee, and now has operations in North America and Europe. The Northwest division is headquartered in Seattle and operates in Washington, Idaho, and Hawaii. Republic has been managing both the Bell Street Garage and Pier 66 Parking Lot since 1992.

The terms of the agreement defines the concession as follows:

- * Pier 66 Parking Lot - 90% of the gross parking revenues
- * Bell Street Garage - 71% of gross parking revenues if the concession amount exceeds the monthly rent of \$65,000

Below are financial highlights for the agreement year from June 2010 to May 2011:

Location	Reported Revenue	Rent Payments	Concession Payments
Bell Street Garage	\$ 2,517,169	\$ 880,152*	\$ 907,039
Pier 66 Parking Lot	\$ 17,614	n/a	\$ 14,049

Source: PeopleSoft

* Includes payment of state Lease-Hold Tax of 12.84%.

Audit Objectives

The purpose of the audit was to determine whether :

1. Rent and gross sales were complete and paid within the contractual timelines
2. Republic complied with insurance and surety requirements
3. Republic complied with lease requirements intended to mitigate unrealized revenues

The scope of the audit covered the period from June 1, 2010 through May 31, 2011.

Audit Result

➤ One Audit Finding

1. Incomplete Reporting of Bell Street Garage Concession Revenues

- * \$2 online processing fee
- * Cash over/short

Background

The Risk Management Department provides many services and performs many tasks: 1) incident reporting, 2) claims management, 3) contractual risk analysis, 4) risk financing, 5) insurance purchasing, 6) driver safety training, 7) enterprise risk management assessments and 8) special event management. The Department also has a role in self-funding for employee health benefits, fleet management as it pertains to driver safety, contractual liability management with the Central Procurement Office, construction safety and managing the federal mandated drug testing requirements for commercial driver license holders.

Below are financial highlights for the last three years:

Description	2010 Actual	2011 Actual	2012 Budget (as of Feb. 2012)
SALARIES & BENEFITS	\$ 547,697	\$ 522,392	\$ 651,016
OTHER OPERATING AND MAINTENANCE	\$ 87,659	\$ 22,139	\$ 23,153

Source: PeopleSoft

Audit Objectives

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

1. Policies and procedures are followed and kept current
2. Performance measures are tracked
3. Receipts are properly accounted for

The scope of the audit covered the period from January, 1 2010, through December 31, 2011.

Audit Result

- No Finding

- IT and Performance Risk Assessment RFP
 - Received 13 proposals
 - Shortlisted
- ALGA Peer Review
 - Tentatively scheduled for July 9 through 13.