

# INTERNAL AUDIT REPORT

CONCESSION AGREEMENT AUDIT  
EASTSIDE FOR HIRE, INC.

OCTOBER 2016 – JULY 2017

ISSUE DATE: December 19, 2017  
REPORT NO. 2017-16

## **TABLE OF CONTENTS**

EXECUTIVE SUMMARY .....	3
BACKGROUND.....	5
AUDIT SCOPE AND METHODOLOGY.....	6
SCHEDULE OF FINDINGS AND RECOMMENDATIONS.....	7
APPENDIX A: RISK RATINGS .....	15

## EXECUTIVE SUMMARY

Internal Audit (IA) completed an audit of Eastside For Hire, Inc. (ESFH) for the period October 1, 2016 through July 31, 2017. The audit included two objectives: evaluate ESFH and Port of Seattle (Port) processes and its impact on drivers in a dynamic ground transportation landscape, and evaluate internal controls and compliance with significant terms in the Concession Agreement (CA).

The introduction of TNC's at Seattle Tacoma International Airport (STIA) provides additional choices to the travelling public. The impact of these additional choices has led to a decline in demand for taxicab/flat rate for-hire. The decline in demand coupled with 405 taxi vehicles has resulted in lower than expected driver wages. IA performed this audit, not only to verify contract compliance, but also to evaluate processes, and to recommend new approaches that may benefit taxi owner/operators, ESFH, and the Port.

ESFH was awarded the CA on September 16, 2016 and was expected, among other requirements, to conduct interviews and select owner/operators for the fleet, establish a bookkeeping system to account for billings and payments, implement a real-time / near real time vehicle activity tracking software system, and implement a program to account for and report deadheading. Two weeks was not reasonable to expect ESFH to effectively and successfully implement these processes and partly contributed to some of the challenges faced.

Additionally, the parties most affected by the above challenges have been the drivers. We identified the following issues which are discussed in more detail, beginning on page seven, with management action plans, which commit to resolving these issues:

- Reconciliation and refunds of prepaid owner/operator charges and payments had not been performed since the start of the contract resulting in 323 drivers that were owed on average \$2,224 apiece as of July 31, 2017. This amounts to a significant sum for a driver making approximately \$12/hr<sup>1</sup>. An independent set of 360 drivers also owed ESFH an average of \$2,251.
- ESFH has been unable to comply with all contract requirements. In certain cases, such as deadheading, ESFH has paid the penalty. In other cases, such as vehicle tracking, ESFH's manual counting of vehicle trips, is materially off and does not meet the spirit of the agreement.

---

<sup>1</sup> August 24, 2017 Ground Transportation Study.

## EXECUTIVE SUMMARY (Continued)

We extend our appreciation to Ground Transportation Management and ESFH for their assistance and cooperation during the audit.



Glenn Fernandes, CPA  
Director, Internal Audit



Ritika Marwaha, CPA  
Senior Auditor



Dan Chase, CPA  
Manager, Internal Audit

### PORT RESPONSIBLE MANAGEMENT TEAM

Lance Lyttle, Managing Director, Aviation  
Michael Ehl, Director, Airport Operations  
Jim Schone, Director, Aviation Business Development

### ESFH RESPONSIBLE MANAGEMENT TEAM

Samatar Guled, General Manager  
Abdul Yusuf, General Manager

## BACKGROUND

On September 16, 2016, the Port entered into a CA with ESFH to provide on-demand, outbound taxicab and for-hire vehicle transportation services at the STIA.

The Agreement term is three years, commencing on October 1, 2016 through September 30, 2019. At the Port’s sole discretion, the term can extend for up to two additional one-year periods by providing Concessionaire written notice of its election not less than six months prior to the then-current expiration of the Agreement.

