

Financial Stewardship

Accountability

Transparency

Port of Seattle Audit Committee

Internal Audit Update

Glenn Fernandes - Director, Internal Audit

June 11, 2020

Remote Meeting

1:00 PM – 3:00 PM

Operational Excellence

Governance



2020 Audit Plan Update – Guiding Principles

- COVID-19 impact on Port businesses and resources

- Internal Audit value proposition to respond to COVID-19 impact
 - ✓ Advisory (Consulting) Services where needed

- Professional Standards – Advisory (Consulting) Services
 - ✓ Generally Accepted Government Auditing Standards (GAGAS)
 - ✓ International Professional Practices Framework (IPPF)

2020 Audit Plan – Proposed Modifications

Limited Contract Compliance

- ~~Lenlyn Limited~~¹
- Concourse Concessions, LLS
- McDonald's USA, LLC
- ~~Concessions Int'l, INC~~¹
- Fireworks
- Qdoba Restaurant Corporation
- E-Z Rent A Car

Operational

- Equipment Acquisition, Monitoring & Disposal
 - Ground Transportation – Taxi Cabs
 - Cash Controls
 - ~~Outside Services (Professional)~~¹
 - Interlocal Agreement Mapping⁴
 - Delegation of Authority Compliance⁵
- Capital
- Service Tunnel Renewal/Replace
 - Central Terminal Infrastructure Upgrade
 - ~~North Terminal Utilities Upgrade – Phase 1~~¹
 - AOA Perimeter Fence Line Standards Compliance

Information Technology

- Network Password Management
 - Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers
 - ~~T2 Airport Garage Parking System Replacement~~¹
 - Inventory & Control of Software Assets
 - Biometrics⁴
 - Malware Defenses (ICT)⁵
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- Payment Card Industry (PCI) - Qualified Security Assessor²
 - Criminal Justice Information Services (CJIS)³

¹ Due to the COVID-19 Pandemic, these audits will be deferred to the 2021 Audit Plan.

² This work will be performed by an outside firm. Internal Audit will provide a summary report to the Audit Committee.

³ This work will be performed by the Washington State Patrol. Internal Audit will provide a summary report to the Audit Committee.

⁴ This is a focused analysis, not an audit, accordingly we will issue a Memo.

⁵ This is a contingency audit that was approved by the Audit Committee in December of 2019.

2020 AUDIT PLAN STATUS

Audit Title	Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Cash Controls	Operational												
Equipment Acquisition, Monitoring and Disposal	Operational												
Network Password Management	IT												
McDonald's USA, LLC	Contract Compliance												
Service Tunnel Renewal/Replace Project	Operational - Capital												
Interlocal Agreement Mapping ¹	Operational												
Qdoba Restaurant Corporation	Contract Compliance												
E-Z Rent A Car	Contract Compliance												
Fireworks	Contract Compliance												
AOA Perimeter Fence Line Standards Compliance	Operational - Capital												
Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers	IT												
Concourse Concessions, LLS	Contract Compliance												
Payment Card Industry (PCI)-Qualified Security Assessor	IT												
Criminal Justice Information Services (CJIS)	IT												
Malware Defenses (ICT only) ²	IT												
Ground Transportation-Taxi Cabs	Operational												
Delegation of Authority Compliance ²	Operational												
Biometrics Population	IT												
Central Terminal Infrastructure Upgrade	Operational - Capital												
Inventory and Control of Software Assets	IT												
Outside Services (Professional)	Operational												
North Terminal Utilities Upgrade-Phase 1	Operational - Capital												
Lenlyn Limited	Contract Compliance												
Concessions Int'l, INC	Contract Compliance												
T2 Airport Garage Parking System Replacement	IT												

KEY	Complete
	In Process
	Not Started
	Defer to 2021

Note ¹: Advisory Services Project added per the Commission's request

Note ²: Contingency audit approved by the Audit Committee in December of 2019

2021 Audits – Potential New Audits & Carryover Audits

Limited Contract Compliance

- Lenlyn Limited¹
- Concessions Int'l, INC¹

Operational

- Outside Services (Professional)¹
- Rent & Concession Deferral Recovery²
- Capitalization of Assets²

