



February 10, 2015

Audit Committee
Port of Seattle

Re: Required Annual Communication

In accordance with the International Professional Practices Framework (IPPF) promulgated by the Institute of Internal Auditors and the Government Auditing Standards (GAGAS) issued by the Comptroller General of the United States, the Internal Audit Director must ensure the following information is communicated annually to the Audit Committee:

Internal Audit Charter (IPPF 1000)

The activity of the Internal Audit Department is formally defined in the Internal Audit Charter. The charter is reviewed annually by the Audit Committee, the Chief Executive Officer, and the Internal Audit Director. The Port Commission provides final approval of the charter. The department charter was reviewed and approved by the Port Commission on December 11, 2012 in an open public meeting. The charter is still relevant and reflects our department activities.

Confirmation of Organizational Independence (IPPF 1110)

At the Port of Seattle, the Internal Audit Department continues to be accorded organizational independence by reporting functionally to the Audit Committee and administratively to the Chief Executive Officer.

Quality Assurance and Improvement Program (IPPF 1320 and GAGAS 3.95)

The Internal Audit Department has implemented adequate quality assurance and improvement program (QAIP) that covers all aspects of internal audit activity. This was evidenced by the Department passing the external peer review in 2012. The department will undergo a second peer review in the latter part of 2015.

The results of our own internal monitoring process also confirm the Department is in compliance with the auditing standards.

We will continue to align audit efforts with major initiatives at the Port (e.g., Seaport Alliance) and programs (e.g., Aviation Capital Programs).

Sincerely,

A handwritten signature in black ink that reads "Kirangi". The signature is fluid and cursive.

Joyce Kirangi, CPA, CGMA
Director, Internal Audit Department

Copy: Ted Fick, Chief Executive Officer