

LIMITED OPERATIONAL AUDIT

AVIATION DIVISION RAMP INSURANCE PROGRAM

BACKGROUND

The Port of Seattle Airport Schedule of Rules and Regulations policy establishes insurance requirements for all motor vehicles and equipment accessing Air Operations Areas (AOA). The AOA is an area “enclosed by the Airport security fence, including ramps, aprons, runways, taxiways, gate positions, airport parking areas, and FAA facilities.”

The Airfield Operations Department oversees the Aviation Ramp Insurance Program to ensure that all vehicles/equipment driving onto the Airfield are properly insured. The program is necessary to mitigate the financial loss to the Port in the event of an accident. Although the Airfield Operations is primarily responsible for the program, there are other Aviation departments from Aviation Security to Aviation Business Development who are indirectly involved in the program.

STATISTICS HIGHLIGHTS

For the period January 1, 2015, through July 6, 2015, approximately 297 companies accessed the airfield. These companies employ more than 8,000 non-Port employees who use vehicles to access the airfield at various times throughout the year. See below statistics.

TRAFFIC STATISTICS FOR VEHICLES ACCESSING THE AIRFIELD

January 1, 2015 – July 6, 2015

| | vehicle in/out count | % of the total in/out count |
|------------------|----------------------|-----------------------------|
| Top 10 companies | 179,100 | 54% |
| Top 20 companies | 218,543 | 66% |
| Top 30 companies | 247,546 | 75% |

Data Source: Aviation Credential Center
Note: * The data does not include vehicles under escorted and construction vehicles accessed the Airfield

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INTERNAL AUDIT

AUDIT OBJECTIVES AND SCOPE

The purpose of this audit was to determine whether Port management controls are designed and operating effectively to ensure:

1. Effective monitoring of the insurance requirements for all vehicles or motorized equipment accessing the airfield.
2. Compliance with the Port policy (Sections of 6E. of Seattle-Tacoma International Airport - Schedule of Rules and Regulations No. 5) and the procedure (Ramp Insurance requirements).

We reviewed information for the period January 1, 2014 - August 31, 2015.



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INTERNAL AUDIT

AUDIT RESULT

Port Management controls are inadequate to mitigate risks related to uninsured vehicles and/or vehicles without proper insurance accessing Sea-Tac airfield. Further, Port management does not have a comprehensive and effective process to verify insurance compliance for activity on the airfield.

One Reportable Finding

1. Port management ramp insurance controls are not adequate to mitigate the risks of uninsured or underinsured vehicles accessing the airfield in the following areas:
 - Untimely Processing of Submitted Insurance Certificates
 - Insufficient Coordination Among Port Departments
 - Insufficient Monitoring of Insurance at Each Gate Onto the Airfield



LIMITED OPERATIONAL AUDIT PURCHASING CARD PROGRAM



INTERNAL AUDIT

BACKGROUND

The Port of Seattle introduced a new procurement card program and policy (CPO-7) in April 2011. The P-card is a credit card-based system used to purchase non-strategic goods and services. The program provides a more efficient process for small dollar purchases. It additionally reduces the transaction costs of purchasing routine goods and services.

The transaction limit on a single P-card purchase is \$5,000, with a typical monthly maximum expenditure of \$25,000, with a few cardholders having higher limits based on business needs.

As of May 2015, there were some 126 active cards. The total procurement card expenditures for the period January 1, 2014 through May 31, 2015 were over \$12 million.

FINANCIAL HIGHLIGHTS

TOP TEN DEPARTMENTS AND VENDORS OF P-CARD PROGRAM January 2014 – May 2015

| TOP 10 DEPTS | (in 000's) | | TOP 10 VENDORS | (in 000's) | |
|---------------------|------------------|-------------|------------------------|------------------|-------------|
| Av. Maint. | \$4,712 | 39% | Keeney's Office Supply | \$ 544 | 4% |
| Marine Maint. | 1,594 | 13% | Aramark Uniform | 469 | 4% |
| Port Const. Svcs. | 717 | 6% | Grainger | 407 | 3% |
| ICT | 489 | 4% | Cummins NW | 187 | 2% |
| Police | 363 | 3% | Amazon Marketplace* | 175 | 1% |
| Public Affairs | 360 | 3% | Act 3 Catering | 169 | 1% |
| Fire | 315 | 3% | Google | 168 | 1% |
| Av. Bus. Dev. | 269 | 2% | Amazon.com* | 134 | 1% |
| HR | 236 | 2% | The Part Works | 132 | 1% |
| Av. Landside | 151 | 1% | National Safety | 122 | 1% |
| Top 10 Total | \$ 9,206 | 76% | | \$2,507 | 21% |
| Grand Total | \$ 12,165 | 100% | | \$ 12,165 | 100% |