Capital

- North Terminal Utilities Upgrade – Phase 1¹

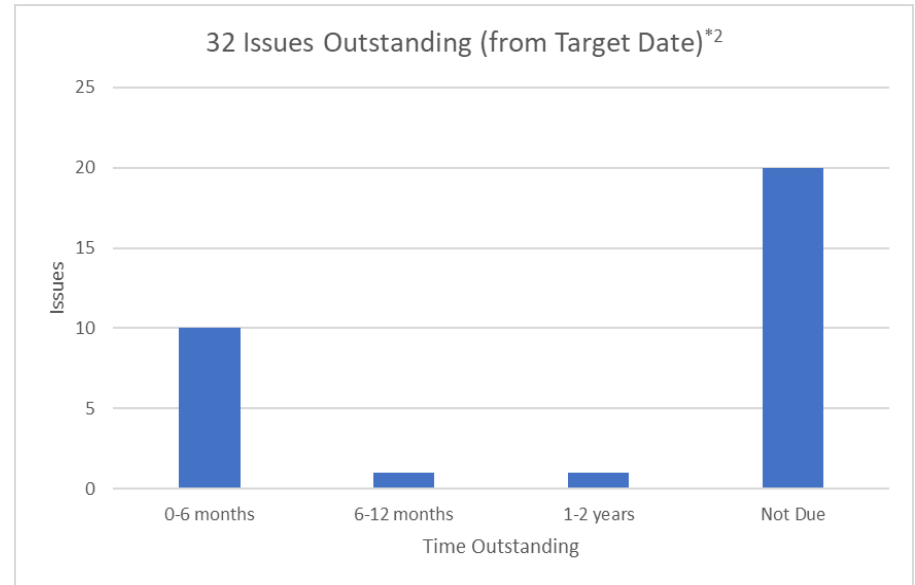
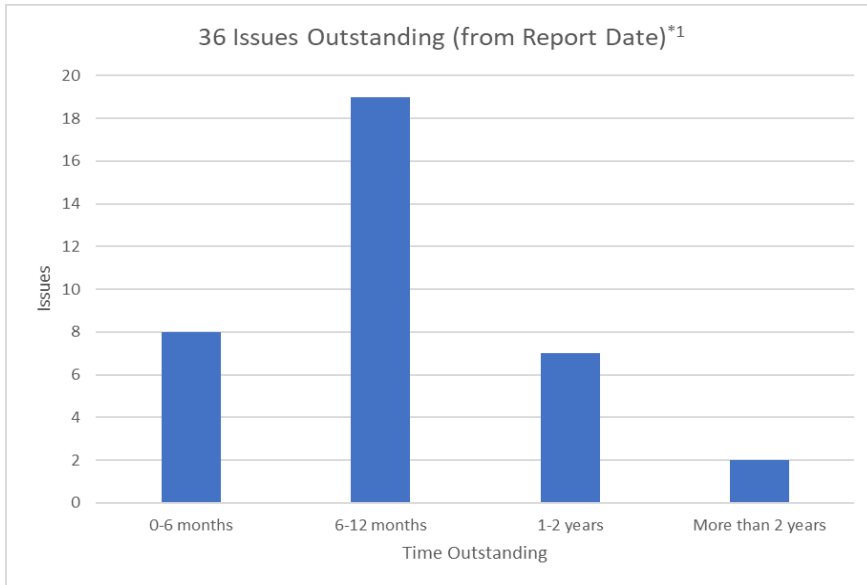
Information Technology

- T2 Airport Garage Parking System Replacement¹
- Malware Defenses (Aviation)¹

¹ Audits deferred to 2021 from 2020 due to COVID-19 Pandemic.

² Potential audits considered for 2021.

Open Issue Follow-Up Status – Aging Report as of June 10, 2020



*¹ Two issues outstanding more than two years are:

- Fishing & Commercial Operations – Manual Billing Process at Risk of Error – To be built in house - Vendor proposals did not support PCI/cloud based.
- IT Disaster Recovery Capability (Security Sensitive) – Exempt from Public Disclosure per RCW 42.56.420 – Issue Not Discussed in Public Session.

*² Four IT issues do not have Target Dates and are not included in this chart. These issues are in the process of being addressed, however, three are 1-2 years past the Report Date, and one is more than 2 years past the Report Date. .

See **Appendix A** for a detail listing of outstanding issues aging as of June 10, 2020

Audits Completed

- 1) Qdoba Restaurant Corporation
 - ✓ No issues noted (not discussed)

Appendix

A – Aging of Outstanding Issues as of June 10, 2020

Appendix A – Aging of the Outstanding Issues as of June 10, 2020

Operational, Capital, Information Technology, and Limited Contract Compliance Audits