For the concession rights and privileges, ESFH paid the Port the following Monthly Minimum Annual Guarantee (MAG) and Additional Per Trip Fee:

EASTSIDE FOR HIRE, INC.				
Month	Revenue Trips	Monthly MAG	Additional Per Trip Fee	Total Revenue
October 2016	64,566	\$333,333	\$118,629	\$451,962
November 2016	63,348	333,333	110,103	443,436
December 2016	49,794	333,333	15,225	348,558
January 2017	56,033	333,333	58,898	392,231
February 2017	53,816	333,333	43,379	376,712
March 2017	62,586	333,333	104,769	438,102
April 2017	60,289	333,333	88,690	422,023
May 2017	69,118	333,333	150,493	483,826
June 2017	72,652	333,333	175,231	508,564
July 2017	67,027	333,333	135,856	469,189

The CA required ESFH to initially provide 300 vehicles using both Taxicabs (metered) and For-Hire Vehicles (flat rate). These vehicles are legally licensed to operate and pick-up passengers in both the City of Seattle and areas subject to regulation by King County. In addition, the Port will issue permits for an additional 50 wheelchair accessible vehicles.

As of July 31, 2017, ESFH had 405 owner/operated vehicles with approximately 600 drivers (each vehicle can have multiple drivers) at any given time. Of the 405 vehicles, 60% are Taxicabs and 40% For-Hire.

## AUDIT SCOPE AND METHODOLOGY

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

For the period of October 2016 through July 2017, we performed the following procedures:

- Evaluated compliance with the following significant terms:
  - Insurance
  - Surety
  - Monthly AVI/ESFH trip reporting
  - Deadheading
  - Labor Harmony
  - Wheelchair Accessible Vehicles
  - Customer Service Portal
  - Green Fleet
- Determined whether Port management had established a process to monitor compliance of significant provisions in the CA.
- Analyzed Port records to determine the timeliness and accuracy of MAG and additional trip fee payments.
- Reviewed the process and assessed the accuracy of non-revenue trips.
- Obtained the total amount due to and due from each owner/operator as of July 31, 2017, from TaxiCharger.
- Reviewed ESFH's reconciliation of weekly prepaid trip fees charged to drivers by:
  - Selecting five E-cab / metered and five flat rate vehicles and traced individual owner operator AVI counts from ESFH to Port records.
  - Selecting fifteen owner / operator accounts to validate that refunds were provided by ESFH subsequent to July 31, 2017. Note: This procedure is necessary to confirm ESFH assertions that refunds were received by drivers subsequent to the testing period of July 31, 2017 and this work will be ongoing.

## SCHEDULE OF FINDINGS AND RECOMMENDATIONS

**1) RATING: HIGH**

**Reconciliation of prepaid owner/operator charges and payments were not timely and Port trip charges did not always agree to ESFH trip data.**

IA reviewed ESFH’s reconciliation process of weekly fees that were collected from owner/operators. From October 2016 through July 2017, ESFH charged a pre-paid weekly fee of \$400, \$340, or \$240. The weekly fee was used to pay the Port’s MAG and per trip fee in excess of the MAG. The fee is not based on actuals; rather it assumes a standard number of monthly trips. For example, a fee of \$340 assumes 49 trips at \$7 per trip. If the owner/operator exceeds 49 weekly trips, an additional trip fee is due from the driver. Conversely, if the actual weekly trips are less than 49, a refund is due to the owner/operator.

According to ESFH records, as of July 31, 2017, ESFH had 683 driver accounts. There can be multiple accounts associated to each vehicle with a total of 405 vehicles in the fleet. Total overpayments or refunds due to the accounts (drivers) were \$718,256 (323 Accounts). The total additional billing due to ESFH was \$810,486 (360 Accounts). When accounts are summarized to a “vehicle” level, the amounts due to 154 vehicles was \$302,450 and the amounts vehicles owed ESFH was \$394,680. A reconciliation of prepaid owner/operator charges and payments had not been performed since the start of the contract.

Owner/Operator Refunds or Billings Due			
Description	Total Refunds Due to Drivers		Total Additional Billings Due to ESFH
Total Amount	\$	718,256	\$ 810,486
Number of Accounts/Drivers		323	360
Amount Due to/Due from Per Driver	\$	2,224	\$ 2,251
Net Amount	\$	302,450	\$ 394,680
Number of Vehicles after netting		154	251
Net Amount Due to/Due from Per Vehicle	\$	1,964	\$ 1,572

Trip counts are manually entered, by ESFH, into their software system (TaxiCharger) with minimal review and without validation controls. This increases the risk of data entry errors.

