



COMMISSION
AGENDA MEMORANDUM

Item No. 11a

BRIEFING ITEM

Date of Meeting December 14, 2021

DATE: December 1, 2021
TO: Stephen P. Metruck, Executive Director
FROM: Glenn Fernandes, Director, Internal Audit
SUBJECT: **2021 Internal Audit Annual Briefing**

EXECUTIVE SUMMARY

The purpose of this memo is to brief the Commission and the public on audits performed in the 2021 calendar year. The 2021 Audit Plan was approved at the December 10, 2020, Audit Committee Meeting.

Internal Audit has completed 19 audit reports for the Audit Committee in 2021. Additionally, a memo was issued. The audits identified 4 High Risk, 12 Medium Risk and 5 Low Risk issues for management action. Implementation of the associated recommendations will strengthen internal controls, enhance processes, and improve efficiencies. Internal Audit has a process in place where we periodically follow up on recommendations and agreed upon management action plans to assure action is taken. This process also relies on attestations from Management. Delinquent action plans are periodically brought to the Audit Committee's attention.

BACKGROUND

On December 11, 2007, the Port of Seattle (Port) Commission passed a motion, which resulted in the creation of an independent and objective Internal Audit function. In discharging their duty, the Internal Audit Director and his staff are accountable to the Audit Committee and to the Executive Director.

For 2021, Commissioner Bowman chaired the Audit Committee and Commissioner Cho served as the other commission member. Dr. Christina Gehrke, Principal Faculty, City University of Seattle, served as the external member of the Audit Committee. The Audit Committee serves as an arm of the Port Commission.

Internal Audit conducts independent, objective, risk-based audits of the Port's operations, activities, and vendors. Our audits add value by helping the Port achieve its mission and contribute to: financial stewardship, accountability, transparency, governance, and operational excellence. Internal Audit derives its authority from the Port Commission.

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LISTING OF 2021 INTERNAL AUDITS COMPLETED

Below is a list of audits completed by Internal Audit in 2021. These audits are categorized by audit type.

Operational:

- 1) Noise Monitor Data Accuracy
- 2) South King County Fund¹
- 3) Art Program¹
- 4) TNC (Lyft, Inc. & Rasier, LLC)
- 5) Rent and Concession Deferral Recovery
- 6) Capitalization of Assets

Operational - Capital:

- 7) Central Terminal Infrastructure Upgrade (Construction and Closeout Phases)¹
- 8) Restroom Renovations Phase 3 Prototype
- 9) Baggage Optimization - Phase 2
- 10) North Terminals Utilities Upgrade - Phase 1

Information Technology²:

- 11) Malware Defenses - Aviation Maintenance
- 12) Biometrics
- 13) Payment Card Industry (PCI) Compliance
- 14) Continuous Vulnerability Management
- 15) Data Recovery

Limited Contract Compliance:

- 16) Seattle-Tacoma International Limousine Association (STILA)
- 17) Lenlyn Limited
- 18) Fruit & Flower, LLC d/b/a Floret
- 19) Dilettante Chocolate, Inc.

Special Project by Management Request:

- 20) Cruise Season Rent Credit Review of Cruise Terminals of America³

¹ Highlighted audits have findings that are discussed in more detail to the Commission.

² Security Sensitive – Exempt from public disclosure per RCW 42.56.420; these will not be discussed.

³ This was a focused analysis, not an audit, accordingly, Internal Audit issued a memo.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 8, 2020 – The Commission was briefed on 2020 completed audits.

December 10, 2019 – The Commission was briefed on 2019 completed audits.