Type	Audit	Description	Rating	Report Date	Target Date	Days Outstanding (from Report Date)	Months/Years Outstanding (from Report Date)	Days Outstanding (from Target Date)	Months/Years Outstanding (from Target Date)
Operational	Fishing & Commercial Operations	Manual Billing Process at Risk of Error	High	2/23/2018	3/31/2019	838	More than 2 years	437	1-2 years
IT	AVM/F&I Data Centers	Physical Access to Facilities	High	12/4/2018	No Date Supplied	554	1-2 years	N/A	N/A
IT	AVM/F&I Data Centers	Protection Against Environmental Factors	High	12/4/2018	No Date Supplied	554	1-2 years	N/A	N/A
IT		Security of PII	High	2/26/2019	12/31/2019	470	1-2 years	162	0-6 months
Operational	Marine Maintenance	Fleet and Fuel	High	6/14/2019	12/31/2023	362	6-12 months	-1299	Not Due
Operational	Marine Maintenance	Keys and Badges	High	6/14/2019	12/31/2023	362	6-12 months	-1299	Not Due
IT	HIPAA Security	Security Sensitive	High	9/4/2019	7/31/2020	280	6-12 months	-51	Not Due
IT	HIPAA Security	Security Sensitive	High	9/4/2019	7/31/2020	280	6-12 months	-51	Not Due
Operational	Airport Employee Access	Security Sensitive	High	9/5/2019	6/30/2020	279	6-12 months	-20	Not Due
IT	Closed Network System Security	Security Sensitive	High	9/5/2019	12/31/2019	279	6-12 months	162	0-6 months
Operational	Architecture & Engineering	Determine Fair and Reasonable	High	12/9/2019	6/30/2020	184	6-12 months	-20	Not Due
Operational	Architecture & Engineering	Management Review Over Max	High	12/9/2019	6/30/2020	184	6-12 months	-20	Not Due
Operational	Architecture & Engineering	Contract Accuracy	High	12/9/2019	6/30/2020	184	6-12 months	-20	Not Due
IT	IT Disaster Recovery Capability	Security Sensitive	Medium	11/29/2017	No Date Supplied	924	More than 2 years	N/A	N/A
IT	AVM/F&I Data Centers	Physical Facilities Management	Medium	12/4/2018	No Date Supplied	554	1-2 years	N/A	N/A
IT	IT Change Mgmt & Patch Mgmt	Security Sensitive	Medium	12/4/2018	6/30/2019	554	1-2 years	346	6-12 months
IT		Security of PII	Medium	2/26/2019	12/31/2019	470	1-2 years	162	0-6 months
IT		Security of PII	Medium	2/26/2019	3/31/2020	470	1-2 years	71	0-6 months
Capital	Concourse D Hardstand Holdroom	Audit Clause Restriction	Medium	9/3/2019	12/31/2019	281	6-12 months	162	0-6 months
Capital	Concourse D Hardstand Holdroom	Designer Error & Omission	Medium	9/3/2019	12/31/2019	281	6-12 months	162	0-6 months
IT	HIPAA Security	Security Sensitive	Medium	9/4/2019	7/31/2020	280	6-12 months	-51	Not Due
IT	HIPAA Security	Security Sensitive	Medium	9/4/2019	7/31/2020	280	6-12 months	-51	Not Due
IT	Closed Network System Security	Security Sensitive	Medium	9/5/2019	3/31/2020	279	6-12 months	71	0-6 months
IT	Closed Network System Security	Security Sensitive	Medium	9/5/2019	3/31/2020	279	6-12 months	71	0-6 months
IT	Closed Network System Security	Security Sensitive	Medium	9/5/2019	6/30/2020	279	6-12 months	-20	Not Due
IT	Closed Network System Security	Security Sensitive	Medium	9/5/2019	12/31/2020	279	6-12 months	-204	Not Due
IT	Inventory and Control of HW Assets	Security Sensitive	Medium	11/12/2019	6/30/2023	211	6-12 months	-1115	Not Due
Operational	Architecture & Engineering	Governance	Medium	12/9/2019	6/30/2020	184	6-12 months	-20	Not Due
Operational	Equipment Monitoring & Disposal	Monitoring of Theft Sensitive Assets	Medium	3/11/2020	6/1/2020	91	0-6 months	9	0-6 months
IT	Network Password Management	Security Sensitive	Medium	3/20/2020	12/31/2020	82	0-6 months	-204	Not Due
IT	Network Password Management	Security Sensitive	Medium	3/20/2020	9/30/2020	82	0-6 months	-112	Not Due
IT	Network Password Management	Security Sensitive	Medium	3/20/2020	12/31/2020	82	0-6 months	-204	Not Due
Operational	Cash Controls	Seg. of Duties - Fish Term. & Shilshole	Medium	3/25/2020	6/30/2020	77	0-6 months	-20	Not Due
Operational	Cash Controls	Procedures - Airport Lost and Found	Medium	3/25/2020	6/30/2020	77	0-6 months	-20	Not Due
Operational	Equipment Monitoring & Disposal	Asset Disposal Process	Low	3/11/2020	3/11/2020	91	0-6 months	91	0-6 months
IT	Network Password Management	Security Sensitive	Low	3/20/2020	12/31/2020	82	0-6 months	-204	Not Due