**Recommendation:**

**ESFH**

- Reconcile and refund all overpayments to drivers by November 30, 2017.
- Charge each owner/operator in arrears, at the end of each week, using actual trip counts (adjusted for non-revenue trips) as opposed to in advance based on high level estimates. A billing approach using actual trip data eliminates the need to reconcile differences based on projections. Internal Audit believes that drivers have invested significantly in upfront costs, which included a \$3,975 entrance reservation fee. This charge amongst others incents the driver to keep their vehicle in the fleet. If a driver does not pay his weekly per trip fee, the potential loss of \$240 is minimal.

**Port**

- As agreed to in the Sr. Leadership ESFH strategy session; establish a mechanism (i.e. SharePoint) that allows owner/operators to easily view their AVI weekly trip data via computer or mobile phone. This should be communicated to drivers so they are all aware of how to access the data. Since all drivers will be accessing the same SharePoint site, this site should not house any PII (Personally Identifiable Information). It should just display the weekly trip count by vehicle number.
- Work with ESFH to assure that in the future drivers are not charged the \$0.10 per-trip community fund contribution. Additionally, work with ESFH to seek solutions to minimize the financial impact of short-haul trips. These recommendations are derived from the Commission Agenda Memorandum dated September 26, 2017 and are intended to benefit owner/operators or improve the service to customers.

These recommendations also align with the forthcoming contract amendments that were proposed and approved by Port Commission on September 26, 2017. The amendments include reducing the per-trip fee to \$6 effective October 1, 2017. The initial per trip fee of \$7 was scheduled to increase to \$7.50 on October 1, 2017.

**ESFH Management Response:**

ESFH's contract with the Port does not require providing airport fleet owner/operator data with respect to reconciliation of trip charges and payment. For purposes of being transparent, ESFH has opened its books to Internal Audit and has responded to any and all questions.

As indicated by Internal Audit, overall the owners/operators owed \$92,555 to ESFH for the trips performed from October 1<sup>st</sup> 2016 to July 31, 2017. As of October 25, 2017 the reconciliation was complete and all airport fleet vehicles have been notified to come to the ESFH office to settle and bring their accounts current.

**Internal Audit Comments:**

As of 11/3/2017, while some drivers had settled their accounts with ESFH and received payment, there were many drivers who had yet to settle their accounts and receive payment. Internal Audit will need to follow up on this issue to assure all drivers are made whole.

**Port Management Response:**

Aviation staff, following consultation with Port of Seattle Legal counsel, has deemed this not an issue of contract compliance.

Aviation Operations is currently working with Information & Communications Technology (ICT) to establish a protocol wherein vehicle-specific trip activity is readily accessible through a public website. Trip data collected around the clock via the Port's Automated Vehicle Identification system (AVI) will be available on a monthly basis. Also under discussion is an application that would make data easily accessible via smartphone or computer. Development is already underway to correlate the data to allow an expected launch date of January 31, 2018. Once established, the data will be communicated electronically as well as be posted physically at the S. 160th holding lot, and ESFH offices.

Given the extraordinarily short time provided for contract implementation, ESFH did not have in place for



six months, an automated system for purposes of reconciliation. Rather, ESFH manually reconciled with drivers until they initiated Taxi Charger, an automated accounting system common in the taxi industry in March of 2017. The system was considered fully implemented in October 2017.

In response to driver concerns AV staff scrubbed *representative* AVI trip activity in August 2017 to ascertain whether driver claims of incorrect data were accurate. The report indicated higher trip activity than perceived by the drivers.

Based on the results of the audit report and the findings that significant outstanding balances existed at the end of July 2017, staff requested ESFH provide evidence of reconciliation with drivers. It was mutually agreed that Lance Lyttle, Glenn Fernandes, Jeff Wolf, and Michael Ehl visit the ESFH offices in Tukwila on November 21. At that visit, the group was provided written record of driver reconciliation payments through the month of September.

On December 5, Jeff Hoevet again visited ESFH offices and witnessed numerous drivers collecting pre-printed reconciliation money orders arrayed in trays containing scores of envelopes, accounting for reconciliations for the month of October.

On December 7, Jeff Hoevet, Jeff Wolf, and Michael Ehl randomly interviewed 23 drivers on the third floor staging area of the parking garage. All but one said the monthly reconciliation system is working. The 23<sup>rd</sup> driver said a faulty AVI card had resulted in an incorrect number of trips that he is disputing with ESFH.