Data Source: Bank of America

*Amazon Marketplace is third party vendors selling thru Amazon. Amazon.com is direct sales with that company

LIMITED OPERATIONAL AUDIT PURCHASING CARD PROGRAM



INTERNAL AUDIT

AUDIT OBJECTIVES AND SCOPE

The purpose of the audit was:

1. To determine whether department controls are adequate to ensure compliance with the requirements of CPO-7.
2. To identify possible changes to improve the efficiency and effectiveness of the program.

We reviewed information for the period January 1, 2014 - May 31, 2015.



LIMITED OPERATIONAL AUDIT PURCHASING CARD PROGRAM



INTERNAL AUDIT

AUDIT RESULT

Department controls are adequate to ensure compliance with CPO-7. We did not identify additional significant changes to improve the efficiency and effectiveness of the program.

No Reportable Findings.



2015 FLEXIBLE WORK PLAN STATUS

Status Legend: E - exited with the Committee O - ongoing audit NS - not started
 RP - in the reporting phase with field work complete O** - management requested audit

| Audit Category | Audit | Status | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|--------------------------------------|---|--------|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|
| Central System Review | ▪ PAYROLL SYSTEM REVIEW | RP | | | | | | | | | | | | |
| IT Project approved to be outsourced | ▪ IT - PEOPLESFT POST-IMPLEMENTATION REVIEW | E | | | | | | | | | | | | |
| | ▪ IT- DATA CENTER REVIEW | E | | | | | | | | | | | | |
| | ▪ IT- HEALTH INSURANCE PORTABILITY and ACCOUNTABILITY ACT (HIPAA) | NS | | | | | | | | | | | | |
| Limited Operational Reviews | ▪ PURCHASING CARD PROGRAM | E | | | | | | | | | | | | |
| | ▪ INVENTORY SYSTEMS AT MAINTENANCE DEPARTMENTS | O | | | | | | | | | | | | |
| | ▪ ScRAPs TRUCK REPLACEMENT SYSTEM | E | | | | | | | | | | | | |
| | ▪ AIRFIELD INSURANCE PROGRAM | E | | | | | | | | | | | | |
| | ▪ NEW BANKING SERVICES CONTRACT REVIEW | RP | | | | | | | | | | | | |
| | ▪ AVIATION DIVISION-WIDE RECEIPTING OPERATIONS | E | | | | | | | | | | | | |
| | ▪ AIRPORT DINING and RETAIL PROGRAM | E | | | | | | | | | | | | |
| | ▪ SLOA III | E | | | | | | | | | | | | |
| | ▪ NORTHWEST SEAPORT ALLIANCE | NS?? | | | | | | | | | | | | |
| | ▪ STORMWATER UTILITY DISTRICT | NS?? | | | | | | | | | | | | |
| ▪ CAPITAL PROGRAMS REVIEWS | O | | | | | | | | | | | | | |
| Lease and Concession Reviews | ▪ SEATAC RENT-A-CAR | O | | | | | | | | | | | | |
| | ▪ FIREFLY RENT-A-CAR | O | | | | | | | | | | | | |
| | ▪ FLYING FOOD | E | | | | | | | | | | | | |
| | ▪ SKY CHEFS | E | | | | | | | | | | | | |
| | ▪ ENTERPRISE RENT-A-CAR | O | | | | | | | | | | | | |
| | ▪ CRUISE TERMINALS OF AMERICA | NS | | | | | | | | | | | | |
| | ▪ PUGET SOUND DISPATCH (dba YELLOW CAB) | O** | | | | | | | | | | | | |
| Comprehensive Operational Reviews | ▪ SURVEY and MAPPING SERVICES DEPT. | E | | | | | | | | | | | | |
| | ▪ COMMISSINO OFFICE DEPT. | NS | | | | | | | | | | | | |
| | ▪ GROUND TRANSPORTATION DEPT. | E | | | | | | | | | | | | |

