



# Internal Audit Briefing

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

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Director, Internal Audit**

October 2, 2012

# Agenda

- **Audit Report**

1. Lease and Concession Audits
  - Doug Fox Parking
2. Operational Audits
  - Central Processing System
    - None
  - Comprehensive Operational Audit
    - Airport Customer Service Department
  - Limited Operational Audit
    - None
  - 3<sup>rd</sup> Party Audit
    - None

- **Briefing/Updates**

1. Proposed Charter for the Internal Audit Department
2. Preliminary Discussion of the 2013 Internal Audit Budget

## Background

Doug Fox Parking operates a parking lot located on S. 170th Street under a lease and concession agreement. The terms of the agreement provide for tiered percentage fees on gross parking, ranging from 54.5% to 75%.

<b>Fiscal Year</b>	<b>Reported Gross Revenue</b>	<b>Paid Concession</b>
2009 – 2010	\$4,229,662	\$2,343,446
2010 - 2011	3,964,106	2,160,192

Source: PROPWorks

## Audit Objectives

The purpose of the audit was to determine whether:

1. The reported concession fees were complete, properly calculated, and remitted timely to the Port.
2. The annual report is accurate, complete and timely.

We examined the books and records of Doug Fox Parking for a period of thirty-two months from October 1, 2009, through May 31, 2012.

## Audit Result

- One Finding
  - Untimely Reporting of Online Reservation Deposits

## Background

The Customer Service Operations Department (formerly the Air Terminal Operations Department) within the Aviation Operations group has 20 FTEs with an annual operating budget of \$11 million. The Department changed its name in 2012 to better reflect its dual focus of providing service to the two primary customers of Seattle-Tacoma International's Airport the airlines and their passengers.

Air terminal fees such as ticket counter, gate, and space rental fees generated approximately \$132 million in 2011.

## Audit Objectives

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

- Revenues derived from common-use systems in the terminal are complete
- Analytical processes and metrics for evaluating passenger customer service are effective

We reviewed information for the period of January 1, 2011 – June 30, 2012.

## Audit Result

- No Finding



In accordance with the recommendations from the Yellow/Red Book Peer Review, the following items have been added to the Internal Audit Department Charter:

- The Director will provide to the Audit Committee the mandatory annual communication required by the IIA standards specifically on the organizational independence, department charter review, and results of the department quality assurance program. (Page 3 of the Charter)
- Maintain an effective system of internal controls, document policy and procedures, and ensure information is accurate and reliable. (Page 3 of the Charter)
- Comply with laws and regulations including Port policies and procedures. (Page 3 of the Charter)
- Cooperate fully with auditors during discharge of their duties including making available material or information requested by internal audit staff or any other external auditors managed by the Internal Audit Department. (Page 3 of the Charter)
- Provide timely response to audit findings and recommendations. (page 3 of the Charter)

- Assure timely implementation of agreed-upon corrective action(s) to audit recommendations. (Page 3 of the Charter)
- The Audit Committee will approve the Internal Audit Department annual budget and regularly review the department's staffing needs. (Page 4 of the Charter)
- The Audit Committee will review and concur in the appointment, replacement or dismissal of the Internal Audit Director. (Page 4 of the Charter)
- The *International Standards for the Professional Practice of Internal Auditing (the Standards)* of the Institute of Internal Auditors (Red Book). (Page 5 of the Charter)

- Preliminary Discussion of the 2013 Internal Audit Budget