On December 11, 2017, Jeff Hoevet personally spoke to two drivers known to have publicly stated concerns regarding the failure of ESFH to reconcile AVI payments. Both drivers, one a Flat Rate for Hire operator, the other an E-Cab metered taxi operator, stated that while there were issues earlier, none existed now.

To further reduce the perceived issues arising from AVI discrepancies with drivers, AV staff took extra proactive measures in 2017 by completing a AVI system calibration in March, installing tamperproof AVI windshield coverings in September, and securing funds to install a second AVI unit that will track vehicles entering the garage, in addition to the unit that currently tracks outbound trips. This system is expected to be operational at the end of Q1 2018.

Aviation staff, following consultation with Port of Seattle Legal counsel, has deemed this not an issue of contract compliance.

Aviation Operations and Commercial Development representatives have met on two occasions to discuss these issues. As approved in the September 26, 2017 Commission meeting, Port staff have released Eastside For Hire from the obligation to collect a \$0.10 fee from owner/operators but are encouraged to continue community support efforts and engagement. Aviation staff have also met with ESFH and determined that the practice of allowing vehicles that take short trips to return directly to the feeder lanes is effective if executed properly. We continue to research the current volume of short trip activity (as defined by a vehicle returning in <20 minutes) and will actively consider the implementation of future improvements.

In interviews with 23 randomly selected drivers on December 7, the issue of short trips was commonly cited. Specifically described by the drivers was the inability for all parties to document the 20 minute

grace period. The installation of the second AVI reader at the entrance to the garage and more importantly, the necessity of drivers signing into the Mobile Knowledge electronic dispatching system would identify exactly the time, distance, and duration of such short trips.

When questioned as to whether the time grace period should be extended, drivers unanimously said no; such a change would result in drivers making accelerated trips to downtown and back just to secure an earlier position in line.

**2) RATING: HIGH**

**ESFH has been unable to comply with all contract requirements.** These exceptions were not the result of ineffective monitoring by Port Management.

**I. Technology Activity Tracking**

Section 6.7.1 requires ESFH to: “implement and continuously maintain over the term of the agreement a real-time/near-real time vehicle activity tracking software system –consistent with that identified in its proposal - that captures, and provides the Port access to, information on each trip provided under the Concession, including....Concessionaire shall also be able to capture whether the Driver/Vehicle returned to the Airport with or without a passenger.”

ESFH has contracted with SP+ to manually count vehicles entering the feeder lanes. The process is manual and susceptible to error. From October 2016 through July 2017, the manual process used resulted in monthly vehicle counts that, on average, were 5,162 lower than the Port’s monthly AVI counts. The current process does not meet contractual requirements and both parties have been relying on Port AVI data.

ESFH has also charged taxicab drivers \$605 for software and equipment upgrades which are not being used.

ESFH has purchased a scanner and related software and is in the process of installing a mechanism to each vehicle to attempt to comply with this contractual element.

**Recommendation:**

ESFH should implement the scanner solution to better meet the requirements of the contract.

**ESFH Management Response:**

ESFH will set up the set up the scanner equipment during the month of December and will implement using it on January 1st 2018.

**Port Management Response:**

Aviation staff, following consultation with Port of Seattle Legal counsel, has deemed this an issue of contract non- compliance.

Aviation staff recognized from the outset of service implementation on October 1, 2016 that ESFH could not have been reasonably prepared to integrate an electronic tracking system on day one given the extremely truncated transition period provided between contract execution and start of operations. Nonetheless, ESFH had 158 (Mobile Knowledge) units installed on day one, and the remaining 247 vehicles by Q1 2017. In addition, staff has held monthly meetings with ESFH, convened additional meetings and phone conversations on numerous occasions, and as documented in writing to ESFH on March 21, August 23, and November 3, 2017 communicated concerns related to the inability of the system to accurately track vehicle activity in approximation with the activity recorded by the Airport’s Automated Vehicle Identification (AVI) system. While the equipment is available in each vehicle, it requires drivers to be logged in for accurate trip data. ESFH has stated on numerous occasions the unwillingness of some drivers to log into the system, thus undermining the overall accuracy of trip activity and the inability of the system to reconcile with AVI data. Based on information obtained from ESFH some drivers were suspended for failing to log into the system. Following claims of discrimination all

suspensions were immediately reversed by ESFH.

Based on the inconsistent utilization of the system by drivers, ESFH offered to invest in a manual scanning process using bar code technology to log each departing vehicle trip as another way to reconcile ESFH activity and POS AVI activity. Implementation of that system was temporarily delayed following Internal Audit concerns that the costs of the system would add financial burden to the drivers. The installation of that system is now being implemented as recommended by the Port Audit and AV staff.

Contrary to multiple claims that ESFH does not have a dispatch system, such a system is available in all vehicles. When asked, drivers have stated that inbound airport trips are not as viable as in years past due to the lack of brand familiarity with ESFH and the lower rates available to patrons using TNCs. While on-demand trips departing the airport are not reliant on an automated dispatch system, the full and consistent utilization of the Mobile Knowledge technology by all drivers would be invaluable in documenting trips returning to the airport and in providing additional data regarding all trips. This action would thus reduce deadheading while fulfilling the requirement of the system to accurately capture data as intended.

## II. Deadheading

Section 6.10 of the CA requires ESFH to use all reasonable efforts to minimize deadheading or initial passengerless trips to the airport. The CA states “A failure to achieve the reductions will increase CO2 emissions, and will harm the integrity of the competitive process under which Concessionaire was selected.” The contract also requires ESFH to pay liquidated damages (a quarterly fee) if deadheading targets are not achieved.

From inception of the contract, deadheading targets were not achieved. As a result, ESFH has paid liquidated damages of \$81,600 from October 1, 2016 through June 30, 2017. Although ESFH paid liquidated damages, and is therefore compliant with this requirement, IA recommends that ESFH identify methods and strive to meet deadheading targets.

Although ESFH is paying the penalty, ESFH is not meeting the spirit of this contract provision.

### Recommendation:

- Provide owner/operators with incentives to encourage matched trips (initial or return trips carrying one or more passengers). For example, a profit sharing program that rewards taxi owners with financial incentives if deadheading targets are achieved. Drivers with the highest number of matched trips could receive a percentage of the savings ESFH would otherwise pay the Port in deadheading fees. Another incentive could provide drivers, returning to the airport carrying a passenger, with an immediate outbound trip, thus bypassing the holding and staging lots.
- Develop a more robust dispatch process. (Note: Taxi owners/operators pay a \$155.00 weekly dispatch fee).

### ESFH Management Response:

ESFH's goal was always to meet or exceed dead heading targets. We appreciate IA's ideas to give financial incentives to drivers and we intend to implement strategy and communicate this to drivers immediately after it is finalized. We also recognize and support the Port's desire to minimize the negative impact on the environment.

ESFH is the largest taxi and For Hire Company in the Northwest. While Yellow Cab and Far West Taxi

dispatch services charge \$180 and \$200 / week, ESFH charges \$155 including SeaTac curb management. We intend to create new business outside the airport, and this will reduce deadheading. Our goal is to meet deadheading targets by December 31, 2017.

**Port Management Response:**

Aviation staff, following consultation with Port of Seattle Legal counsel, has deemed this not an issue of contract non-compliance.

As indicated by the Port Audit staff, ESFH is compliant with this contract requirement. Port staff will work with ESFH to understand what specific effort is underway to meet deadhead goals by their target date of December 31, 2017.

Relatedly, on the week of December 4, 2017 Transportation Network Companies (TNCs) Uber and Lyft began a pilot program known as Re-match which allows vehicles delivering passengers to Sea-Tac, rather than arriving empty, to go directly to the third floor of the parking garage if requested by an outbound passenger via the TNC app within 3 minutes of passenger drop-off. Eastside for Hire has always had the ability to implement the same feature under its contract at SEA but has not done so, presumably because of the difficulty in requiring drivers to use the Mobile Knowledge dispatch tracking system as discussed elsewhere in this audit response. Comprehensive utilization of this system by drivers could decrease deadheading by picking up dispatched trips downtown before coming to SEA.

**III. Labor Harmony Agreement**

Section 14.1 requires ESFH to execute and provide evidence that it has obtained a legally enforceable labor peace guarantee within sixty (60) days of execution of the CA.

ESFH has not obtained this agreement.

**ESFH Management Response:**

Due to the Teamsters' attempt to change the Port required Labor Harmony Agreement, to a full blown collective bargaining agreement; ESFH could not obtain a Labor harmony Agreement.

**Port Management Response:**

Aviation staff, following consultation with Port of Seattle Legal counsel, has deemed this an issue of contract non-compliance.

Aviation staff is aware of three meetings held between ESFH and Teamsters representatives hosted in Airport facilities made available in support of the effort. ESFH has twice requested an extension of the Labor Harmony provision of their Concession agreement. The first was approved as a 30-day extension (to December 15, 2016), and a second, 60-day, that extended the deadline to February 15, 2017.

Unable to secure a Labor Harmony Agreement during this time frame, ESFH had asked for a third extension which was declined at the advice of POS Labor Relations.

On November 20, independent facilitator, Phyllis Schulman from Civic Alchemy, met with members of ESFH management, Abdul Yusuf, Samatar Guled, and Mahad Isaq, for two hours, wherein they agreed to

meet with the Teamsters to discuss Labor Harmony.

Also on the week of November 20, independent facilitator, Phyllis Schulman, learned from the Teamsters that they were considering whether or not to have a joint meeting with ESFH. On November 29, Ms. Schulman again reached out to the Teamsters asking for a response by Dec 1. No new information is known at the time of this writing.

### **Concluding POS Management Response:**

The ESFH contract has been extensively monitored for contract compliance since the award of the contract in September of 2016. Specifically, no fewer than 58 meetings regarding compliance have been held by POS staff. This number does not include weekly AV staff meetings that are conducted to ensure internal coordination and communication of ongoing developments related to this contract.

### **Summary of Audit Findings and related POS Management Responses:**

- 1) Reconciliation of prepaid owner/operator changes and payments.

RESPONSE: On-site observations by POS staff on two occasions and physical logs provided by ESFH as of November 15, indicate reconciliation through October 2017.

Interviews of 25 drivers indicate repayment has been made.

Internal Audit to independently audit these repayments.

Provide automated transparent mechanism to provide AVI data to drivers monthly.

RESPONSE: Implementation FEB 1, 2018.

Eliminate driver contribution of \$.10/trip community fund and work with ESFH to eliminate financial burden of short trips.

RESPONSE: ESFH relieved of this RFP-proposed term on October 18, 2017. AV staff continues to work with ESFH on issue of short trips.

- 2) Technology Activity Tracking.

RESPONSE: Based on POS Legal interpretation, ESFH is non-compliant.

Equipment installed in all vehicles Q1 2017. A manual bar-code scanner system is under implementation by ESFH. A second POS AVI reader is to be installed by April 1, 2018.

- 3) Deadheading

RESPONSE: ESFH in compliance via liquidated damages payments.

- 4) Labor Harmony.

RESPONSE: Based on POS Legal interpretation, ESFH is non-compliant. Third party facilitator awaiting Teamster joint agreement to discuss.

Aviation Operations and Commercial Management staff have dedicated themselves to diligent contract compliance oversight from the outset of the contract and will continue to do so. We appreciate the opportunity to provide a comprehensive response to the audit findings.

## APPENDIX A: RISK RATINGS

Findings identified during the course of the audit are assigned a risk rating, as outlined in the table below. The risk rating is based on the financial, operational, compliance or reputational impact the issue identified has on the Port. Items deemed “Low Risk” will be considered “Exit Items” and will not be brought to the final report.

Rating	Financial	Internal Controls	Compliance	Public	Port Commission/ Management
<b>HIGH</b>	Large financial impact  Remiss in responsibilities of being a custodian of public trust	Missing, or inadequate key internal controls	Noncompliance with applicable Federal, State, and Local Laws, or Port Policies	High probability for external audit issues and/or negative public perception	Important  Requires immediate attention
<b>MEDIUM</b>	Moderate financial impact	Partial controls  Not adequate to identify noncompliance or misappropriation timely	Inconsistent compliance with Federal, State, and Local Laws, or Port Policies	Potential for external audit issues and/or negative public perception	Relatively important  May or may not require immediate attention
<b>LOW/ Exit Items</b>	Low financial impact	Internal controls in place but not consistently efficient or effective  Implementing/enhancing controls could prevent future problems	Generally complies with Federal, State and Local Laws or Port Policies, but some minor discrepancies exist	Low probability for external audit issues and/or negative public perception	Lower significance  May not require immediate attention
<b>Efficiency Opportunity</b>	An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient				