

START OF TRANSCRIPT

[00:00:28] THIS IS COMMISSIONER CHO CALLING TO  
[00:00:30] ORDER THE PORT OF SEATTLE AUTO COMMUNITY  
[00:00:32] SPECIAL MEETING TODAY IS THURSDAY,  
[00:00:35] APRIL 7, 2022, AND THE TIME IS 230 03:00  
[00:00:38] P.M.. WE ARE MEETING REMOTELY TODAY VIA  
[00:00:41] THE TEAM'S PLATFORM TO COMPLY WITH  
[00:00:43] SENATE CONCURRENT RESOLUTION 8402 AND  
[00:00:46] GOVERNOR INSLEE PROCLAMATION 20-28.  
[00:00:48] PRESENT WITH ME TODAY IS COMMITTEE  
[00:00:51] MEMBER COMMISSIONER HAMDI MOHAMED.  
[00:00:55] ALL RIGHT. AS THIS IS A VIRTUAL MEETING,  
[00:00:58] WE HAVE MADE SPECIAL ARRANGEMENTS TO  
[00:01:00] PROVIDE FOR REMOTE PARTICIPATION FOR OUR  
[00:01:03] STAFF AND ANY OUTSIDE PRESENTERS AND  
[00:01:05] COMMITTEE MEMBERS TO MAKE THIS MEETING  
[00:01:07] MORE ACCESSIBLE TO THE PUBLIC. THE  
[00:01:09] MEETING IS BEING LIVE STREAMED AND  
[00:01:11] DIGITALLY RECORDED AND MAY BE VIEWED OR  
[00:01:13] HEARD AT ANY TIME ON THE PORT WEBSITE.  
[00:01:17] HEADING OVER TO THE AGENDA. OUR FIRST  
[00:01:19] ITEM OF BUSINESS IS APPROVAL OF OUR LAST  
[00:01:22] MEETING MINUTES FROM DECEMBER 9.  
[00:01:25] I GUESS HAMDI. IF WE  
[00:01:29] COULD JUST REVIEW THE MINUTES AND I'LL  
[00:01:32] ASK IF THERE ARE ANY CORRECTIONS TO THE  
[00:01:33] MINUTES AND  
[00:01:37] IF THERE ARE ANY OBJECTIONS TO THE  
[00:01:40] APPROVAL MINUTES AS PRESENTED.  
[00:01:45] NOPE. NO OBJECTION. HEARING? NONE. THE  
[00:01:48] MINUTES ARE APPROVED.  
[00:01:51] PERFECT. OUR NEXT ORDER OF BUSINESS IS  
[00:01:54] EXTERNAL AUDITS. THE AUDIT REPORT TODAY  
[00:01:57] IS PROVIDING THE ACCOUNTABILITY AUDIT  
[00:01:59] RESULTS FOR 2020 FROM THE OFFICE OF THE  
[00:02:03] WASHINGTON STATE AUDITOR. PRESENTERS,  
[00:02:05] PLEASE UNMUTE YOURSELVES. COMMITTEE  
[00:02:07] MEMBERS MAY USE THE HAND RAISING TOOL TO  
[00:02:09] INDICATE THAT YOU WASH, DOT SPEAK OR  
[00:02:11] ALSO CALL FOR QUESTIONS AT THE  
[00:02:12] CONCLUSION OF THE PRESENTATION. MR.  
[00:02:15] FERNANDEZ, PLEASE INTRODUCE OUR FIRST  
[00:02:17] SPEAKERS AND THE TOPIC INSURANCE. TODAY  
[00:02:20] WE HAVE JOE SIMMONS AND ANGELA FUNAMORI  
[00:02:23] FROM THE STATE AUDITOR'S OFFICE. AND  
[00:02:26] THEY'VE DONE A LOT OF WORK OVER THE LAST  
[00:02:28] FEW MONTHS, AND THEY'RE GOING TO PRESENT  
[00:02:29] THE RESULTS OF THEIR REPORT, WHICH IS  
[00:02:31] ALREADY PUBLIC, I BELIEVE. BUT ANGELA  
[00:02:34] AND JOE, PLEASE, YOU HAVE THE FLOOR.  
[00:02:38] THANK YOU, GLENN. AND THANK YOU FOR YOUR  
[00:02:40] TIME TODAY. COMMISSIONERS, AS I'M SAID,  
[00:02:43] WE'RE HERE FOR THE RESULTS OF OUR  
[00:02:45] ACCOUNTABILITY AUDIT FOR 2020.  
[00:02:49] MICHELLE, COULD YOU PULL THE DECK UP,  
[00:02:51] PLEASE?  
[00:02:55] SOUNDS GOOD. AND MADDIE,  
[00:03:01] WHAT'S ON THE SIDE AS A SUPERVISOR? SHE  
[00:03:03] IS OUT THIS WEEK, SO SHE WON'T BE HERE.  
[00:03:07] ON THE NEXT SLIDE, WE HAVE OUR STATE  
[00:03:10] AUDITOR, OUR DIRECTOR OF LOCAL AUDIT,  
[00:03:13] AND ASSISTANT DIRECTOR OF LOCAL AUDIT.

[00:03:16] AND THEN ON THE THIRD SLIDE, JUST A  
[00:03:18] BRIEF OVERVIEW THAT WE LOOK AT OURSELVES  
[00:03:21] AS A STATE AUDITOR'S OFFICE AS AN  
[00:03:23] INDEPENDENT, OBJECTIVE, OUTSIDE REVIEW  
[00:03:26] OF LOCAL GOVERNMENT AND STATE  
[00:03:28] GOVERNMENT, AND LOOK AT IT AS A ROLE OF  
[00:03:30] WORKING IN PARTNERSHIP WITH GOVERNMENT  
[00:03:32] TO PROVIDE INDEPENDENT AND TRANSPARENT  
[00:03:36] EXAMINATIONS AND ALSO LOOK AT WAYS TO  
[00:03:38] PROVIDE RECOMMENDATIONS THAT CAN HELP  
[00:03:40] IMPROVE EFFICIENCY AND EFFECTIVENESS OF  
[00:03:42] GOVERNMENT. AND I WILL GO AHEAD  
[00:03:45] AND TURN IT OVER TO ANGELA TO TALK ABOUT  
[00:03:48] THE RESULTS SPECIFIC TO YOUR  
[00:03:50] ACCOUNTABILITY AUDIT. THANK YOU, JOE.  
[00:03:54] SO AS JOE MENTIONED, WE CONDUCTED AN  
[00:03:56] ACCOUNTABILITY AUDIT THAT COVERED THE  
[00:03:58] PERIOD OF JANUARY THROUGH DECEMBER 31 OF  
[00:04:02] 2020. AND THE PURPOSE OF THE  
[00:04:04] ACCOUNTABILITY AUDIT IS TO DISCERN  
[00:04:07] WHETHER THE PORT COMPLIED WITH STATE  
[00:04:09] LAWS, REGULATIONS, CONTRACTS, GRANT  
[00:04:13] AGREEMENTS, AND ITS OWN POLICIES AND  
[00:04:14] PROCEDURES. IN ADDITION, THESE AUDITS  
[00:04:17] ALSO LOOK AT WHETHER, IN GENERAL, THE  
[00:04:19] PORT HAS ADEQUATE CONTROLS TO SAFEGUARD  
[00:04:21] PUBLIC FUNDS AND  
[00:04:27] IN THE NEXT SLIDE IN  
[00:04:31] ORDER TO SELECT SPECIFIC AREAS TO  
[00:04:34] REVIEW, WE CONDUCTED A NUMBER OF  
[00:04:36] PLANNING PROCEDURES THAT INCORPORATED  
[00:04:38] REVIEWING THE MEANING MINUTES OF THE  
[00:04:40] GOVERNING BODY AND ANALYZING TRENDS IN  
[00:04:43] FINANCIAL DATA. THIS INCLUDES PAYROLL,  
[00:04:46] VENDOR INFORMATION, AND CREDIT CARDS.  
[00:04:50] WE ALSO CONDUCTED RISK ASSESSMENTS WITH  
[00:04:52] SEVERAL KEY STAFF AND A COMMISSIONER,  
[00:04:55] AND FROM THE INFORMATION WE GATHERED,  
[00:04:57] WE BRAINSTORMED THE VARIOUS AUDIT AREAS  
[00:04:59] THAT INDICATED POTENTIAL RISK OF NON  
[00:05:01] COMPLIANCE. AS A RESULT, INCLUDED ON THE  
[00:05:05] SLIDE ARE THE AREAS THAT WE SELECTED FOR  
[00:05:07] FURTHER TESTING, AND THE FIRST AREA THAT  
[00:05:10] WE'D LIKE TO DISCUSS IS THE FINANCIAL  
[00:05:12] CONDITION, WHERE WE PERFORMED A TREND OF  
[00:05:15] KEY FINANCIAL INDICATORS, ASSESSED  
[00:05:18] ADDITIONAL NON FINANCIAL INFORMATION TO  
[00:05:22] IDENTIFY POTENTIAL IMPACTS, AND ANALYZED  
[00:05:24] THE PORT'S RESPONSE TO COVID. THIS  
[00:05:27] INCLUDES THE MONITORING PERFORMED BY  
[00:05:29] MANAGEMENT IN OUR AUDIT DETERMINED THE  
[00:05:33] PORT'S INTERNAL CONTROLS ARE WORKING  
[00:05:34] EFFECTIVELY AND MUTED, NO ISSUES IN THE  
[00:05:36] PORT'S FINANCIAL CONDITION AND  
[00:05:38] SUSTAINABILITY. THE SECOND AREA  
[00:05:42] THAT WE'D LIKE TO DISCUSS IS THE PORT'S  
[00:05:44] SELF INSURANCE PROGRAM. THIS AREA COVERS  
[00:05:47] HEALTH AND WELFARE, UNEMPLOYMENT,  
[00:05:50] WORKERS COMPENSATION, AND PAID FAMILY  
[00:05:52] AND MEDICAL LEAVE. WE REVIEWED THE PORT  
[00:05:56] POLICIES AND PROCEDURES OVER THIS AREA,  
[00:05:58] GAINED AN UNDERSTANDING OF THE PORT  
[00:06:00] CONTROLS AND SELECTED TRANSACTIONS FOR

[00:06:02] TESTING TO ENSURE IT COMPLIED WITH STATE  
[00:06:05] REGULATIONS. OUR AUDIT DETERMINED THE  
[00:06:08] PORT INTERNAL CONTROLS ARE WORKING  
[00:06:10] EFFECTIVELY, AND NO SIGNIFICANT  
[00:06:11] RECOMMENDATIONS WERE IDENTIFIED. WE DID,  
[00:06:15] HOWEVER, IDENTIFY AN AREA OF OPPORTUNITY  
[00:06:17] FOR THE PORT TO BETTER DEMONSTRATE ITS  
[00:06:19] COMPLIANCE WITH THE WASHINGTON  
[00:06:20] ADMINISTRATIVE CODE. WE ALSO WANT TO  
[00:06:24] KNOW THAT THE EXIT ITEMS ADDRESS  
[00:06:25] CONTROL, DEFICIENCIES, OR NON COMPLIANCE  
[00:06:28] WITH LAWS OR REGULATIONS THAT HAVE AN  
[00:06:30] INSIGNIFICANT EFFECT ON THE ENTITY.  
[00:06:35] WE ALSO WOULD LIKE TO NOTE THAT EXIT  
[00:06:37] ITEMS ARE NOT REFERENCED IN THE AUDIT  
[00:06:39] REPORT. THE NEXT AREA THAT WE'D  
[00:06:42] LIKE TO DISCUSS IS THE PORT'S RENT  
[00:06:44] DEFERRAL PAYMENT PLAN, AND FROM THE  
[00:06:46] PRIOR AUDIT, WE IDENTIFIED THAT THE PORT  
[00:06:49] CREATED AND IMPLEMENTED THIS PAYMENT  
[00:06:51] PLAN AS A WAY TO ENSURE FINANCIAL  
[00:06:54] SUPPORT TO THE LOCAL ECONOMY AND TO  
[00:06:56] PROTECT THE COURT'S ASSETS. FOR THIS  
[00:06:59] AUDIT, WE GAINED AN UNDERSTANDING OF  
[00:07:01] WHERE THE PROGRAM STAYED. THIS INCLUDED  
[00:07:03] OUR REVIEW OF THE AUDIT WORK THAT WAS  
[00:07:06] PERFORMED BY THE INTERNAL AUDIT TEAM,  
[00:07:09] THEIR REVIEW OF CONTROLS, AND THEIR  
[00:07:11] TESTING SPREADSHEET, AND WE'VE REVIEWED  
[00:07:13] THE PROGRAM OVERALL TO ENSURE THAT IT  
[00:07:15] COMPLIES WITH STATE LAW ENFORCE POLICY.  
[00:07:17] AND SO WE ARE PLEASED TO REPORT. OUR  
[00:07:20] AUDIT DETERMINED THE PORT INTERNAL  
[00:07:22] CONTROLS ARE WORKING EFFECTIVELY, AND NO  
[00:07:24] RECOMMENDATIONS WERE IDENTIFIED.  
[00:07:27] THE NEXT AREA THAT WE'D ALSO LIKE TO  
[00:07:29] DISCUSS IS THE PORT THE PORT'S TELEWORK  
[00:07:31] EQUIPMENT REIMBURSEMENT POLICY. SO WE  
[00:07:35] REVIEWED THE PORT PORTS POLICIES AND  
[00:07:37] PROCEDURES RELATED TO THE TELEWORK  
[00:07:39] REIMBURSEMENT PROGRAM. YOU GAINED AN  
[00:07:41] UNDERSTANDING OF THE INTERNAL CONTROLS  
[00:07:44] AND SELECTED REIMBURSEMENT TRANSACTIONS  
[00:07:46] FOR TESTING, AND WE DETERMINED THE PORT  
[00:07:49] AND TONAL CONTROLS ARE WORKING  
[00:07:51] EFFECTIVELY AND TRANSACTIONS COMPLIED  
[00:07:53] WITH PORT POLICY WERE VALID AND  
[00:07:56] ADEQUATELY SUPPORTED BY THE APPROPRIATE  
[00:07:58] RECORDS. THE NEXT AREA  
[00:08:01] THAT WE'D LIKE TO DISCUSS IS THE  
[00:08:03] PROCUREMENT PERSONAL SERVICE CONTRACTS.  
[00:08:06] WE REVIEWED THE COURT'S POLICIES AND  
[00:08:08] PROCEDURES OVER THE PERSONAL SERVICE  
[00:08:10] CONTRACTS, GAINED AN UNDERSTANDING OF  
[00:08:12] THE INTERNAL CONTROLS AND SELECTED  
[00:08:15] CONTRACTS TO ENSURE THAT THE CONTRACTS  
[00:08:29] COMPLIED WITH COURT POLICIES AND STATE  
[00:08:31] LAW. AND THE LAST AREA WE'D LIKE TO  
[00:08:35] DISCUSS IS THE PAYROLL OVERTIME.  
[00:08:37] SO FROM THE PRIOR AUDIT, WE REVIEWED THE  
[00:08:40] PORT POLICIES AND PROCEDURES OVER THIS  
[00:08:43] AREA AND CONDUCTED DETAILED TESTING ON  
[00:08:46] SPECIFIC TRANSACTIONS. OUR AUDIT

[00:08:49] IDENTIFIED AN AREA OF OPPORTUNITY FOR  
[00:08:51] THE PORT TO STRENGTHEN ITS INTERNAL  
[00:08:53] CONTROLS RELATED TO TIMESHEET APPROVALS.  
[00:08:56] AND FOR THIS AUDIT PERIOD, WE FOLLOWED  
[00:08:58] UP ON THOSE RECOMMENDATIONS BY GAINING  
[00:09:01] AN UNDERSTANDING OF THE LATEST INTERNAL  
[00:09:03] CONTROLS RELATED TO THE TIMESHEET  
[00:09:05] APPROVALS IN OUR AUDIT DETERMINED THE  
[00:09:08] PORT'S INTERNAL CONTROLS ARE WORKING  
[00:09:09] EFFECTIVELY. AND SO  
[00:09:12] NOW I'D LIKE TO PASS IT BACK OVER TO JOE  
[00:09:16] NEXT SLIDE, PLEASE. MICHELLE. AND JOE,  
[00:09:19] FEEL FREE TO ASK MICHELLE TO WHEN YOU'RE  
[00:09:21] READY FOR THE NEXT SLIDE. CERTAINLY.  
[00:09:25] AND I SHOULD HAVE SAID AT THE BEGINNING,  
[00:09:27] PLEASE LET US KNOW AT ANY TIME IF YOU  
[00:09:29] HAVE ANY QUESTIONS ABOUT ANY OF THE  
[00:09:31] SLIDES AS WE GO OVER THIS.  
[00:09:34] ONE THING WE ALWAYS LIKE TO POINT OUT  
[00:09:36] IS, AS YOU KNOW, CPA FIRM OF MOSS  
[00:09:40] ADAMS PERFORMS THE FINANCIAL STATEMENT  
[00:09:42] AND FEDERAL SINGLE AUDIT, THE GRANT  
[00:09:45] AUDIT OF THE PORT OF SEATTLE. SO WE  
[00:09:48] APPRECIATE HOW THE PORT PROVIDES  
[00:09:51] COMMUNICATIONS WITH US SO THAT WE'RE  
[00:09:53] LOOPED IN EVEN INTO SOME STATUS MEETINGS  
[00:09:56] WITH THE MOSS ADAMS GROUP. SO WE'RE  
[00:09:58] AWARE OF ANY ISSUES THAT ARISE IN THOSE  
[00:10:00] AUDITS. AND THEN WHEN THE WORK IS  
[00:10:03] COMPLETED, WE REVIEW THE WORK THAT WAS  
[00:10:05] DONE BY MOSS ADAMS. WE REVIEW THEIR WORK  
[00:10:08] PAPERS, AND WE REVIEW THAT TO ALSO BE  
[00:10:11] ABLE TO LEVERAGE ANY WORK THAT THEY DID.  
[00:10:14] SO WE DEFINITELY AVOID TRYING TO  
[00:10:15] DUPLICATE ANY WORK THAT'S DONE IN YOUR  
[00:10:17] FINANCIAL STATEMENT OR FEDERAL SINGLE  
[00:10:18] AUDIT. AND WE JUST ALWAYS LIKE TO JUST  
[00:10:21] CONFIRM THAT WE DID NOT HAVE ANY  
[00:10:23] CONCERNS ABOUT THE WORK THAT WAS DONE BY  
[00:10:25] THE CPA FIRM. THERE WAS NO LIMITATIONS  
[00:10:28] RESTRICTED ANALYSIS OF THOSE OTHER  
[00:10:31] AUDITS, AND THERE'S NO MATERIAL  
[00:10:33] STATEMENT OR FINANCIAL STATEMENTS THAT  
[00:10:35] HAS OR MAY HAVE RESULTED FROM FRAUD OR  
[00:10:36] SUSPECTED FRAUD. AND THEN ON THE NEXT  
[00:10:40] SLIDE, JUST TALKING ABOUT  
[00:10:44] NOW, WE'RE KIND OF MORE INTO CLOSING  
[00:10:46] REMARKS THAT WE JUST WANT TO CONFIRM  
[00:10:48] THAT THE AUDIT COSTS THAT WE ESTIMATE AT  
[00:10:50] THE BEGINNING AUDIT OR ALIGNMENT WITH  
[00:10:51] OUR ORIGINAL ESTIMATE. ONCE AGAIN,  
[00:10:53] APPRECIATE THE WORK DONE BY PORT STAFF  
[00:10:55] TO HELP MAKE OUR AUDIT PROCESS EFFECTIVE  
[00:10:59] AND EFFICIENT. REALLY APPRECIATE THE  
[00:11:01] WORKING RELATIONSHIP THERE. OUR NEXT  
[00:11:03] AUDIT WILL BE LATER THIS YEAR. IN THE  
[00:11:05] FALL, WE'LL BE AGAIN CONDUCTING OUR  
[00:11:07] ACCOUNTABILITY AUDIT. AND AS PART OF  
[00:11:09] THAT, WE'LL BE REVIEWING THE WORK DONE  
[00:11:10] BY MOSS ADAMS. AND ONE THING  
[00:11:14] FOR THIS CURRENT PERIOD IS WE ARE  
[00:11:18] REQUIRED TO CONDUCT WHAT WE CALL AN  
[00:11:20] ASSESSMENT AUDIT OF THE PORT OF

[00:11:21] SEATTLE'S INDUSTRIAL DEVELOPMENT  
[00:11:23] CORPORATION EVERY THREE YEARS. IT'S A  
[00:11:25] VERY TINY GOVERNMENT BUT IT IS STILL  
[00:11:28] CONSIDERED A SEPARATE LOCAL GOVERNMENT.  
[00:11:30] SO WE DO A VERY SMALL AUDIT  
[00:11:34] ON THAT ONE BASED ON THE SIZE. BUT WE'RE  
[00:11:35] STILL REQUIRED TO CONDUCT EVERY LOCAL  
[00:11:37] GOVERNMENT IN THE STATE ON AT LEAST A  
[00:11:39] THREE YEAR CYCLE. SO THAT'S WHERE THAT  
[00:11:41] CYCLE IS UP FOR THE IDC,  
[00:11:44] AND THAT ESTIMATED COST IS INCLUDED IN  
[00:11:47] THE MORE DETAILED INFORMATION IN THE  
[00:11:49] EXIT PACKAGE. AND THEN ON THE NEXT  
[00:11:53] SLIDE, AS WE NOTED IN  
[00:11:56] THIS CASE, WE'VE ALREADY ISSUED THE  
[00:11:59] REPORT. I'LL JUST REAFFIRM AGAIN THAT IT  
[00:12:02] WAS A CLEAN REPORT. THERE WERE NO  
[00:12:04] FINDINGS, AND WE HAVE ALREADY PUBLISHED  
[00:12:06] IT IN MARCH, SO IT'S ALREADY THERE  
[00:12:09] AVAILABLE ON OUR WEBSITE, AND THERE'S  
[00:12:13] A LINK IF YOU ARE INTERESTED IN BEING UP  
[00:12:16] BY EMAIL WHEN ANY OF OUR REPORTS ARE  
[00:12:18] POSTED ON THE WEBSITE, THAT WE HAVE AN  
[00:12:21] EMAIL ALERT THAT GOES OUT WHEN OUR  
[00:12:23] REPORTS ARE PUBLISHED, WHICH IS TWICE A  
[00:12:25] WEEK ON MONDAYS AND THURSDAYS. AND WE  
[00:12:27] ALSO PROVIDE A SURVEY TO SUPPORT  
[00:12:32] STAFF SO THAT THEY CAN PROVIDE US  
[00:12:33] FEEDBACK. WE REALLY DO APPRECIATE  
[00:12:35] GETTING FEEDBACK ON OUR AUDIT SO WE CAN  
[00:12:37] CONTINUE TO IMPROVE ON OUR AUDIT  
[00:12:39] SERVICES. AND THEN ON THE NEXT SLIDE  
[00:12:43] JUST TALKS ABOUT A COUPLE OF OTHER  
[00:12:45] SERVICES THAT WE PROVIDE FOR THE STATE  
[00:12:47] AUDITOR'S OFFICE AT NO ADDITIONAL COST  
[00:12:50] TO THE LOCAL GOVERNMENT. ONE IS CALLED  
[00:12:52] THE LOCAL GOVERNMENT SUPPORT TEAM, AND  
[00:12:54] THAT PROVIDES TECHNICAL ASSISTANCE  
[00:12:57] THROUGHOUT THE YEAR RELATED TO THE PUGET  
[00:13:00] COUNTY REPORTING SYSTEM, WHICH IS THE  
[00:13:03] COUNTY MANUAL THAT PROVIDES INFORMATION  
[00:13:06] ABOUT WHAT'S REQUIRED FOR REPORTING IN  
[00:13:08] THE STATE OF WASHINGTON AND ALSO ANY  
[00:13:10] REQUIREMENTS RELATED TO THE ANNUAL  
[00:13:12] ONLINE FILING. WE ALSO HAVE SOME  
[00:13:14] ACCOUNTING AND REPORTING TRAINING THAT'S  
[00:13:15] AVAILABLE TO LOCAL GOVERNMENTS AND ALSO  
[00:13:19] A HEALTH DESK THAT'S AVAILABLE FOR ANY  
[00:13:21] QUESTIONS THAT COME UP DURING THE YEAR.  
[00:13:23] AND THEN WE ALSO HAVE A CENTER FOR  
[00:13:25] GOVERNMENT INNOVATION THAT'S MORE  
[00:13:27] FOCUSED ON BEST PRACTICES,  
[00:13:30] GUIDANCE, RESOURCES, TOOLS.  
[00:13:33] BASICALLY, THIS GETS MORE INTO HELPING  
[00:13:36] PROVIDE SOME RESOURCES FOR LOCAL  
[00:13:38] GOVERNMENTS THAT THEY MAY BE ABLE TO USE  
[00:13:40] TO LOOK AT PROVING CONTROLS OR PROVIDING  
[00:13:43] PRACTICES OR JUST PROVIDING BEST  
[00:13:46] PRACTICES ON DIFFERENT AREAS LIKE  
[00:13:50] PAYROLL ACCOUNTS PAYABLE. ONE AREA  
[00:13:53] THAT WE'RE VERY FOCUSED ON IS CONTINUE  
[00:13:55] TO PROVIDE RESOURCES RELATED TO  
[00:13:57] CYBERSECURITY AND WAYS TO BE ABLE TO

[00:13:59] ADDRESS THAT WITH THE RISKS THAT ARE OUT  
[00:14:01] THERE NOW AND THEN. WE ALSO HAVE THE  
[00:14:03] FINANCIAL INTELLIGENCE TOOL, WHICH IS  
[00:14:05] BASICALLY WHERE WE TAKE ALL THAT  
[00:14:07] INFORMATION THAT'S SUBMITTED BY LOCALS  
[00:14:10] THROUGHOUT THE STATE THROUGH THE END  
[00:14:11] REPORT FILING PROCESS. AND WE COMPILE  
[00:14:14] THAT INFORMATION INTO VARIOUS REPORTS  
[00:14:18] THAT ALLOW GOVERNMENTS TO BE ABLE TO  
[00:14:20] MEASURE THEMSELVES AGAINST SOME KEY  
[00:14:22] FINANCIAL INDICATORS AND ALSO BE ABLE TO  
[00:14:25] COMPARE TO OTHER LOCAL GOVERNMENTS IN  
[00:14:26] THE STATE. AND THEN I'M GOING TO TURN IT  
[00:14:30] BACK OVER TO ANGELA FOR SOME  
[00:14:33] THANK YOU FOR APPRECIATION FOR THE  
[00:14:36] WORK, YEAH, AS I SAID. I REALLY APPRECIATE  
[00:14:39] HOW PORT STAFF WAS VERY TIMELY IN THEIR  
[00:14:42] COMMUNICATIONS AND PROVIDING US OUR  
[00:14:44] AUDIT INFORMATION THAT WE REQUEST DURING  
[00:14:46] THE AUDIT. I KNOW IT'S JUST ONE MORE  
[00:14:48] THING FOR EVERYONE WITH UNDERWAY, BUT  
[00:14:50] REALLY APPRECIATE HOW WELL THE PORT  
[00:14:52] STAFF PROVIDES US THE INFORMATION WE  
[00:14:54] NEED. SO I'LL HAND IT BACK TO ANGELA.  
[00:14:59] THANK YOU, JOE. YEAH. SO AS JOE, AS JOE  
[00:15:02] MENTIONED BEFORE, WE WRAP UP OUR  
[00:15:03] PRESENTATION TODAY, WE'D LIKE TO THANK  
[00:15:06] FOR MANAGEMENT AND OFFICIALS FOR THEIR  
[00:15:09] ASSISTANCE IN COOPERATION DURING OUR  
[00:15:11] AUDIT. SPECIFICALLY, WE'D LIKE TO EXTEND  
[00:15:13] OUR APPRECIATION TO DON, RUDY, GLENN AND  
[00:15:17] MELANIE FOR KEEPING THE AUDIT RUNNING  
[00:15:19] SMOOTHLY, FOLLOWING UP WITH OUR REQUEST  
[00:15:21] AND MEETING EACH WEEK TO DISCUSS OUR  
[00:15:23] PRELIMINARY RESULTS. AND ADDITIONALLY,  
[00:15:27] WE'D LIKE TO THANK THE PORT STAFF IN THE  
[00:15:29] VARIOUS DEPARTMENTS FOR THEIR TIMELY  
[00:15:31] RESPONSES AND ASSISTANCE WITH THE AUDIT.  
[00:15:39] NEXT SLIDE.  
[00:15:43] AND SO THIS CONCLUDES THE PRESENTATION  
[00:15:45] TO THE PORT FOR OUR FISCAL YEAR 2020  
[00:15:48] AUDIT RESULTS. WE THANK EVERYONE FOR  
[00:15:51] YOUR TIME TODAY AND YOUR PARTICIPATION  
[00:15:53] IN THIS MEETING. AND SO AT THIS POINT,  
[00:15:55] IF YOU HAVE ANY QUESTIONS, WE'D LIKE TO  
[00:15:58] OPEN IT UP FOR. THANK YOU SO MUCH,  
[00:16:02] ANGELA AND JOSEPH, AND ALSO TO OUR  
[00:16:05] SUPPORT STAFF, GLENN AND YOUR TEAM.  
[00:16:07] COMMISSIONER MOHAMED, DO YOU HAVE ANY  
[00:16:09] QUESTIONS AT THIS TIME?  
[00:16:12] I DON'T HAVE ANY QUESTIONS, BUT I WILL  
[00:16:16] ALSO JUST SAY THANK YOU SO MUCH FOR THIS  
[00:16:18] IMPORTANT WORK THAT YOU'RE DOING AS  
[00:16:21] STEWARDS OF PUBLIC DOLLARS. AUDITS ARE  
[00:16:23] SO IMPORTANT AND IMPORTANT TO OUR  
[00:16:25] PUBLIC. AND SO JUST GRATEFUL FOR THE  
[00:16:29] WORK THAT EVERYONE HAS DONE TO PRODUCE  
[00:16:32] THIS REPORT. SO THANK YOU.  
[00:16:35] YEAH. AND LIKEWISE, I DON'T THINK IT  
[00:16:37] WOULD BE WISE FOR ME TO QUESTION A CLEAN  
[00:16:39] AUDIT. SO I'M ALSO NOT GOING TO ASK ANY  
[00:16:40] MORE QUESTIONS. AND SO IF THERE ARE  
[00:16:44] NO ADDITIONAL QUESTIONS FOR THE AUDIT



[00:16:46] TEAM OR MR. FERNANDO ON THIS ITEM, WE  
[00:16:49] WILL MOVE ON TO THE NEXT TOPIC. THANK  
[00:16:51] YOU SO MUCH TO OUR FRIENDS OVER AT THE  
[00:16:52] STATE AUDITOR'S OFFICE FOR BEING HERE  
[00:16:54] TODAY. ALL RIGHT. THANK YOU. THANK YOU  
[00:16:57] AGAIN FOR YOUR TIME. TAKE CARE. ITEM  
[00:17:00] NUMBER FOUR ON THE AGENDA IS AN UPDATE  
[00:17:02] REGARDING THE DIRECTOR'S ANNUAL  
[00:17:04] COMMUNICATION INDEPENDENCE, INTERNAL  
[00:17:06] AUDIT, CHARTER QUALITY ASSURANCE, AND  
[00:17:08] FOLLOW UP. GLENN, PLEASE PROCEED. THANK  
[00:17:11] YOU, COMMISSIONER CHO. MICHELLE, IF YOU  
[00:17:14] COULD PULL UP OUR DECK. GIVE ME JUST A  
[00:17:18] SECOND HERE.  
[00:17:23] THANK YOU. NEXT SLIDE, PLEASE,  
[00:17:24] MICHELLE. SO,  
[00:17:27] COMMISSIONER, SINCE COMMISSIONER MOHAMED  
[00:17:30] IS NEW, I FIGURED I'D START WITH AN.ORG  
[00:17:33] CHART JUST TO INTRODUCE YOU TO OUR  
[00:17:35] DEPARTMENT. A LOT OF THE FOLKS I KNOW  
[00:17:37] WE'RE VIRTUAL. I'M HOPING WE'RE IN  
[00:17:39] PERSON NEXT TIME SO YOU CAN SEE ALL THE  
[00:17:41] FACES THAT PUT CALL THE ROLL TOGETHER  
[00:17:44] THAT I'LL DISCUSS TODAY. ON THE  
[00:17:46] OPERATIONAL SIDE, YOU HAVE DAN, WHO'S  
[00:17:49] OUR MANAGER THERE. AND ACTUALLY,  
[00:17:52] RUMI OKUMA, DOES A LOT OF OPERATIONAL  
[00:17:54] AUDITS AS WELL. SHE DOES A LOT OF  
[00:17:56] COMMISSION INTERACTION AS WELL. WE DO A  
[00:17:59] LOT OF CAPITAL AT THE PORT. WE SPENT A  
[00:18:01] LOT OF MONEY, SO IT'S IMPORTANT THAT WE  
[00:18:03] HAVE A CAPITAL AUDIT FUNCTION. AND  
[00:18:05] SPENCER AND TEAM MANAGE THAT REDDISH  
[00:18:08] COLOR THERE. AND THEN IT AND  
[00:18:11] CYBERSECURITY CRITICAL AND BECOMES MORE  
[00:18:14] IMPORTANT TO EVERY DAY WITH ALL THE  
[00:18:16] RISKS OUT THERE. AND BRUCE AND RIDICARD  
[00:18:18] THAT DOMAIN, AND THEY DO A GREAT JOB  
[00:18:21] THERE. NEXT SLIDE, PLEASE.  
[00:18:26] CHRIST, THERE'S TWO BOOKS YOU'LL HEAR US  
[00:18:28] REFER TO, RED BOOK AND A YELLOW BOOK.  
[00:18:32] THE RED BOOK IS THE INTERNATIONAL  
[00:18:34] PROFESSIONAL PRACTICES FRAMEWORK. IT'S  
[00:18:37] ISSUED BY THE IA STUDENT INTERNAL  
[00:18:40] AUDITORS. AND IT'S USED BY ORGANIZATIONS  
[00:18:43] AROUND THE WORLD THAT HAVE INTERNAL  
[00:18:45] AUDIT FUNCTIONS. IT'S ESSENTIALLY A GOLD  
[00:18:49] STANDARD FOR CORPORATE AND EVEN  
[00:18:52] GOVERNMENT FOR INTERNAL AUDIT  
[00:18:55] SHOPS. AND THEN THERE'S THE YELLOW BOOK,  
[00:18:57] WHICH IS THE GAO, THE GOVERNMENT  
[00:18:58] AUDITING STANDARDS. AND THE YELLOW BOOK  
[00:19:01] IS DESIGNED MORE FOR GOVERNMENT  
[00:19:04] ORGANIZATIONS, FOR EXTERNAL AUDITS  
[00:19:09] OF GOVERNMENT ORGANIZATIONS. IT TALKS  
[00:19:11] ABOUT INDEPENDENCE AND HOW YOU CONDUCT  
[00:19:13] AN AUDIT, WHICH IS IN MANY CASES IN THE  
[00:19:16] RED BOOK AS WELL. THE YELLOW BOOK ALSO  
[00:19:19] SUGGESTS FOR INTERNAL AUDIT SHOPS LIKE  
[00:19:21] OURSELVES THAT WE ALSO PUT A LOT OF WE  
[00:19:24] USE THE RED BOOK AS WELL. SO THE YELLOW  
[00:19:27] BOOK IS VERY PRESCRIPTIVE ON CERTAIN  
[00:19:29] THINGS. WE WANT TO BE INDEPENDENT. YOU

[00:19:31] HAVE TO DO THIS AND THIS. BUT THEY ALSO  
[00:19:33] SAY YOU NEED TO LOOK AT THE RED BOOK AND  
[00:19:36] START USING A LOT OF THINGS IN THERE.  
[00:19:39] SO TOGETHER, THESE TWO GUIDES CONTROL  
[00:19:42] THE WAY WE DO OR GUIDE US. THEY'RE  
[00:19:44] GUIDEBOOKS AND THEY'RE CONSTANTLY  
[00:19:45] UPDATED. NEXT SLIDE, PLEASE. SHELL SO  
[00:19:51] ON AN ANNUAL BASIS, THE RED BOOK OR THE  
[00:19:54] INSTITUTE OF MATERNAL LAUNDERS REQUIRES  
[00:19:56] US TO COME BACK TO YOU AND JUST TELL THE  
[00:19:59] AUDIT COMMITTEE THAT, YES, WE'RE  
[00:20:01] INDEPENDENT. OUR CHARTER IS STILL  
[00:20:05] VALID AND TODAY CONFIRMING  
[00:20:08] THAT OUR CHARTER RECENTLY UPDATED A YEAR  
[00:20:11] AND A HALF AGO, STILL VERY VALID,  
[00:20:14] THAT WE DO HAVE A QUALITY INSURANCE  
[00:20:16] PROGRAM, QUALITY ASSURANCE PROGRAM.  
[00:20:18] BOTH THE RED BOOK AND THE YELLOW BOOK  
[00:20:20] REQUIRE US TO GET BETTER EVERY YEAR.  
[00:20:23] HOW DO YOU IMPROVE INTERNALLY? HOW DO  
[00:20:25] YOU MAKE SURE THAT YOUR TEAM'S GETTING  
[00:20:28] BETTER AND IMPROVING? AND THEN WHEN WE  
[00:20:31] DO AUDITS, ARE THEY BEING FOLLOWED UP ON  
[00:20:35] OR SOMEBODY TAKING THE AUDIT REPORT,  
[00:20:36] PUTTING IT ON A SHELF AND NOTHING'S DONE  
[00:20:39] THEREAFTER BECAUSE THAT ADDS NO VALUE.  
[00:20:41] SO YOU DO AUDITS AND THINGS GET FIXED,  
[00:20:44] AND IS THERE A MECHANISM IN PLACE TO  
[00:20:47] FOLLOW UP ON THOSE AUDITS AND ADDRESS  
[00:20:49] THOSE ISSUES? SO NEXT SLIDE, PLEASE,  
[00:20:52] MICHELLE. SO ON ORGANIZATIONAL  
[00:20:56] INDEPENDENCE, I'M JUST CONFIRMING BACK  
[00:20:58] THAT WE CONTINUE TO REPORT TO YOU TO  
[00:21:01] COMMISSIONERS CHO AND MOHAMED AND THE  
[00:21:04] AUDIT COMMITTEE FUNCTIONALLY AND THEN  
[00:21:07] ADMINISTRATIVE LEADERS, STEVE METRUCK, THE  
[00:21:09] EXECUTIVE DIRECTOR. SO OUR WORK FOR WORK  
[00:21:13] RELATED STUFF, WE'RE DIRECTLY  
[00:21:14] ACCOUNTABLE TO THE AUDIT COMMITTEE, AND  
[00:21:16] THAT MAKES SURE THAT THINGS ARE  
[00:21:19] TRANSPARENT AND WE'RE  
[00:21:23] A CONDUIT FOR YOU TO EVERYTHING WITHIN  
[00:21:25] THE ORGANIZATION AND THEN WORK  
[00:21:29] WITH STEVE ALSO. AND IF STEVE SOMETHING  
[00:21:31] RAISES TO AYE. CONCERN, ABSOLUTELY.  
[00:21:34] I THINK IT'S IMPORTANT TO WORK WITH  
[00:21:36] STEVE AS WELL. SO NEXT SLIDE, PLEASE,  
[00:21:39] MICHELLE. A QUALITY  
[00:21:43] ASSURANCE PROGRAM. WE DO IT EVERY THREE  
[00:21:46] YEARS BECAUSE THE RED BOOK INTERNATIONAL  
[00:21:49] STANDARDS SAY YOU HAVE TO HAVE AN  
[00:21:50] EXTERNAL PARTY COME IN AND LOOK AT YOU  
[00:21:52] EVERY FIVE YEARS. THE YELLOW BOOK,  
[00:21:55] WHICH IS A LITTLE MORE STRINGENT, SAYS  
[00:21:56] EVERY THREE YEARS. SO WE DO IT EVERY  
[00:21:58] THREE YEARS BECAUSE OF COVID IT'S BEEN  
[00:22:01] PUSHED OUT A LITTLE BIT, BUT WE ARE  
[00:22:03] GOING TO HAVE ONE SOMETIME THIS YEAR.  
[00:22:06] AND I THINK THEY WAIVED THE STANDARDS  
[00:22:08] DURING THE PANDEMIC A LITTLE BIT BECAUSE  
[00:22:10] PEOPLE AYE UNCOMFORTABLE COMING ON SITE.  
[00:22:12] BUT I THINK THAT'S ALL DONE NOW AND  
[00:22:15] WE'VE GOT ONE PLANNED, BUT WE ARE



[00:22:18] REQUIRED EVERY YEAR TO DO AN IN HOUSE  
[00:22:20] ASSESSMENT, AND WE HAVE AN INDIVIDUAL  
[00:22:23] WITHIN OUR TEAM RUMI THAT OKUMA,  
[00:22:25] THAT LOOKS AT THE WORK THAT WE'VE DONE  
[00:22:28] AND DOCUMENTS IT AND WRITES A MEMO ON  
[00:22:31] IMPROVEMENT OPPORTUNITIES. AND SHE'S  
[00:22:33] CONSISTENTLY DONE THAT.  
[00:22:38] AND WE IMPROVE, WE DOCUMENT, WE  
[00:22:41] IMPLEMENT WHAT IS RECOMMENDED AND MOVE  
[00:22:44] FORWARD. NEXT SLIDE, PLEASE.  
[00:22:47] OPPORTUNITY TO GET BETTER. AND THEN THE  
[00:22:50] LAST THING IS OUR FOLLOW UP, OPEN ISSUE  
[00:22:53] FOLLOW UP, LIKE I TALKED ABOUT, THEY  
[00:22:55] WANT TO MAKE SURE THAT THESE ISSUES ARE  
[00:22:57] BEING ADDRESSED AND MANY OF THEM ARE  
[00:22:59] BEING ADDRESSED. WE ARE ADDING NEW ONES  
[00:23:02] CONSTANTLY, BUT THERE ARE SOME THAT ARE  
[00:23:04] LAGGING ALSO. I JUST WANT TO KIND OF  
[00:23:06] HIGHLIGHT SOME THAT ARE SITTING OUT  
[00:23:08] THERE. THE IT ONES ARE SECURITY  
[00:23:11] SENSITIVE, AND WE'LL TALK ABOUT THOSE IN  
[00:23:13] NON PUBLIC SESSIONS. I'M NOT GOING TO  
[00:23:14] DISCUSS THEM NOW. THE THIRD BULLET DOWN  
[00:23:17] ON ITEM ONE, THE OTHER TWO IS  
[00:23:22] ABOUT SURETY. THE FIRST ONE IS ABOUT  
[00:23:24] SURETY. SO SURETY IS WHEN YOU HAVE A  
[00:23:26] CONCESSIONNAIRES AT THE AIRPORT. STATE  
[00:23:28] LAW REQUIRES THAT A CERTAIN PERCENTAGE  
[00:23:31] OF THEIR INCOME OR THEIR REVENUE IS  
[00:23:36] MAINTAINED. SURETY. MINIMUM SURETY THAT  
[00:23:38] YOU CAN HAVE FOR THE RCW. IS THIS  
[00:23:42] LIKE A YEAR'S WORTH? AND THERE'S SOME  
[00:23:44] PARAMETERS AROUND THAT.  
[00:23:47] HOW DO YOU GET TO THAT? BUT THEN THE  
[00:23:52] STATE LAW RCW ALSO SAYS, THE COMMISSION  
[00:23:55] CAN CHANGE THAT THROUGH A RESOLUTION OR  
[00:23:58] THROUGH GUIDANCE OR POLICY. SO THERE'S  
[00:24:01] SOMETHING CALLED RE TWO THAT THE  
[00:24:03] COMMISSION ISSUED IN 1995 THAT SET  
[00:24:06] IT AT SIX MONTHS, ROUGHLY, WITH SOME  
[00:24:09] PARAMETERS THERE. AND, YOU KNOW, THINGS  
[00:24:12] HAVE CHANGED. MAYBE BUSINESS NEEDS HAVE  
[00:24:14] CHANGED. WE'VE GOT A DIFFERENT MIX OF  
[00:24:17] TENANTS IN AND MAYBE SIX MONTHS IS TOO  
[00:24:19] HIGH. MAYBE IT'S THE RIGHT AMOUNT, BUT  
[00:24:21] WHATEVER IT IS, THAT DECISION IS  
[00:24:23] SUPPOSED TO COME FROM THE COMMISSION,  
[00:24:25] AND RIGHT NOW, WE'RE NOT COMPLYING WITH  
[00:24:27] THAT. WE'RE BELOW THAT AND WE'RE BELOW  
[00:24:30] STATE LAW. BUT THAT NEEDS  
[00:24:34] TO COME BACK TO COMMISSION NEEDS TO BE  
[00:24:36] UPDATED AND THERE NEEDS TO BE SOME SORT  
[00:24:38] OF AGREEMENT AS TO WHAT SURETY NEEDS TO  
[00:24:40] BE. SO THAT'S ONE FOLLOW UP ITEM THAT'S  
[00:24:42] BEEN SITTING OUT THERE FOR A WHILE AND  
[00:24:44] THAT WE NEED TO ADDRESS. THE OTHER ONE  
[00:24:47] IS ARCHITECTURAL AND ENGINEERING AUDIT  
[00:24:49] THAT WE DID BACK IN LATE 2019.  
[00:24:52] AND IT'S ESSENTIALLY  
[00:24:55] AN ARCHITECTURAL AND ENGINEERING FEES,  
[00:24:59] AND THERE WERE SOME GAPS  
[00:25:03] AND A LOT OF OPPORTUNITIES FOR  
[00:25:05] IMPROVEMENT. SO WHILE THAT'S BEING

[00:25:07] WORKED ON, IT'S STILL BEHIND SCHEDULE.  
[00:25:10] A LOT OF THE ITEMS I WANT TO HIGHLIGHT  
[00:25:12] THAT, LIKE I SAID, THE INFORMATION  
[00:25:13] TECHNOLOGY AUDITS WILL TALK ABOUT PUBLIC  
[00:25:16] SECTION. SO I'LL PAUSE AT THAT  
[00:25:20] RIGHT NOW AND SEE IF ANYONE GOT ANY  
[00:25:22] QUESTIONS. YOU, COMMISSIONER COMMENTS.  
[00:25:26] I THINK WE'RE GOOD. OKAY,  
[00:25:30] NEXT SLIDE, PLEASE, MICHELLE.  
[00:25:34] OKAY, SO NEXT, WE'VE GOT OUR  
[00:25:37] 2022 AUDIT PLAN AS APPROVED IN DECEMBER.  
[00:25:41] SO, COMMISSIONER MOHAMED, JUST TO  
[00:25:45] BRING YOU UP TO SPEED, THIS IS  
[00:25:47] ESSENTIALLY OUR PLAN, OUR WORK PLAN FOR  
[00:25:49] THE YEAR. WE'RE MAKING PROGRESS ON IT.  
[00:25:51] WE DID ADD ACH PAYMENT FRAUD TO THIS,  
[00:25:55] AND THAT WAS ADDED LATE DECEMBER, EARLY  
[00:25:57] JANUARY, AFTER THE AUDIT COMMITTEE. BUT  
[00:25:59] IN A NUTSHELL, WE'VE GOT A LOT OF WORK  
[00:26:01] TO DO, A LOT OF GROUND TO COVER, AND  
[00:26:05] TIME FLIES QUICKLY. BUT THIS IS  
[00:26:08] JUST A SNAPSHOT OF ALL THE OTHERS. I'M  
[00:26:10] NOT GOING TO GO THROUGH THEM, BUT JUST  
[00:26:12] FOR YOUR INFORMATION, NEXT SLIDE,  
[00:26:15] PLEASE, MICHELLE. SO THIS  
[00:26:18] GANTT CHART ESSENTIALLY ILLUSTRATES  
[00:26:22] HOW WE'RE GOING TO COMPLETE ALL THESE  
[00:26:23] AUDITS THROUGH THE COURSE OF THE YEAR.  
[00:26:25] EVERYTHING IN GREEN WE'VE COMPLETED,  
[00:26:27] AND WE'RE GOING TO TALK ABOUT TODAY.  
[00:26:30] EVERYTHING IN YELLOW IS KICKED OFF OR  
[00:26:33] SOMEWHAT IN PROCESS, AND IT WILL BE  
[00:26:36] DISCUSSED IN THE JUNE ON COMMITTEE.  
[00:26:38] THEN THE OTHER ONES WILL ADJUST AS WE GO  
[00:26:40] THROUGH THE YEAR. IT'S A PRELIMINARY  
[00:26:44] SNAPSHOT AS TO HOW WE PLAN ON COVERING  
[00:26:47] THE AUTO PLAN AS OF RIGHT NOW. PRETTY  
[00:26:50] COMFORTABLE THAT WE'LL BE ABLE TO  
[00:26:51] ADDRESS ALL OF THESE BY YOUR END. I ALSO  
[00:26:54] WANT TO POINT OUT THAT THERE ARE SOME  
[00:26:55] CONSTRUCTION AUDITS, SUCH AS THE POST  
[00:26:59] IAF AIRLINE REALIGNMENT, THE C ONE  
[00:27:02] BUILDING EXPANSION, AND THE MAIN  
[00:27:04] TERMINAL LOW VOLTAGE, WHICH ARE LONGER  
[00:27:08] TERM PROJECTS THAT WILL GO ON FOR FIVE  
[00:27:11] YEARS. AND SINCE THE GCCM GENERAL  
[00:27:15] CONTRACTOR CONSTRUCTION MANAGER AUDITS  
[00:27:20] PROJECTS, THE RCW REQUIRES  
[00:27:24] AN AUDIT OF THOSE THROUGH THE COURSE OF  
[00:27:27] THE AUDIT OF THE PROJECT. SO THOSE  
[00:27:30] AUDITS WILL GO ON WHILE THE PROJECT IS  
[00:27:32] RUNNING FOR ABOUT FIVE YEARS. THEY WILL  
[00:27:34] NOT BE COMPLETED THIS YEAR, BUT THERE'LL  
[00:27:35] BE ONGOING PROJECTS AS  
[00:27:39] THE PROJECT WORKS FOR.  
[00:27:42] OKAY, THAT'S OUR AUDIT PLAN, IF YOU HAVE  
[00:27:45] ANY, I'LL ASSUME NO QUESTIONS. AND I'M  
[00:27:47] GOING TO JUMP FORWARD TO THE NEXT SLIDE.  
[00:27:53] ARE YOU JUMPING FORWARD TO ITEM FIVE?  
[00:27:55] SORRY, I JUST WANT TO MAKE SURE I KNOW  
[00:27:56] WHERE YOU'RE ON THE AGENDA.  
[00:28:02] SORRY. NOW, COMMISSIONER, SHOW BACK TO  
[00:28:04] YOU FOR INTRODUCTION FOR OPERATION

[00:28:07] AUDITS. YEAH,  
[00:28:10] WE'RE GOING TO JUMP TO ITEM SEVEN,  
[00:28:13] ITEM OF PAGE FIVE, COMMISSIONER.  
[00:28:17] OKAY. ALL RIGHT, MOVING TO OPERATIONAL  
[00:28:20] AUDITS AND ITEM NUMBER SEVEN, ACH  
[00:28:23] PAYMENT FRAUD. GLENN, PLEASE INTRODUCE  
[00:28:26] THE ITEM AND PRESENTERS.  
[00:28:31] YES, COMMISSIONER. CHAIR. I'M GOING TO  
[00:28:32] TALK ABOUT FOUR AUDITS HERE. ACH PAYMENT  
[00:28:34] FRAUD IS THE FIRST ONE. THE TWO ONES IN  
[00:28:36] RED WILL TALK ABOUT NON PUBLIC SESSION.  
[00:28:39] SO, MICHELLE, NEXT SLIDE, PLEASE,  
[00:28:45] COMMISSIONER, I'M GOING TO INTRODUCE THE  
[00:28:47] AUDIT COMMISSIONERS, AND THEN I'M GOING  
[00:28:50] TO HAVE DAN CHASE FROM MY STAFF AND  
[00:28:54] BRUCE CLAUSAL, WHO IS OUR IT MANAGER AS  
[00:28:58] WELL, PRESENT CERTAIN ISSUES.  
[00:29:01] BUT FRAMEWORK HERE IS  
[00:29:06] WE JUST COMPLETED OR NOT, IT OFF ACH  
[00:29:11] PAYMENT FRAUD, WHERE THROUGH A  
[00:29:14] BUSINESS EMAIL COMPROMISE OF A VENDOR,  
[00:29:18] THE PORT INCORRECTLY WIRED \$572,000  
[00:29:23] PLUS INTO FRAUDULENT PROSPEROUS  
[00:29:27] BANK ACCOUNTS OR FRAUDULENT BANK  
[00:29:29] ACCOUNTS. BOTH SEATTLE PARKS  
[00:29:33] FOUNDATION AND URBAN LEAGUE WERE  
[00:29:35] COMPROMISED, AND THAT'S WHERE THE  
[00:29:38] PAYMENTS WERE SUPPOSED TO GO. BUT AS  
[00:29:40] WE'LL TALK ABOUT THROUGH THEIR EMAIL  
[00:29:44] COMPROMISE, THEY GENUINE  
[00:29:47] EMAIL ADDRESSES FROM THEIR ORGANIZATION  
[00:29:52] WAS SENT TO THE PORT OF SEATTLE AND  
[00:30:00] CONVINCED US TO CHANGE BANK ACCOUNT  
[00:30:02] INFORMATION TO THE FRAUDSTERS BANK  
[00:30:05] ACCOUNT. SO THE AUDIT WAS TO IDENTIFY  
[00:30:08] THERE'S TWO PARTS OF THIS. WHAT BROKE  
[00:30:10] DOWN AT THE PORT OF SEATTLE THAT ALLOWED  
[00:30:12] THIS TO HAPPEN? BECAUSE WE SHOULD HAVE  
[00:30:14] CONTROLS THAT CATCH THIS AND OUR  
[00:30:16] CONTROLS FAILED. MULTIPLE LAYERS OF  
[00:30:18] CONTROLS FAILED TO THE POINT WHERE THE  
[00:30:21] MONEY WAS WIRED OUT. SO WHAT DID WE DO  
[00:30:24] WRONG? THAT WAS THE GIST OF THE AUDIT  
[00:30:27] THAT WE COULD IMPROVE TO PREVENT THIS  
[00:30:29] FROM HAPPENING AGAIN. AND THEN THE  
[00:30:31] CRIMINAL ASPECT, ALTHOUGH IT WAS HANDED  
[00:30:33] OFF TO THE PORT POLICE, WHO HAVE  
[00:30:36] SUBSEQUENTLY HANDED IT OFF TO THE NSA.  
[00:30:39] AND NSA HAS LUMPED ALL THESE CASES  
[00:30:42] TOGETHER AND LOOKING AT THEM  
[00:30:43] COMPREHENSIVELY. NOW THE MONEY MOVES  
[00:30:47] QUICKLY. THEY'RE SOMEWHAT ORGANIZED,  
[00:30:51] AND WE'LL SEE  
[00:30:55] WHAT HAPPENS WITH THAT REPORT BACK IN  
[00:30:58] TIME. NEXT SLIDE, PLEASE.  
[00:31:03] SO AS AN OVERVIEW, THERE WAS A  
[00:31:06] COORDINATOR AT SEATTLE PARKS WHOSE EMAIL  
[00:31:08] WAS COMPROMISED AND THEN ESSENTIALLY A  
[00:31:12] FRAUDSTER MIMICKING HER SENT AN EMAIL  
[00:31:15] TO THE PORT ASKING FOR BANK ACCOUNT  
[00:31:17] INFORMATION TO BE CHANGED. AND THEN  
[00:31:20] FRAUDSTER ALSO COULD CREATED A FAKE  
[00:31:23] DOMAIN. WELL, IT'S A REAL DOMAIN NAME,

[00:31:25] BUT SEATTLEPRACTICESFOUNDATION.ORG,  
[00:31:29] THEY CHANGED THE SWAP THE R AND THE A  
[00:31:33] AND MIMICKED THE DIRECTOR  
[00:31:36] OF SEATTLE PARKS, AND THEY SENT THE  
[00:31:39] EMAIL OVER. AND THEN THEY  
[00:31:42] DID SOMETHING VERY SIMILAR FOR URBAN  
[00:31:44] LEAGUE, WHERE AN AP SPECIALIST'S EMAIL  
[00:31:47] WAS COMPROMISED. AND ON URBAN LEAGUE,  
[00:31:51] THEY CHANGED THE L TO AN I ON SPOOFED  
[00:31:54] ON DOMAIN NAMES THAT WERE FRAUDULENTLY  
[00:31:58] CREATED TO MAKE IT LOOK LIKE THEY WERE  
[00:32:01] LEGITIMATE. AND AT THE SAME TIME, I  
[00:32:03] THINK PART OF THE REASON THE FRAUDSTERS  
[00:32:06] DO THIS IS IN CASE FELICIA OR LATONIA,  
[00:32:10] THE PEOPLE WHOSE EMAILS HAVE BEEN  
[00:32:12] COMPROMISED BLOCK THOSE OR  
[00:32:15] CATCH ON TO IT OR CHANGE THEIR PASSWORD.  
[00:32:19] THEY CAN STILL AT THAT POINT,  
[00:32:20] POTENTIALLY OPERATE UNDER THESE  
[00:32:23] FRAUDULENT DOMAIN NAME, THE SPOOFY  
[00:32:25] DOMAIN NAYS AND MAYBE  
[00:32:28] CONTINUE YOUR DIALOGUE. THE CONVERSATION  
[00:32:31] GET YOU TO CHANGE BANK ACCOUNT  
[00:32:33] INFORMATION OR WHATEVER THEY'RE TRYING  
[00:32:35] TO ACCOMPLISH. OF COURSE, A LOT OF MONEY  
[00:32:38] WAS WIRED OUT BECAUSE OF THAT. NEXT  
[00:32:41] SLIDE, PLEASE.  
[00:32:45] SO THIS IS A SLIDE FROM INTERPOL. THIS  
[00:32:47] IS HAPPENING GLOBALLY AND QUITE  
[00:32:51] THROUGHOUT THE US, AND IT'S IMPORTANT TO  
[00:32:56] DEFEND AGAINST IT HACKING. ITEM NUMBER  
[00:32:59] ONE. AND THE EMAIL IS COMPROMISED  
[00:33:01] THROUGH MALWARE, EMPLOYEE INTRUSION OR  
[00:33:05] BUSINESS EMAIL COMPROMISE. IN THIS CASE,  
[00:33:07] SOMEHOW THEY GOT ACCESS TO SOMEONE'S  
[00:33:09] EMAIL AT A VENDOR ORGANIZATION AND  
[00:33:13] THEN THE SOCIAL ENGINEERING FRAUD. ITEM  
[00:33:15] NUMBER TWO, WE AS THE VICTIMS WHO AYE  
[00:33:19] MANIPULATED INTO PROVIDING OR CHANGING  
[00:33:21] BANK ACCOUNT INFORMATION AND PROVIDING  
[00:33:23] FUNDS. AND THREE, WHICH IS PROBABLY  
[00:33:26] HAPPENING RIGHT NOW, HAS ALREADY  
[00:33:27] HAPPENED. DES MOINES LAUNDERING AND  
[00:33:29] TRANSFERS QUICKLY INVOLVED IN  
[00:33:32] FOREIGN BANKS AND INSTITUTIONS. AND THAT  
[00:33:35] THIRD PART IS THE NSA IS TO GO SEE IF  
[00:33:37] THEY CAN GET THE MONEY BACK AND WHAT  
[00:33:39] THEY CAN DO WITH THESE ORGANIZATIONS AND  
[00:33:41] HOW THEY CAN PREVENT THIS STUFF FROM  
[00:33:44] HAPPENING. BUT THE FIRST LINE OF DEFENSE  
[00:33:48] IS US PROTECTING OUR SYSTEMS, NOT HAVING  
[00:33:52] GOOD CONTROLS AT THE FRONT END,  
[00:33:55] PROTECTING OUR EMAIL, AND NOT LETTING IT  
[00:33:58] HAPPEN TO THE PORT OR OUR VENDORS. SO  
[00:34:02] THIS IS A CAMPAIGN THAT'S BEEN RUNNING  
[00:34:05] THAT'S BEING RUN BY INTERPOL AND BRUCE  
[00:34:08] CLAUS. I'LL TALK A LITTLE BIT ABOUT IT  
[00:34:09] LATER. NEXT SLIDE, PLEASE.  
[00:34:14] SO I'M GOING TO FRAME THIS UP FOR DAN  
[00:34:17] AND HAND IT OVER TO HIM TO TALK ABOUT  
[00:34:19] THE FIRST ISSUE. BUT IN  
[00:34:23] A NUTSHELL,  
[00:34:29] AT THE POINT OF THE AUDIT OR THE FRAUD,

[00:34:32] WE HAD 58 USERS OF PEOPLESOFT  
[00:34:36] THAT COULD MODIFY ADD BANKING  
[00:34:39] INFORMATION, VENDOR INFORMATION. AND WE  
[00:34:42] THINK THAT WAS MAYBE A LITTLE TOO MANY.  
[00:34:46] THEY ALSO DIDN'T VALIDATE THE  
[00:34:48] INFORMATION WHEN THEY PUT IT IN. A LOT  
[00:34:50] OF TIMES, PHONE NUMBERS WORN IN.  
[00:34:54] WHEN WE LOOKED AT DATA LAST YEAR, WE SAW  
[00:34:57] EMAIL ADDRESSES, VENDOR CONTACT NAMES  
[00:35:00] WEREN'T IN, PHONE NUMBERS WEREN'T IN  
[00:35:02] WHICH ALL OF THIS DATA AFTER THEY ENTER  
[00:35:05] IT OR PUT IN THE REQUEST, THEY TYPE IT  
[00:35:07] INTO THE SYSTEM. IT THEN MOVES OVER TO  
[00:35:10] AFR'S, CORE SERVICES TEAM AND ONE OF THE  
[00:35:13] INDIVIDUALS, ONE OF THE THREE  
[00:35:14] INDIVIDUALS THERE HAS TO IMPROVE THESE.  
[00:35:18] AND IF IT'S APPROVED, THEN IT'S LIVE IN  
[00:35:20] PEOPLESOFT. IF IT'S DENIED, THE USERS  
[00:35:23] NOTIFIED OF THE DENIAL AND PROCESS MOVES  
[00:35:26] FORWARD. NOW, AS I MENTIONED, AT THE  
[00:35:29] FRONT END, THE 58 USERS WEREN'T  
[00:35:33] COMPREHENSIVE. AND PUTTING DATA IN ON  
[00:35:37] APPROVING VENDOR CHANGES. THERE WERE  
[00:35:39] SOME GAPS THERE AS WELL, AND THAT FAILED  
[00:35:42] BOTH TIMES. AND THERE WERE GAPS BECAUSE  
[00:35:48] OF FRAUDULENT REQUESTS WERE APPROVED.  
[00:35:51] THEY SHOULDN'T HAVE PUT IT IN THE FIRST  
[00:35:53] PLACE AND CAUGHT AT THE FRONT END, BUT  
[00:35:55] THEY GOT THROUGH THE PROCESS. THE KEY  
[00:35:57] CONTROL THAT FAILED WAS THE APPROVAL OF  
[00:36:00] THE NEW CHANGES, AND THEY WENT LIVE IN  
[00:36:03] PEOPLESOFT. AND PAYMENTS JUST CONTINUED  
[00:36:07] TO GO UP. NEXT SLIDE, PLEASE. AND I'M  
[00:36:09] GOING TO INTRODUCE DAN CHASE, OUR  
[00:36:12] MANAGER OF OPERATIONAL AUDIT. DAN,  
[00:36:15] I'LL TALK YOU THROUGH THE NEXT TWO  
[00:36:17] ISSUES. YEAH, THANKS,  
[00:36:20] GLENN. SO GOOD AFTERNOON. LIKE GLENN  
[00:36:24] SAID, I'LL GIVE AN OVERVIEW OF ISSUES  
[00:36:25] ONE AND TWO, AND THEN I'LL TURN IT BACK  
[00:36:28] TO GLENN. YOU'RE GOING TO GO OVER THREE  
[00:36:29] AND FOUR, I THINK, AND THEN BRUCE WILL  
[00:36:31] CLOSE IT OUT WITH THE FINAL ISSUE. AND I  
[00:36:35] THINK HOW WE'RE GOING TO DO THIS IS  
[00:36:36] WE'RE GOING TO RUN THROUGH THE ISSUES IN  
[00:36:39] TOTALITY, AND THEN AT THAT POINT, WE'LL  
[00:36:43] LET RUDY AND OTHERS PROVIDE COMMENTS.  
[00:36:46] DO YOU STILL WANT TO DO IT THAT WAY,  
[00:36:47] GLENN? OKAY,  
[00:36:51] SO THE FIRST ISSUE IS REALLY WHAT I  
[00:36:54] CONSIDER THE MOST IMPORTANT. AND AS  
[00:36:58] GLENN DISCUSSED IN A PRIOR SLIDE,  
[00:37:01] WHEN CHANGES ARE MADE TO SUPPLIER  
[00:37:04] INFORMATION AND WHEN I SAY SUPPLIERS,  
[00:37:06] I'M TALKING ABOUT IT'S ANOTHER TERM FOR  
[00:37:08] A VENDOR, A THIRD PARTY VENDOR. SO WHEN  
[00:37:11] THESE CHANGES ARE ENTERED INTO  
[00:37:12] PEOPLESOFT. IT THEN GOES TO A DIFFERENT  
[00:37:15] GROUP WHO REVIEWS THAT INFORMATION AND  
[00:37:19] THEN EITHER APPROVES OR DENIES THAT  
[00:37:23] CHANGE. AND IT'S ONLY  
[00:37:26] AFTER THE APPROVAL THAT THE SUPPLIER  
[00:37:30] WITH THIS NEW INFORMATION CAN BE USED.

[00:37:31] RIGHT. AND THE WAY IT'S DESIGNED,  
[00:37:35] IT ESTABLISHES A STRONG SEGREGATION OF  
[00:37:38] DUTIES BECAUSE THE PERSON THAT'S  
[00:37:40] REQUESTING THE CHANGES AND ENTERS THEM  
[00:37:42] INTO THE SYSTEM CAN THEN NOT APPROVE  
[00:37:46] THOSE CHANGES. IT HAS TO GO TO A  
[00:37:47] SEPARATE PERSON WHO THEN APPROVES IT.  
[00:37:50] WHAT HAPPENED IN THE FRAUD INSTANCES IS  
[00:37:55] THAT THE BANK ACCOUNT WAS CHANGED  
[00:37:58] UNKNOWINGLY, THAT THE REQUEST WAS MADE  
[00:38:00] FROM THE FRAUDSTER. AND WHAT WAS  
[00:38:04] SUPPOSED TO OCCUR IS THE PERSON WHO THEN  
[00:38:07] APPROVED THOSE REQUESTS NEEDED  
[00:38:11] TO CALL THE SUPPLIER TO VALIDATE  
[00:38:15] THE AUTHENTICITY OF THE REQUEST. AND  
[00:38:17] WHEN THAT DIDN'T HAPPEN, THAT'S WHAT  
[00:38:20] ALLOWED THE PAYMENTS TO BE MADE TO THE  
[00:38:22] FRAUDSTER AND NOT TO THE SUPPLIER.  
[00:38:26] THERE'S OVERLAP, I THINK YOU'LL SEE,  
[00:38:29] WITH ALL THESE ISSUES WHICH KIND OF  
[00:38:31] LEADS INTO THE SECOND ISSUE THAT WE  
[00:38:34] HAVE, AND IT REALLY TALKS ABOUT THE  
[00:38:38] CRITICAL APPROVAL FUNCTION. IS THAT  
[00:38:41] REALLY PLACED AT THE APPROPRIATE LEVEL?  
[00:38:46] DO THOSE PEOPLE THAT ARE DOING THOSE  
[00:38:48] APPROVALS, DO THEY HAVE THE NECESSARY  
[00:38:50] KNOWLEDGE, SKILL AND UNDERSTANDING OF  
[00:38:53] HOW IMPORTANT THAT VALIDATION PROCESS  
[00:38:55] IS?  
[00:38:59] WE'VE MADE SOME RECOMMENDATIONS THAT  
[00:39:04] KIND OF FLOW FROM OUR OBSERVATIONS.  
[00:39:07] NUMBER ONE, TO ESTABLISH AN OVERSIGHT  
[00:39:10] FUNCTION TO MAKE SURE THAT THE APPROVALS  
[00:39:12] ARE BEING DONE. DAN, YOU NEED TO MOVE TO  
[00:39:16] THE NEXT SLIDE. YEAH, I'VE ONLY GOT ONE  
[00:39:19] SCREEN, SO I'M SORRY. YEAH. NEXT, THIS  
[00:39:22] IS YOUR RECOMMENDATION. HOPEFULLY YOU'RE  
[00:39:24] LISTENING TO ME AND NOT FOLLOWING ALONG  
[00:39:25] ON YOUR SLIDES.  
[00:39:29] AND THEN THERE'S ALSO SOME POLICY  
[00:39:32] UPDATES THAT NEED TO BE MADE SO THAT THE  
[00:39:35] POLICIES ARE CURRENT AND CAN BE  
[00:39:37] FOLLOWED. THERE'S ALSO  
[00:39:41] A SOFTWARE SERVICE THAT  
[00:39:47] IF IT WERE PURCHASED, THAT WOULD HELP  
[00:39:49] VALIDATE SOME OF THE CHANGES THAT ARE  
[00:39:51] REQUESTED. SO THESE ARE SOME OF THE  
[00:39:53] RECOMMENDATIONS THAT WE'VE COME FORWARD  
[00:39:56] WITH. AND I THINK THE MANAGEMENT  
[00:39:58] RESPONSES, YOU PROBABLY READ THEM IN THE  
[00:40:01] PORT, AND I THINK RUDY AND MAYBE OTHERS  
[00:40:04] WANT TO PROVIDE SOME ADDITIONAL CONTEXT  
[00:40:05] TO IT. SO, GLENN, I'LL TURN IT BACK TO  
[00:40:08] YOU SLIDE WISE.  
[00:40:12] YOU STILL ON THE RECOMMENDATION OF ISSUE  
[00:40:15] ONE. SO, MICHELLE, NEXT SLIDE, PLEASE.  
[00:40:19] AND DAN, ARE YOU NOT ABLE TO SEE THE  
[00:40:21] SLIDES? I CAN, BUT LIKE I SAID, I ONLY  
[00:40:23] HAVE ONE SCREEN. OKAY. SO YOU'RE AN  
[00:40:27] ISSUE TWO. NOW, THE RELIANCE PLACED  
[00:40:31] SO PROCEDURES TO CONFIRM AUTHENTICITY OF  
[00:40:34] SUPPLIER REQUESTED BANK ACCOUNT CHANGES  
[00:40:36] NOT PLACED AT THE APPROPRIATE LEVEL. SO



[00:40:38] IF YOU WANT TO TALK TO SPEND A MINUTE OR  
[00:40:40] TWO TALKING ABOUT THIS. YEAH. SO I  
[00:40:42] ALREADY TOUCHED IT ON THAT. RIGHT. IT'S  
[00:40:44] REALLY THE  
[00:40:49] PERSON OF THE INDIVIDUAL THAT'S  
[00:40:50] PERFORMING THAT APPROVAL FUNCTION. IS  
[00:40:52] THAT REALLY PLACED AT THE APPROPRIATE  
[00:40:54] LEVEL, GIVEN HOW IMPORTANT THAT  
[00:40:57] VALIDATION STEP IS IN THE PROCESS?  
[00:41:01] SO I DID KIND OF TOUCH ON THAT. THAT'S  
[00:41:03] THE SPIRIT OF WHAT WE'RE GETTING OUT  
[00:41:04] THERE. YEAH. DAN SAID VERY IMPORTANT JOB  
[00:41:09] CRITICAL AND REQUIRES TRAINING AND  
[00:41:12] AWARENESS. RIGHT. THE INDIVIDUAL THAT  
[00:41:17] WAS IN THIS ROLE HADN'T ATTENDED  
[00:41:20] INFORMATION SECURITY  
[00:41:25] AWARENESS TRAINING IN BOTH 2021.  
[00:41:28] SO IF YOU HAVE SOMEONE IN THAT CRITICAL  
[00:41:30] ROLE, YOU HAVE TO TRAIN THEM. THERE'S A  
[00:41:32] RESPONSIBILITY TO MAKE SURE THAT THEY  
[00:41:34] HAVE THE TOOLS, THE EQUIPMENT. SO IT'S  
[00:41:37] NOT JUST THE INDIVIDUAL'S FAULT, IT'S  
[00:41:39] THE SYSTEM AND THE STRUCTURE THAT PUT  
[00:41:42] THE PERSON IN THAT POSITION WHERE THEY  
[00:41:44] WON'T PROVIDE WITH THE RESOURCES TO  
[00:41:47] ADEQUATELY DO THEIR JOB. NEXT SLIDE,  
[00:41:50] PLEASE, MICHELLE.  
[00:41:53] AND THAT'S JUST THE RECOMMENDATION THAT  
[00:41:56] DAN TALKED ABOUT. SO WOULD THAT JUMP  
[00:41:59] INTO THE NEXT SLIDE, PLEASE, MICHELLE?  
[00:42:02] CAN I ASK A QUESTION? YEAH, ABSOLUTELY,  
[00:42:04] COMMISSIONER, IS THERE A WAY WE CAN  
[00:42:08] RESTRUCTURE THE POLICY OR THE STANDING  
[00:42:10] OPERATING PROCEDURE SO THAT THE ONUS IS  
[00:42:12] NOT ON US TO CONFIRM, BUT ON OUR VENDOR?  
[00:42:15] LIKE, FOR INSTANCE, I'M THINKING ABOUT,  
[00:42:18] LET'S SAY, LIKE YOUR CELL PHONE CARRIER.  
[00:42:20] RIGHT. WHEN I GO AND TRY TO MAKE  
[00:42:24] A CHANGE TO MY PHONE PLAN,  
[00:42:27] THERE IS THE MAIN ACCOUNT HOLDER, BUT  
[00:42:31] ALSO A DELEGATE, AND IT'S ALREADY IN THE  
[00:42:33] ACCOUNT. SO WHEN I GO TO SPRINT RISE  
[00:42:36] AND I SAY, HEY, I WANT TO ADD A LINE,  
[00:42:39] THEY LOOK AND SEE WHETHER OR NOT THAT  
[00:42:41] PERSON IS ON A LIST.  
[00:42:44] RIGHT. IT SOUNDS LIKE WHAT THIS POLICY  
[00:42:47] IS DOING IS PUTTING ON THE ONUS, ON OUR  
[00:42:49] STAFF TO GO INVESTIGATE WHETHER OR NOT  
[00:42:51] THIS PERSON IS THE  
[00:42:55] APPROPRIATE PERSON TO MAKE THE CHANGES,  
[00:42:56] OR IS IT THE SAME THING STARTS OFF  
[00:43:00] WITH AND IT TIES INTO THIS ISSUE? WELL,  
[00:43:02] THAT WE'RE GOING TO TALK ABOUT IT'S  
[00:43:03] GETTING THE DATA CORRECTLY IN THE FIRST  
[00:43:05] PLACE. SO JUST LIKE YOUR CELL PHONE  
[00:43:07] CARRIER, WHEN YOU PUT THE DATA IN FOR,  
[00:43:10] SAY, SEATTLE PARKS, YOU SAY JUST THE  
[00:43:15] PEOPLE THAT ARE AUTHORIZED TO MAKE  
[00:43:16] CHANGES ARE THESE TWO INDIVIDUALS OR  
[00:43:20] THIS INDIVIDUAL. SO IT'S PUTTING THE  
[00:43:21] DATA IN THE FIRST PLACE. AS YOU  
[00:43:24] MENTIONED, AS I TALKED ABOUT, WE WEREN'T  
[00:43:27] DOING THAT. WE'RE REQUIRED TO. AND THEN

[00:43:30] THE BACK END TEAM IS SUPPOSED TO GO TO  
[00:43:32] THAT TO SAY, OKAY, ONLY MICHELLE CAN  
[00:43:36] MAKE CHANGES. AND THIS ISN'T MICHELLE.  
[00:43:41] THIS IS MICHELLE'S CONTACT INFORMATION.  
[00:43:43] SO WHEN YOU LEAVE, WHEN YOU DON'T HAVE  
[00:43:46] THAT DATA IN AT THE FRONT END, THE BACK  
[00:43:50] END CAN'T DO ANYTHING WITH IT. YES.  
[00:43:52] THIS ISSUE SAID THERE WERE TOO MANY  
[00:43:54] EMPLOYEES AND THEY WEREN'T PUTTING THE  
[00:43:56] DATA IN JUST LIKE YOU TALKED  
[00:44:00] ABOUT. SO THEY NEED TO DO THAT. TOO MANY  
[00:44:03] EMPLOYEES PUTTING INCORRECT DATA. AND  
[00:44:06] THEN LIKE YOU MENTIONED, COMMISSIONER,  
[00:44:08] SHOW POLICY DOES REQUIRE THAT  
[00:44:12] THE PERSON THAT'S VERIFYING LOOK AT THAT  
[00:44:15] DATA, THE APPROVED PEOPLE WHO'S APPROVED  
[00:44:18] LOOK AT THE PHONE NUMBER AND ALL OF THAT  
[00:44:21] INFORMATION. BUT IF THAT INFORMATION  
[00:44:22] ISN'T PUT IN, THEN THE BACK END PEOPLE,  
[00:44:24] AYE, FLYING BLIND, OR IT MAKES IT A LOT  
[00:44:26] MORE DIFFICULT FOR THEM. I BELIEVE  
[00:44:29] THAT'S BEING DONE. AND RUDY WILL TALK  
[00:44:31] ABOUT THAT IN AYE. RESPONSE. THESE WERE  
[00:44:34] GAPS THAT THE AUDIT IDENTIFIED AND  
[00:44:38] HIGHLIGHTED. SO WAY TOO MANY PEOPLE.  
[00:44:41] AND THAT'S A BIG ISSUE. COMMISSIONER,  
[00:44:42] MOHAMED,  
[00:44:47] I NOTICED THAT YOU MENTIONED SEATTLE  
[00:44:49] PARKS EARLIER, AND THERE SEEMS  
[00:44:53] TO BE AN INCREASE OF THE PORT OF FRAUD  
[00:44:56] HAPPENING ACROSS THE BOARD WITH A LOT OF  
[00:44:58] DIFFERENT GOVERNMENT AGENCIES. HAVE WE  
[00:45:02] SEEN A SIMILAR ATTACK LIKE THIS IN OTHER  
[00:45:06] AGENCIES? AND HOW ARE WE COMMUNICATING  
[00:45:08] WITH THEM? HOW ARE WE LIKE,  
[00:45:09] COLLABORATING AND ENSURING WE HAVE  
[00:45:11] STRONG TOOLS IN PLACE? SO THE CITY OF  
[00:45:14] SEATTLE HAD ABOUT 805,000  
[00:45:19] STOLEN FROM THEM IN THE SAME MANNER  
[00:45:21] ABOUT A YEAR AND A HALF, TWO YEAR AND A  
[00:45:23] HALF AGO, AND THEY COMMUNICATED TO US,  
[00:45:26] AND IT WAS IN EVERY NEWSPAPER, AND IT'S  
[00:45:29] WIDELY AVAILABLE. BUT THE ONUSES ON US  
[00:45:32] TO ADDRESS OUR WEAKNESSES AND OUR GAPS.  
[00:45:35] RIGHT. WHEN THOSE COME ACROSS, JUST  
[00:45:38] GETTING THE DATA AND SHARING IT IS  
[00:45:40] IMPORTANT. BUT YOU NEED TO ALSO TAKE IT  
[00:45:42] TO THE NEXT STEP AND LOOK IN HOUSE AND  
[00:45:44] SAY, WHAT ARE WE DOING WRONG? AND I  
[00:45:47] THINK WE HAD A LOT OF GAPS THAT WHILST  
[00:45:51] AWARE, OBVIOUSLY,  
[00:45:56] WE SHOULD HAVE DONE BETTER.  
[00:45:59] THERE'S ALSO COMMUNICATION, LIKE I  
[00:46:02] MENTIONED, I PUT THAT SLIDE UP FROM  
[00:46:04] INTERPOL WHERE THEY HAVE THIS HUGE  
[00:46:07] CAMPAIGN. BE CAREFUL WHERE  
[00:46:11] THEY TALK ABOUT THESE. AND I SEE RON  
[00:46:15] JIMISON'S HAND IN. RON, DO YOU WANT TO  
[00:46:18] JUMP IN AND SPEAK FOR A SECOND?  
[00:46:23] YEAH. I'M RON JAMESON. I'M THE CHIEF  
[00:46:26] INFORMATION SECURITY OFFICER FOR THE  
[00:46:28] PORT HERE, AND I JUST WANTED TO QUICKLY  
[00:46:29] INTERJECT THAT WE ARE ASSOCIATED WITH

[00:46:32] MANY COMMUNITIES OF PRACTICES,  
[00:46:34] ESPECIALLY IN A LOCAL AREA. SO WE HAVE  
[00:46:36] GOOD VISIBILITY OF WHAT'S TAKING PLACE.  
[00:46:38] AND THE ANSWER TO YOUR QUESTION,  
[00:46:40] COMMISSIONER, IS YES, WE ARE SEEING THIS  
[00:46:42] TYPE OF OCCURRENCE IN OTHER TYPES OF  
[00:46:44] INDUSTRIES AND OTHER TYPE OF  
[00:46:45] ORGANIZATIONS, NOT JUST THROUGHOUT THE  
[00:46:47] PORT, AND ESPECIALLY WITH THE RUSSIAN  
[00:46:49] UKRAINIAN PRICES TAKING PLACE. THERE'S  
[00:46:51] BEEN AN UPTICK IN THAT AREA. SO WE ARE  
[00:46:53] BEING EXTREMELY VIGILANT IN HOW WE. AYE  
[00:46:55] APPROACHING THAT, ESPECIALLY WITH THE  
[00:46:57] INFORMATION THAT WE'RE RECEIVING FROM  
[00:46:58] OUR FEDERAL ORGANIZATIONS. SO I HOPE  
[00:47:00] THAT GIVES YOU A LITTLE BIT MORE INSIGHT  
[00:47:01] INTO HOW WE'RE APPROACHING THIS.  
[00:47:04] YEAH. THANK YOU BOTH FOR THAT ANSWER.  
[00:47:07] AND OUR PRIORITY IS TO ENSURE THAT WE  
[00:47:10] HAVE STRONG CHANNELS IN PLACE TO DETER  
[00:47:13] AND DISRUPT ANY OF THOSE TYPES OF FRAUDS  
[00:47:16] AND SCAMS. SO THE INFORMATION YOU AYE  
[00:47:18] PROVIDING IS HELPFUL.  
[00:47:22] NEXT SLIDE, PLEASE. MICHELLE,  
[00:47:28] THE COMMISSIONERS, AGAIN,  
[00:47:32] SOME OF THESE THINGS HAVE ALREADY BEEN  
[00:47:33] DONE. MANY OF THEM, NOT ALL  
[00:47:37] OF THEM HAVE BEEN ADDRESSED AT THIS  
[00:47:38] POINT. SO WE DO HAVE BETTER CONTROLS IN  
[00:47:40] PLACE. THIS WOULDN'T OCCUR RIGHT NOW,  
[00:47:43] BUT I JUST WANT TO HIGHLIGHT WHAT WE  
[00:47:46] WERE RECOMMENDING CLEARLY REDUCED THE  
[00:47:49] NUMBER OF INDIVIDUALS. EVERY POINT THAT  
[00:47:52] YOU HAVE IS A WEAKNESS THAT'S  
[00:47:55] UNNECESSARY. AND ALSO CERTAIN  
[00:47:59] FIELDS NEED TO BE REQUIRED OR BY POLICY,  
[00:48:02] PREFERABLY SYSTEM CONTROLS SUCH AS PHONE  
[00:48:05] NUMBERS OR INFORMATION. SO,  
[00:48:07] COMMISSIONER CHO, AS YOU MENTIONED, SO  
[00:48:10] IT'S PUT IN CORRECTLY IN THE FRONT END,  
[00:48:13] LIKE CELL PHONE COMPANIES. NEXT SLIDE,  
[00:48:16] PLEASE. AND WITH THIS, I'M GOING TO HAND  
[00:48:18] IT OVER TO BRUCE CLAUS, ALL OUR IT  
[00:48:20] MANAGER I'VE GOT ONE MORE BEFORE I PUGET  
[00:48:22] OVER BRUCE DETECTIVE CONTROLS. SO ALSO,  
[00:48:26] DETECTIVE CONTROLS DIDN'T EXIST AND  
[00:48:29] NEEDED TO BE CREATED. DETECTIVE CONTROL.  
[00:48:33] WITHOUT A DETECTIVE CONTROL, YOU ONLY  
[00:48:35] FIND OUT ABOUT THESE THINGS AFTER THE  
[00:48:36] FACT. AND WHILE A DETECTIVE CONTROL  
[00:48:38] WOULDN'T IMMEDIATELY TELL  
[00:48:43] YOU WHAT THAT FRAUD OCCURRED,  
[00:48:46] YOU WOULDN'T WAIT SEVERAL MONTHS BEFORE  
[00:48:48] YOU FOUND OUT IT WOULD OCCUR A LITTLE  
[00:48:50] FASTER.  
[00:48:54] SOME EXAMPLES OF A DETECTIVE CONTROL  
[00:48:59] WOULD BE LIKE YOUR CREDIT CARD COMPANY  
[00:49:02] OR YOUR BANK. IF YOU MAKE CHANGES, THEY  
[00:49:03] SEND YOU EITHER AN EMAIL OR A LETTER TO  
[00:49:07] YOUR HOUSE SAYING, GLENN, YOUR BANK  
[00:49:10] ACCOUNT HAS CHANGED. IF YOU DIDN'T MAKE  
[00:49:12] THIS CHANGE, PLEASE CALL THIS NUMBER  
[00:49:14] IMMEDIATELY. AND PEOPLE WILL TAKE THEIR

[00:49:17] TIME, BUT THEY WILL. IF SOMETHING LOOKS  
[00:49:20] FISHY, IT'S A GOOD CHANCE THEY'LL CALL  
[00:49:23] AND YOU'LL CATCH IT A LITTLE BIT  
[00:49:25] QUICKER. AND IT'S NOT A PREFERRED IT'S A  
[00:49:28] BACK END CONTROL RATHER THAN THE FRONT  
[00:49:30] END, BUT IT'S ONE LAYER, ONE ADDITIONAL  
[00:49:32] LAYER OF PROTECTION. NEXT SLIDE,  
[00:49:35] PLEASE. MICHELLE,  
[00:49:39] OUR RECOMMENDATIONS. JUST SOME EXAMPLES  
[00:49:42] THAT WE PROVIDED SENDING NOTIFICATIONS  
[00:49:46] TO SUPPLIERS AND THINGS CHANGE. SOME  
[00:49:49] OTHER AUTOMATED CONTROLS THAT EXIST  
[00:49:53] THAT CAN BE PUT TOGETHER, WHICH WOULD  
[00:49:55] NOTIFY YOU SAY, HEY, GLENN,  
[00:49:58] THERE'S SOMETHING WEIRD HAPPENING. YOU  
[00:50:00] MIGHT WANT TO TAKE A LOOK AT THIS. IT'S  
[00:50:02] LIKE AN ELECTRONIC DON'T SKATE THESE  
[00:50:04] FRAUD CONTROLS THAT ARE OUT THERE. AND  
[00:50:06] YOU CAN BUILD THIS INTO YOUR DAY TO DAY  
[00:50:08] WORK. BUT THE MOST SIMPLISTIC ONES ARE  
[00:50:11] JUST SENDING OUT AN EMAIL OR LETTER TO  
[00:50:13] THE CLIENT SAYING, I CHANGE YOUR BANK  
[00:50:16] INFORMATION. AND DO YOU AGREE OR DO YOU  
[00:50:19] THINK SOMETHING'S WRONG? SO WITH THAT  
[00:50:23] NOW, I THINK I'M READY TO HAND IT OVER  
[00:50:24] TO BRUCE. BRUCE, YOU'RE ALL UP. YOU'RE  
[00:50:27] READY? NEXT SLIDE, PLEASE, MICHELLE AND  
[00:50:29] BRUCE, YOU'VE GOT THE SLIDE. SO TELL THE  
[00:50:31] SHOW WHEN. THANK YOU. SO GOOD AFTERNOON,  
[00:50:34] EVERYBODY. AS GLENN MENTIONED,  
[00:50:38] FOR THE RECORD, YOU ALREADY DID THAT,  
[00:50:39] BUT I'LL DO IT AGAIN. SO. AYE, I'M BRUCE  
[00:50:41] PAUSEL. I'M THE IT AUDIT MANAGER FOR THE  
[00:50:43] PORT. SO AS GLENN MENTIONED EARLIER,  
[00:50:46] THIS WHOLE FRAUD IS BASED UPON BUSINESS  
[00:50:49] EMAIL COMPROMISE, PHISHING EMAILS. AND  
[00:50:51] SO ONE OF THE BEST THINGS THAT WE CAN DO  
[00:50:54] TO PROTECT AGAINST THOSE EMAILS IS TO  
[00:50:56] TRAIN OUR STAFF AND HOW TO RECOGNIZE  
[00:50:58] THEM AND BE AWARE OF THEM. AND IT'S  
[00:50:59] ACTUALLY A LOT HARDER THAN IT SOUNDS.  
[00:51:02] OUR POOR INFORMATION SECURITY DEPARTMENT  
[00:51:04] HAS DONE A GREAT JOB IN DEVELOPING  
[00:51:06] ANNUAL REQUIRED TRAINING FOR ALL THE  
[00:51:08] EMPLOYEES TO TAKE EVERY YEAR THAT TALKS  
[00:51:10] ABOUT PHISHING AND HELPS TO TRAIN THEM  
[00:51:12] AND KEEP THEM AWARE. AND SO I THOUGHT IT  
[00:51:14] WOULD BE HELPFUL TO SHOW YOU A COUPLE OF  
[00:51:16] EXAMPLES OF THE DOCUMENTS AND EMAILS  
[00:51:18] THAT CAME ACROSS DURING THIS FRAUD. AND  
[00:51:21] SO, FOR INSTANCE, THIS IS THE ONE THAT  
[00:51:22] RELATES TO THE SEATTLE PARKS FOUNDATION.  
[00:51:24] AND SO IF YOU LOOK AT THIS EMAIL, YOU  
[00:51:26] CAN SEE ON THE VERY TOP LINE THE  
[00:51:28] MICHELLE BENETUA, THIS IS THE SPOOF  
[00:51:30] DOMAIN FOR A QUICK REVIEW. IF YOU'RE NOT  
[00:51:33] LOOKING CAREFULLY, IT LOOKS LIKE SEATTLE  
[00:51:35] PARKS FOUNDATION, BUT IT'S NOT. IT'S  
[00:51:36] SEATTLE PRATT FOUNDATION. AND SO THE  
[00:51:39] FRAUDSTERS LITERALLY HAD TO GO OUT AND  
[00:51:41] PURCHASE THAT DOMAIN NAME, THAT FAKE  
[00:51:42] DOMAIN NAME, IN ORDER TO GET THIS EMAIL  
[00:51:44] TO WORK. AND SO IF YOU LOOK AT THE REST

[00:51:48] OF IT, THAT'S A HUGE RED FLAG SEEING  
[00:51:50] THAT INCORRECT DOMAIN NAME. IF YOU  
[00:51:53] LOOK AT THE REST OF THE EMAIL, IF YOU  
[00:51:55] LOOK IT OVER, YOU CAN SEE THAT THERE'S  
[00:51:56] POOR GRAMMAR IN SEVERAL PLACES IN THE  
[00:51:58] EMAIL. THAT'S ALSO ANOTHER RED FLAG THAT  
[00:52:00] YOU TYPICALLY SEE IN PHISHING EMAILS UP  
[00:52:04] THERE IN THE HEADER OF THE CC THAT YOU  
[00:52:05] SEE THE FELICIA AT SEATTLE PARK. THAT  
[00:52:08] WAS ACTUALLY THE COMPROMISED EMAIL.  
[00:52:10] THAT WAS THE EMAIL. THAT WAS THE PERSON  
[00:52:12] WHOSE EMAIL CREDENTIALS THEY ACTUALLY  
[00:52:14] GOT. THEY HAD HER PASSWORD AND GOT  
[00:52:16] ACCESS INTO HER EMAIL, AND THEY  
[00:52:18] LITERALLY WERE HER. SO THIS  
[00:52:22] IS ONE EXAMPLE. SO NOW NEXT SLIDE,  
[00:52:25] PLEASE. SO CAN I JUST IF  
[00:52:29] YOU DON'T MIND, TWO THINGS. ONE IS  
[00:52:32] A QUESTION, ANOTHER IS A COMMENT. BUT IS  
[00:52:35] THE PURPOSE OF CSI THE  
[00:52:40] COMPROMISED EMAIL FOR THESE PEOPLE  
[00:52:45] TO ADD A LAYER OF LEGITIMACY OR THE  
[00:52:48] PERCEPTION OF LEGITIMACY? I DON'T  
[00:52:50] UNDERSTAND WHY THAT EXACTLY. SO  
[00:52:52] ACTUALLY, GO BACK A SLIDE, PLEASE.  
[00:52:54] LET'S LOOK AT THIS. THIS IS  
[00:52:57] A LITTLE MORE COMPLICATED THAN IT  
[00:52:58] APPEARS BECAUSE THIS ONE EMAIL THAT YOU  
[00:52:59] SEE HERE IS ACTUALLY PART OF LIKE A 15  
[00:53:02] EMAIL CONVERSATION. AND AT THE VERY  
[00:53:04] BEGINNING OF THAT EMAIL CONVERSATION,  
[00:53:06] IT WAS REAL PEOPLE. AT THE BEGINNING OF  
[00:53:08] THAT CONVERSATION, THERE WAS NO SPOOF  
[00:53:10] DOMAIN NAME. THE FELICIA THAT YOU SEE  
[00:53:13] WAS PROBABLY THE REAL FELICIA. AND THEN  
[00:53:15] SOMEPLACE ALONG THAT CONVERSATION, THE  
[00:53:17] FRAUDSTERS INSERTED THEMSELVES INTO IT  
[00:53:20] WAS A FAKE IT. AND AT THAT POINT, WHEN  
[00:53:22] THEY INSERTED THEMSELVES IN, THEY NEEDED  
[00:53:24] TO MAKE SURE THAT ANYBODY ELSE THAT WAS  
[00:53:26] CC FROM SEATTLE PARKS FOUNDATION WEREN'T  
[00:53:28] THE REAL PEOPLE. RIGHT. THEY SENT THE  
[00:53:31] EMAIL IN, FELICIA'S INBOX, SO SHE DIDN'T  
[00:53:33] SEE IT. SO WE DON'T ACTUALLY KNOW WHAT  
[00:53:35] HAPPENED. BUT IT'S POSSIBLE. AND I KNOW  
[00:53:38] THIS FROM TALKING TO OUR SECURITY FOLKS  
[00:53:39] THAT IF YOU GET ACCESS TO SOMEBODY'S  
[00:53:41] EMAIL SO I CAN GET IN THERE AND THE  
[00:53:43] FIRST THING I CAN DO IS SET UP RULES IN  
[00:53:44] YOUR EMAIL SO THAT ALL OF YOUR INCOMING  
[00:53:46] EMAIL FROM THE PORT OF SEATTLE GETS SENT  
[00:53:49] OUT TO ME IN ANOTHER ACCOUNT. YOU WILL  
[00:53:52] NO LONGER SEE INCOMING EMAIL FROM  
[00:53:54] SEATTLE FROM THE PORT OF SEATTLE IN YOUR  
[00:53:56] INBOX. BUT I'LL BE ABLE TO SEE IT IN MY  
[00:53:58] OTHER ACCOUNT AND I'LL BE ABLE TO  
[00:53:59] RESPOND BACK. SO SOMETHING LIKE THAT  
[00:54:02] COULD HAVE BEEN SET UP THAT ALLOWED THIS  
[00:54:03] TO HAPPEN. OKAY. BUT YOU'RE RIGHT. AS  
[00:54:05] SOON AS YOU SEE ALL THESE OTHER THINGS  
[00:54:06] LIKE TITLE, PRACTICE, FOUNDATION, IT  
[00:54:08] THEN LOOKS LEGITIMATE. RIGHT. BECAUSE  
[00:54:11] YOU'RE SAYING SHE SEES SEEING SOMEBODY.

[00:54:13] AND ACTUALLY, AS THESE CONVERSATIONS  
[00:54:14] CONTINUED, THEY CHANGED OVER TO ONLY  
[00:54:17] BEING FROM FELICIA. BUT THEY WERE C  
[00:54:19] SEEING MICHELLE. SO IT ALWAYS LOOKED  
[00:54:21] LIKE SOMEBODY ELSE WAS BEING SUCCEEDED TO  
[00:54:23] MAKE IT LOOK LIKE A LEGITIMATE EMAIL  
[00:54:25] CONVERSATION. FIRST, I HAVE A QUESTION.  
[00:54:29] I WAS JUST GOING TO ASK A QUESTION ABOUT  
[00:54:31] THAT. SO HOW COME YOU'RE NOT ABLE TO  
[00:54:34] IDENTIFY OR KNOW THAT CHANGE  
[00:54:37] HAPPENED, THAT FELICIA'S INBOX OR  
[00:54:41] THAT THE  
[00:54:47] REQUIREMENTS IN HER INBOX? THIS IS A  
[00:54:50] GOOD QUESTION, BUT THAT'S A QUESTION FOR  
[00:54:52] SEATTLE PARKS FOUNDATION AND THEIR OWN  
[00:54:54] INTERNAL SECURITY AND THEIR OWN INTERNAL  
[00:54:56] PROCESSES.  
[00:55:02] WELL, THE POLICE DEPARTMENT HAS OUR  
[00:55:04] POLICE DEPARTMENT HAS TALKED TO THEM  
[00:55:05] ABOUT THIS AND EVEN OUR SECURITY  
[00:55:06] DEPARTMENT CONTACTED THEM. INFORMATION  
[00:55:09] SECURITY CONTACTED THEM AND ACTUALLY CUT  
[00:55:12] OFF ALL EMAIL ACCESS TO THEM UNTIL THEY  
[00:55:14] COULD BE ASSURED THAT THEY HAD LOOKED AT  
[00:55:15] THEIR OWN SYSTEMS AND MADE SURE THAT  
[00:55:18] THEY HAD CLEANED OUT ALL THIS.  
[00:55:20] SO THEY DID THAT BACKGROUND WORK. BUT TO  
[00:55:23] YOUR QUESTION, IF I WERE TO GO INTO YOUR  
[00:55:25] EMAIL ACCOUNT AND SET UP A RULE THAT  
[00:55:27] SENDS ALL YOUR EMAIL FROM THE PORT OF  
[00:55:29] SEATTLE OUTBOUND TO SOME OTHER EMAIL  
[00:55:31] ACCOUNT, YOU WOULD NEVER SEE THIS UNLESS  
[00:55:33] YOU HAPPEN TO BE A TYPE PERSON THAT GOES  
[00:55:34] IN AND CHECKS YOUR EMAIL RULES, WHICH  
[00:55:37] ARE TEN MENU SELECTIONS  
[00:55:40] AWAY. SO IT WOULD BE HARD FOR ANYONE TO  
[00:55:42] NOTICE THIS ONCE IT HAD BEEN DONE. SO  
[00:55:45] COMMISSIONERS, IF I CAN JUMP IN AND THEN  
[00:55:47] RON, I'LL HAND IT TO YOU BECAUSE I SEE  
[00:55:49] YOUR HAMDI OUT. SO THIS WAS A  
[00:55:52] CONVERSATION BETWEEN THE PORT AND  
[00:55:54] FELICIA TO CHANGE FILES FROM JPEG TO PDF  
[00:55:58] OR SOMETHING VERY TRADITIONAL WORK.  
[00:56:01] AND THEN SOMEWHERE IN THE MIDDLE IN THAT  
[00:56:04] CONVERSATION WITH BRUCE IS TALKING ABOUT  
[00:56:05] THE FRAUDSTER, JUMPED IN, TOOK OVER  
[00:56:07] FELICIA'S EMAIL AT THAT POINT AND  
[00:56:09] STARTED JPEG FILES, STARTED ASKING ABOUT  
[00:56:13] BANK ACCOUNT INFORMATION CHANGES AND SAY  
[00:56:15] HEY, AN URGENCY. IF YOU PAY US NOW,  
[00:56:18] WE'LL GIVE YOU 5% DISCOUNT AND LET'S  
[00:56:20] CHANGE BANK ACCOUNT INFORMATION. SO  
[00:56:22] THOSE ARE RED FLAGS THAT RON'S TEAM  
[00:56:24] TALKS ABOUT AND RON WILL TALK ABOUT  
[00:56:27] LATER. BUT ALL OF THIS IS ENOUGH  
[00:56:30] TRAINING AND YOU GOT TO WATCH OUT FOR  
[00:56:31] THOSE THINGS AND CATCH THOSE.  
[00:56:35] BEFORE YOU HAND IT OFF, COULD I JUST  
[00:56:36] MAKE A REAL QUICK COMMENT? YEAH, I COULD  
[00:56:40] UNDERSTAND WHY POOR GRAMMAR MIGHT BE A  
[00:56:42] RED FLAG. BUT I ALSO JUST WANT TO FLAG  
[00:56:45] THAT A LOT OF THESE COMMUNITY GROUPS AND  
[00:56:47] ORGANIZATIONS ARE RUN BY PEOPLE WHO HAVE



[00:56:49] PROGRAMMER. AND I REALLY DON'T WANT US  
[00:56:52] TO GO DOWN THE PATH WHERE WE'RE  
[00:56:54] PROFILING PEOPLE BECAUSE ENGLISH IS  
[00:56:57] SECOND LANGUAGE. I TOTALLY UNDERSTAND  
[00:56:58] WHY A SCAMMER MIGHT HAVE BAD ENGLISH,  
[00:57:03] BUT IT'S KIND OF KILLING ME INSIDE TO  
[00:57:06] KNOW THAT WHEN WE SEE POOR GRAMMAR, WE  
[00:57:08] JUST ASSUME THAT WE THINK THAT THIS  
[00:57:10] MIGHT BE A SCAMMER. RIGHT. I REALLY  
[00:57:12] DON'T THINK THAT'S A SCIENTIFIC OR  
[00:57:16] DATA BACKED FILTER.  
[00:57:21] IT IS. NO, I UNDERSTAND, COMMISSIONER  
[00:57:23] CHO, BUT YOU HAVE TO LOOK AT A VARIETY  
[00:57:27] OF THINGS. THESE OCCURRED LIKELY IN  
[00:57:29] SPAIN AND TURKEY. THAT'S WHERE THESE  
[00:57:31] CRIME RINGS ARE RUNNING OUT OF. IT'S  
[00:57:34] JUST ONE. BUT THE DOMAIN NAME. THE SPOOF  
[00:57:36] DOMAIN NAME. SURE. NO, THAT MAKES SENSE.  
[00:57:39] THE DOMAIN NAME MAKES SENSE. BUT JUST  
[00:57:43] LIKE IN THE BODY OF THE PARAGRAPH WHEN  
[00:57:45] YOU HAVE MISSPELLINGS OR GRAMMATICAL  
[00:57:47] ERRORS, I JUST DON'T WANT THAT TO BE THE  
[00:57:49] ONLY REASON WHY WE GO DOWN THE RABBIT  
[00:57:52] HOLE OF THIS MUST BE FRAUD. WELL, NO,  
[00:57:54] IT TURNS OUT THIS PERSON,  
[00:57:59] THEY JUST DON'T SPEAK GREAT ENGLISH.  
[00:58:01] AND PLUS, IF YOU'VE EVER SEEN MY EMAILS,  
[00:58:03] YOU WOULD NOTICE THEY'RE FULL OF  
[00:58:04] MISSPELLINGS, TOO.  
[00:58:06] BUT I THINK WHEN YOU DO HAVE CONCERNS OR  
[00:58:10] ANYTHING, IT'S AS SIMPLE AS PICKING UP  
[00:58:12] THE PHONE AND TALKING TO THE PERSON. IF  
[00:58:14] YOU'RE WORKING VIA EMAIL, YOU DON'T  
[00:58:18] KNOW IF YOU'RE WORKING WITH SOMEONE  
[00:58:20] INTERNATIONALLY OR THOSE RELATIONSHIPS  
[00:58:23] AND THE ABILITY TO JUST TALK TO A PERSON  
[00:58:26] ELIMINATES THEM. I KNOW YOU GUYS AREN'T  
[00:58:29] PROFILING PEOPLE, BUT WE TALK ABOUT  
[00:58:31] INCREASING THE SHARE OF MINORITY  
[00:58:32] BUSINESS OWNERS AND SOME OF THOSE  
[00:58:33] MINORITY BUSINESS AYE DOORS TO BE  
[00:58:35] PERFECT ENGLISH IS ALL I WANT. RON, DID  
[00:58:38] YOU STILL HAVE A COMMENT? YEAH, I JUST  
[00:58:41] WANTED TO SAY THAT A LOT OF THESE  
[00:58:43] SMALLER ORGANIZATIONS THAT WERE  
[00:58:45] ASSOCIATED WITH, ESPECIALLY IN THE  
[00:58:47] PAYMENT PROCESS, THAT THEY'RE NOT OFTEN  
[00:58:51] ADEQUATELY EQUIPPED IN THE REALM OF  
[00:58:53] CYBER FOR PROTECTING THEIR SYSTEMS. SO  
[00:58:56] IN THESE PARTICULAR PLACES, WE REALLY  
[00:58:58] HAD TO COLLABORATE WITH AYE. TO GET THEM  
[00:59:00] TO EVEN UNDERSTAND WHAT WAS GOING ON.  
[00:59:02] SO THAT WAS AN EDUCATION THAT WE  
[00:59:04] PROVIDED ON OUR PART TO THEM SO THAT IN  
[00:59:07] THE FUTURE WE'D BE BETTER OFF. SO I JUST  
[00:59:08] WANT TO MAKE IT CLEAR THAT THERE'S SOME  
[00:59:11] THINGS THAT WE DID WORK COLLABORATIVELY  
[00:59:13] WITH THESE ORGANIZATIONS TO TRY TO GET  
[00:59:15] THEM TO UNDERSTAND HOW THIS HAPPENED AND  
[00:59:17] WHAT THEY COULD DO TO PREVENT THAT IN  
[00:59:18] THE FUTURE. AND MAYBE THIS IS SOMETHING  
[00:59:21] WE SHOULD BE ROLLING OUT IN GENERAL TO  
[00:59:24] OUR VENDORS AND AS PART OF THE

[00:59:25] ONBOARDING PROCESS, TO BE A VENDOR TO  
[00:59:28] THE PORT OF SEATTLE, YOU HAVE TO GO  
[00:59:29] THROUGH SOME FORM OF TRAINING. I REALIZE  
[00:59:32] THAT'S, TEDIOUS, FOR US, BUT I THINK IN  
[00:59:35] THE BROAD STEAM OF THINGS, TRAINING OUR  
[00:59:37] NEW SUPPLIERS, VENDORS, SOME OF THIS  
[00:59:40] STUFF WOULD BE, I THINK IN THE LONG RUN,  
[00:59:42] A HUGE VALUE ADD. I'LL LET RUDY TALK  
[00:59:45] ABOUT THIS LATER ON, BUT WE DID JUST DO  
[00:59:47] SOME MESSAGING TO THAT VERY FACT RIGHT  
[00:59:50] THERE. WE PUT SOME LEARNING INFORMATION  
[00:59:53] OUT THERE ON THE WEBSITE AND WE'VE GIVEN  
[00:59:57] OUR VENDORS A LITTLE MORE INSIGHT AS TO  
[00:59:58] HOW THEY NEED TO BE MORE CAREFUL. BUT  
[01:00:00] I'LL SAVE THAT FOR RUDY. CAN GO INTO  
[01:00:02] THAT LATER. BOOTH,  
[01:00:05] BACK TO YOUR NEXT SLIDE, PLEASE.  
[01:00:09] SO THIS WAS ACTUALLY FOR THE. LET'S GO  
[01:00:13] BACK ON SLIDE. THANK YOU.  
[01:00:16] SO THIS IS ACTUALLY FOR THE URBAN LEAGUE  
[01:00:18] FRAUD. AND SO THEIR EMAILS WERE ACTUALLY  
[01:00:21] MUCH TOUGHER TO RECOGNIZE THAT SOMETHING  
[01:00:23] WAS GOING ON. BUT THEY INCLUDED THIS  
[01:00:25] DOCUMENT IN WEATHER EMAILS AND IT HAD  
[01:00:28] SOME OBVIOUS THINGS THAT COULD HAVE BEEN  
[01:00:30] NOTICED. CITIBANK IS MISSPELLED. IT  
[01:00:33] DOESN'T HAVE A SPACE BETWEEN CITY AND  
[01:00:34] BANK. ONCE AGAIN, WE HAVE THAT KIND OF  
[01:00:36] POOR GRAMMAR IN A BANK LETTER, WHICH IS  
[01:00:39] AN ODD THING IN A BANK LETTER. THE  
[01:00:42] SIGNATURE IS LIKE BELOW THE PERSON'S  
[01:00:44] NAME. THE SIGNATURE DOESN'T REALLY MATCH  
[01:00:46] THE PERSON'S NAME. SO THERE WERE SOME  
[01:00:48] THINGS IN HERE THAT COULD HAVE BEEN  
[01:00:51] FLAGS TO CAUSE SOMEBODY TO THINK ABOUT  
[01:00:54] IT.  
[01:00:59] MICHELLE, NEXT SLIDE. SO THE BEST WAY  
[01:01:02] WE HAVE TO ADDRESS THESE KINDS OF  
[01:01:07] PHISHING EMAILS IS REALLY TO TRAIN OUR  
[01:01:09] PEOPLE, BECAUSE WE CAN TRAIN THEM TO  
[01:01:11] LOOK FOR PHISHING STUFF. WE CAN TRAIN  
[01:01:13] THEM TO LOOK FOR THE RED FLAGS, WE CAN  
[01:01:14] TRAIN THEM TO BE AWARE OF IT. AND THE  
[01:01:17] AWARENESS IS ACTUALLY IMPORTANT. JUST SO  
[01:01:19] THEY'RE THINKING ABOUT THE FACT IT'S A  
[01:01:20] POSSIBILITY. SO THAT EMAILS GO ACROSS,  
[01:01:22] THEY KIND OF OCCASIONALLY THINK ABOUT  
[01:01:24] IT. SO, LIKE I SAID EARLIER, THE PORT  
[01:01:27] INFORMATION SECURITY DEPARTMENT HAS  
[01:01:29] DEVELOPED NICE REQUIRED ANNUAL TRAINING  
[01:01:31] FOR ALL PORT EMPLOYEES. AND SO THE  
[01:01:34] TRAINING IS PROVIDED BY AN HR ONLINE  
[01:01:37] APPLICATION. AND AS PART OF OUR AUDIT,  
[01:01:39] WE REQUESTED DATA FROM HR FOR WHICH  
[01:01:41] EMPLOYEES COMPLETED THE REQUIRED  
[01:01:43] TRAINING IN 2021. AND WHEN WE LOOKED AT  
[01:01:46] THAT, WE DECIDED THAT THE METHODOLOGY TO  
[01:01:48] ENSURE THAT VULNERABLE EMPLOYEES RECEIVE  
[01:01:50] THE REQUIRED TRAINING WASN'T FUNCTIONING  
[01:01:52] EFFECTIVELY. BECAUSE AS WE LOOKED AT THE  
[01:01:55] SEVEN PEOPLE WHO HAD THE MOST  
[01:01:57] INTERACTION WITH THESE EMAILS, ONLY TWO  
[01:01:59] OF THE SEVEN COMPLETED THEIR TRAINING IN

[01:02:01] 2021. AND WHEN WE LOOKED AT THE PORT  
[01:02:03] OVERALL, ONLY 51% OF THE EMPLOYEES HAD  
[01:02:06] COMPLETED THEIR TRAINING. SO CLEARLY WE  
[01:02:08] HAVE SOME ROOM FOR IMPROVEMENT IN MAKING  
[01:02:10] SURE THAT EVERYBODY ACTUALLY TAKES THAT  
[01:02:12] TRAINING. AND I'LL BE THE FIRST TO SAY,  
[01:02:15] EVEN IF YOU TAKE THE TRAINING, IT'S NO  
[01:02:16] GUARANTEE THAT YOU'RE ACTUALLY GOING TO  
[01:02:17] CATCH ANYTHING. IT JUST HELPS IMPROVE  
[01:02:20] THE CHANCES. THERE'S NO ONE HERE.  
[01:02:23] SOME OF THESE WERE VERY DIFFICULT TO  
[01:02:25] CATCH. SO FROM THIS, WE HAVE TWO  
[01:02:29] RECOMMENDATIONS. NEXT SLIDE, PLEASE.  
[01:02:33] AND ACTUALLY THE SECOND RECOMMENDATION  
[01:02:34] IS JUST A RECOMMENDATION TO KIND OF FIX  
[01:02:36] THE EXISTING PROCESS SO THAT THERE'S  
[01:02:38] SOME ASSURANCE THAT PEOPLE ACTUALLY  
[01:02:40] COMPLETE THE TRAINING WHEN THEY'RE  
[01:02:41] SUPPOSED TO COMPLETE THE TRAINING. THE  
[01:02:43] FIRST ONE IS MORE FOCUSED UPON THIS  
[01:02:45] PARTICULAR RISK FOR BUSINESS EMAIL  
[01:02:47] COMPROMISE. IN THAT MEMBER, I SAID THE  
[01:02:49] TRAINING IS GOOD FOR MAKING PEOPLE AWARE  
[01:02:51] OF THE WHOLE PHISHING CONCEPT. SO WE'VE  
[01:02:54] KIND OF RECOMMEND HERE THAT THE PEOPLE  
[01:02:56] INVOLVED WITH THIS VENDOR PROCESS  
[01:02:58] RECEIVE TRAINING LIKE A MINIMUM OF TWICE  
[01:03:01] A YEAR ON BUSINESS EMAIL COMPROMISE  
[01:03:03] RISKS TO KIND OF MAKE SURE THAT THEY'RE  
[01:03:06] MORE AWARE OF IT AND THEY KEEP AWARE OF  
[01:03:07] IT. IT'S KIND OF BURDENSOME, BUT IT  
[01:03:10] PROBABLY INCREASES OUR CHANCES OF  
[01:03:11] CATCHING THIS. AND AS A MATTER OF FACT,  
[01:03:13] THE AUDIT DOESN'T MENTION. BUT IN A  
[01:03:15] PERIOD OF TIME BETWEEN THIS, WHEN THIS  
[01:03:17] HAPPENED AND TODAY, WITH ALL THE  
[01:03:19] AUDITING AND ALL THE DISCUSSIONS THAT  
[01:03:21] WENT BACK AND FORTH ABOUT THE PHISHING  
[01:03:22] EMAILS AND EVERYTHING LIKE THIS, THE  
[01:03:24] DEPARTMENTS THAT RECEIVED THIS ACTUALLY  
[01:03:26] RECEIVED A THIRD ATTEMPT TO DEFRAUD US.  
[01:03:29] IN THIS ATTEMPT, THEY ACTUALLY CAUGHT  
[01:03:31] THE EMAILS BEFORE THEY GOT TO THAT STAGE  
[01:03:34] OF SENDING THEM OFF TO FINANCE. SO  
[01:03:36] CLEARLY, AWARENESS IS A VERY VALUABLE  
[01:03:38] THING THAT'S OFF TO THE  
[01:03:41] CTO TEAM. THE CUPBANK. YEAH.  
[01:03:46] THANK YOU. NEXT SLIDE, PLEASE.  
[01:03:48] MICHELLE, RUDY, DID YOU OR  
[01:03:51] SOMEBODY FROM YOUR TEAM WANT TO TALK  
[01:03:53] ABOUT MANAGEMENT RESPONSES?  
[01:03:57] YES. THANK YOU SO MUCH. I APPRECIATE THE  
[01:04:00] OPPORTUNITY. I'M RUDY CALUSA,  
[01:04:04] ACCOUNTING FINANCIAL REPORTING DIRECTOR,  
[01:04:06] AND I APPRECIATE THE OPPORTUNITY TO  
[01:04:07] ADDRESS THE COMMISSION OUT OF THE  
[01:04:08] COMMITTEE THIS AFTERNOON. THANK YOU,  
[01:04:10] COMMISSIONER AND COMMISSIONER MOHAMED.  
[01:04:15] WELCOME TO YOU. COMMISSIONER MOHAMED,  
[01:04:19] AS I HAVE FOUND OVER MY 21 YEARS  
[01:04:22] AT THE PORT OF SEATTLE FOR AN  
[01:04:23] EXCEPTIONAL ORGANIZATION AND WITH VERY  
[01:04:26] DEDICATED EMPLOYEES. JUST A

[01:04:29] LITTLE BIT MY BACKGROUND. I'VE BEEN AT  
[01:04:30] THE PORT OF SEATTLE FOR 21 YEARS. PRIOR  
[01:04:34] TO I'VE HAD A CAREER WITH THE FEDERAL  
[01:04:37] GOVERNMENT, THE UNITED STATES GOVERNMENT  
[01:04:39] ACCOUNTABILITY OFFICE, CONDUCTING  
[01:04:41] CONGRESSIONAL AUDITS FOR LEGAL PUBLIC  
[01:04:44] LAW COMPLIANCE NATIONWIDE, AS WELL AS  
[01:04:46] THE DIRECTOR OF THE EXECUTIVE INTERNAL  
[01:04:48] AUDIT FOR THE EXECUTIVE BRANCH OF KING  
[01:04:50] COUNTY GOVERNMENT, AS WELL AS CHIEF  
[01:04:52] ACCOUNTING OFFICER AND NOW WORKING AT  
[01:04:55] THE PORT OF SEATTLE. AND THE CURRENT  
[01:04:57] POSITION IS ACCOUNTING FINANCE REPORTING  
[01:04:59] DIRECTOR. THIS FRAUD EXPERIENCE HAS BEEN  
[01:05:02] VERY DISHEARTENING TO MANY OF US, AND  
[01:05:05] IT'S NOTABLY DIFFICULT FOR US IN  
[01:05:07] ACCOUNTING LEADERSHIP HERE IN TERMS OF  
[01:05:09] WHAT HAS HAPPENED, BECAUSE WE HOLD  
[01:05:12] OURSELVES VERY ACCOUNTABLE AND HOLD  
[01:05:15] OURSELVES TO A VERY HIGH BAR. WITH  
[01:05:16] REGARD TO THE NOTABLE ACCOMPLISHMENTS  
[01:05:19] FOR THE SEATTLE PORT OF SEATTLE, THE  
[01:05:21] PRIORITY THAT WE PLACE ON SOLID PUBLIC  
[01:05:24] ACCOUNTABILITY, AND JUST A COUPLE OF  
[01:05:26] THINGS THAT I LIKE TO PUT A ROUNDED  
[01:05:28] PICTURE ON THIS. WITH REGARD TO THE PORT  
[01:05:29] OF SEATTLE, WE'RE VERY COMMITTED TO  
[01:05:32] PUBLIC ACCOUNTABILITY AND WE HAVE  
[01:05:35] ACCOMPLISHMENTS TO DEMONSTRATE THAT THE  
[01:05:38] PORT OF SEATTLE WE HAVE EARNED FOR THE  
[01:05:41] 16 CONSECUTIVE YEARS IN A ROLE NOW  
[01:05:44] REGARD TO THE AWARD FOR FINANCIAL  
[01:05:46] REPORTING EXCELLENCE FOR THE GOVERNMENT  
[01:05:47] FINANCE OFFICE ASSOCIATION OF UNITED  
[01:05:49] STATES AND CANADA AS THE HIGHEST FORM OF  
[01:05:51] RECOGNITION FOR GOVERNMENT FINANCIAL  
[01:05:54] REPORTING, ACCOUNTABILITY AND PUBLIC  
[01:05:57] TRANSPARENCY. YEAR TO YEAR, WE HAVE  
[01:05:59] CONSISTENTLY ACHIEVED CLEAN,  
[01:06:01] UNQUALIFIED AUDIT OPINIONS ON THE PORT'S  
[01:06:03] FINANCIAL STATEMENTS AS WELL AS MINIMAL  
[01:06:07] AUDIT OBSERVATIONS AND NO AUDIT  
[01:06:09] FINDINGS. IT RELATES TO AFR OPERATIONS,  
[01:06:12] ACCOUNTING FINANCIAL REPORTING WITH  
[01:06:14] REGARD TO OUR INTERNAL CONTROLS FROM OUR  
[01:06:16] INDEPENDENT EXTERNAL CERTIFIED PUBLIC  
[01:06:18] ACCOUNTING FIRM CURRENTLY IN LOS ADAMS,  
[01:06:21] AND ALSO WITH REGARD TO THE STATE  
[01:06:22] AUDITOR'S OFFICE ON THEIR PUBLIC  
[01:06:24] ACCOUNTABILITY OFFICE, AS DEMONSTRATED  
[01:06:26] JUST PRIOR TO ON THIS PRESENTATION, THE  
[01:06:28] ACCOUNTING DEPARTMENT REALLY HAS HAD NO  
[01:06:31] AUDIT FINDINGS AS IT RELATES TO LEGAL  
[01:06:33] COMPLIANCE AND PUBLIC ACCOUNTABILITY.  
[01:06:36] AND SO I JUST WANT THE PUBLIC AND THE  
[01:06:38] COMMISSION TO UNDERSTAND THAT WE HOLD  
[01:06:41] OUR ACCOUNTABILITY FOR PUBLIC  
[01:06:42] ACCOUNTABILITY VERY HIGHLY AND WE HAVE  
[01:06:46] ACCOMPLISHMENTS TO DEMONSTRATE THAT.  
[01:06:48] IT'S JUST A VERY FEW OF WHAT WE ARE  
[01:06:51] PROUD OF HERE AT THE PORT OF SEATTLE.  
[01:06:53] NOW WITH REGARD TO THIS FRAUD  
[01:06:55] EXPERIENCE, THERE ARE, A COUPLE OF

[01:06:58] ASPECTS OF THIS. ONE IS THERE HAVE BEEN  
[01:07:00] MANY ATTEMPTS AT THE PORT AT THE PORT OF  
[01:07:03] SEATTLE OVER THE YEARS WITH REGARD TO  
[01:07:07] FRAUDULENT CHECKS, BUT WE HAVE SOLID AND  
[01:07:09] INTERNAL CONTROL PROCESSES IN PLACE OVER  
[01:07:12] THE DISPERSE FROM THE PUBLIC FUNDS AND  
[01:07:14] WE'VE CAUGHT EVERY ONE OF THEM,  
[01:07:16] ESPECIALLY WITH RELATIONS WITH THE BANK  
[01:07:18] OF POSITIVE PAY. AND WE HAVE NOT LOST A  
[01:07:20] DOLLAR WITH REGARD TO THESE FRAUDULENT  
[01:07:22] CHECKS AT THE PORT OF SEATTLE RECENTLY,  
[01:07:26] ONLINE CRIME TO DIVERT ELECTRONIC  
[01:07:29] PAYMENTS IS NOW GROWING. IT'S GETTING  
[01:07:31] MUCH MORE AGGRESSIVE, GETTING MORE  
[01:07:32] SOPHISTICATED INVOLVED OTHER COUNTRIES.  
[01:07:35] AND IT'S A VERY ORGANIZED NETWORK  
[01:07:37] THROUGHOUT. AND WITH REGARD TO VENDOR  
[01:07:40] ELECTRONIC PAYMENTS ARENA, THIS IS THE  
[01:07:42] FIRST FOR THE PORT OF SEATTLE THAT WE'VE  
[01:07:44] BEEN AYE., WE'VE BEEN SPOOFED AND  
[01:07:48] SPONSORS ARE FRAUDULENTLY DIVERTED,  
[01:07:49] UNFORTUNATELY. BUT NONETHELESS, WE CAN  
[01:07:53] AFFIRM THAT THIS IS AN ISOLATED  
[01:07:55] SITUATION BECAUSE WE WERE ABLE TO GET  
[01:07:58] RIGHT ON TOP OF THIS TO MITIGATE FURTHER  
[01:07:59] EXPOSURE. SO WHEN WE BECAME AWARE OF  
[01:08:02] THIS EXPOSURE, WE TOOK IMMEDIATE STEPS  
[01:08:05] IN TERMS OF STOP GAP MEASURES TO  
[01:08:07] MITIGATE FURTHER RISK TO PUBLIC FUNDS.  
[01:08:11] I PUT A DIRECT ORDER TO HALT ALL  
[01:08:14] AUTOMATED CLEARINGHOUSE ACH PAYMENTS  
[01:08:16] PERIOD UNTIL WE EVALUATE HOW WE'RE GOING  
[01:08:20] TO SAFEGUARD PUBLIC FUNDS  
[01:08:21] ELECTRONICALLY. AND THE METHOD WE USED  
[01:08:24] WAS BASICALLY WHEN WE RUN OUR ACH  
[01:08:26] PAYMENTS WEEKLY, THAT FILE IS COMPARED  
[01:08:29] TO A COMPREHENSIVE LIST OVER A YEAR AND  
[01:08:32] THREE MONTHS PAST OF ANY ACH BANK  
[01:08:36] ACCOUNT ESTABLISHMENTS OR CHANGES,  
[01:08:39] ANY MATCHES ON PENDING ACH PAYMENTS.  
[01:08:42] EACH WEEKLY WE PICK UP THE PHONE AND WE  
[01:08:44] CALL THE SUPPLIER, THE VENDOR, THE  
[01:08:46] CONTRACTOR. WE ARE IN A VOLATILE  
[01:08:49] SITUATION. WE WANT TO CONFIRM BEFORE WE  
[01:08:52] RELEASE ELECTRONIC PAYMENT TO YOU THAT  
[01:08:54] YOU DID IN FACT REQUEST A CHANGE TO YOUR  
[01:08:57] ACH BANK PAY TO ACCOUNT ON THIS DATE AND  
[01:09:01] WE CONTACT THE SUPPLIER DIRECTLY. WE  
[01:09:04] DON'T HAVE THE INFORMATION TO THE  
[01:09:06] SUPPLIER DATA FILE. WE CONTACT THE  
[01:09:08] CENTRAL PROCUREMENT OFFICE, THE BUYER,  
[01:09:10] AND THEY PROVIDE US WITH THE RELIABLE  
[01:09:12] INFORMATION BECAUSE THAT'S WHERE THE  
[01:09:13] INFORMATION SHOULD COME FROM. ALSO,  
[01:09:17] ANY INTERNAL CONTROL SITUATION DOES  
[01:09:22] NOT EVER PROVIDE ABSOLUTE ASSURANCE OR  
[01:09:25] PREVENTION OF MISAPPROPRIATION OF PUBLIC  
[01:09:27] FUNDS OR FRAUD. IT PROVIDES A REASONABLE  
[01:09:30] ASSURANCE. ONE CHALLENGE HERE IS THE  
[01:09:33] HUMAN ELEMENT. WE ALL MAKE ERRORS.  
[01:09:36] THERE ARE SOLID POLICIES AND PROCEDURES  
[01:09:38] IN PLACE AS IT WAS IN THIS SITUATION.  
[01:09:41] BUT IT WAS A HUMAN ERROR THAT LED TO

[01:09:43] THIS. AND FOR US TO BE ABLE TO DECIPHER  
[01:09:45] PDF AND JPEG FILES AND THE WAY EMAILS  
[01:09:49] ARE WRITTEN AND IT'S A CHALLENGE AS WELL  
[01:09:52] AS THEN THERE'S THE HUMAN ERROR ELEMENT  
[01:09:55] THERE. AND THAT'S EXACTLY WHAT HAPPENED  
[01:09:57] HERE. WE DO HAVE CONTROLS IN PLACE THAT  
[01:10:00] HAVE HELD US IN A SAFE ENVIRONMENT UP TO  
[01:10:02] THIS POINT. AND SO I JUST WANTED TO  
[01:10:05] EMPHASIZE WITH REGARD TO THE WORK THAT  
[01:10:08] WE'VE DONE IS WE ALSO NOW  
[01:10:12] REQUIRE TWO SEPARATE CALLS TO MITIGATE  
[01:10:15] THE RISK OF HUMAN ERROR. WE DON'T RELY  
[01:10:17] ON ONE INDIVIDUAL AND THE TWO CALLS ARE  
[01:10:20] MADE FROM SEPARATE PARTS OF OUR  
[01:10:22] OPERATIONS. WE PICK UP THE PHONE, IT CAN  
[01:10:25] BECOME A USELESS SUPPLIER, BUT IT  
[01:10:27] PROTECTS PUBLIC FUNDS AND IT MITIGATES  
[01:10:28] THE RISK EXPOSURE RELATED TO HUMAN  
[01:10:30] ERROR. AND THAT'S WHAT WE'RE DOING. AND  
[01:10:32] WITH REGARD TO THE COMPARATIVES THAT  
[01:10:34] WE'VE DONE, THAT I INDICATED WITH  
[01:10:35] REGARDS TO THE ACH PAYMENTS, IT'S BEEN  
[01:10:38] DONE FOR THE LAST FOUR MONTHS AND WE  
[01:10:39] HAVE NOT IDENTIFIED ANY FURTHER  
[01:10:41] EXPOSURES WITH REGARD TO THIS. AND  
[01:10:43] THAT'S WHERE I FEEL CONFIDENT. THESE ARE  
[01:10:45] ISOLATED SITUATIONS AND I FEEL THE  
[01:10:47] CONTROLS THAT WE HAVE IMPLEMENTED  
[01:10:49] IMMEDIATELY. AND AS YOU FIND IN THE  
[01:10:52] AUDIT RESPONSE, WE HAVE COMPLETED MANY  
[01:10:54] OF THE RECOMMENDATIONS AND THESE  
[01:10:55] RECOMMENDATIONS HAVE COME FROM OUR STAFF  
[01:10:57] AS WELL, WHICH PARALLEL AUDIT  
[01:10:59] RECOMMENDATIONS HAVE BEEN COMPLETED.  
[01:11:02] BUT GENERALLY THE INTERNET CONTROLS AT  
[01:11:03] THE PORT OF SEATTLE ARE STRONG AND THEY  
[01:11:06] HAVE BEEN PROVEN TO BE EFFECTIVE OVER  
[01:11:07] THE MANY YEARS AND THEY ARE BOTH IN THE  
[01:11:10] CONTEXT OF SYSTEM CONTROLS. THEY AYE  
[01:11:12] DETAILED IN THE MANAGEMENT RESPONSE AS  
[01:11:14] WELL AS PROCESS CONTROLS. WE HAVE A  
[01:11:17] CLEAR PROCESS WITH REGARDS TO WHAT  
[01:11:19] EXPECTED. IT'S JUST SOMETIMES THERE'S AN  
[01:11:21] ERROR MADE IN TERMS OF CONFORMANCE AND  
[01:11:24] WE END UP WITH AN EXPOSURE HERE.  
[01:11:27] ALSO, WE TOOK VERY SERIOUSLY WITH REGARD  
[01:11:29] TO LOOKING AT THIS VERY COMPREHENSIVELY  
[01:11:31] IMMEDIATELY IN TERMS OF OUR CONTROL  
[01:11:34] CENTRIC, LEAN PROCESS IMPROVEMENT  
[01:11:36] INITIATIVE CONTROL CENTRIC. SO WE  
[01:11:39] LEVERAGED THE EXPERTISE OF THE LEAN  
[01:11:42] SPECIALIST OF THE OFFICE OF STRATEGIC  
[01:11:44] INITIATIVES TO FACILITATE A  
[01:11:46] COMPREHENSIVE REVIEW WITH REGARD TO  
[01:11:48] MITIGATING FURTHER RISK AND ENHANCING  
[01:11:51] CONTROLS AND COORDINATING OUR PROCESSES.  
[01:11:54] AND INVOLVED A DEDICATED INVOLVEMENT BY  
[01:11:57] MANY PROFESSIONALS FROM THE CENTRAL  
[01:11:59] PROCUREMENT OFFICE AS WELL AS THE  
[01:12:01] ACCOUNTING FINANCIAL REPORTING  
[01:12:02] DEPARTMENT AS WELL. AND THE TEAM HAS  
[01:12:05] IDENTIFIED MANY IMPROVEMENTS. MANY HAVE  
[01:12:07] BEEN IMPLEMENTED IMMEDIATELY THUS FAR TO



[01:12:10] TIGHTEN UP THE CONTROLS IN OUR  
[01:12:11] ENVIRONMENT.  
[01:12:16] I JUST LIKE TO ADDRESS A COUPLE OF  
[01:12:18] THINGS THEN. WITH REGARD TO THE  
[01:12:19] REFERENCE TO 58 EMPLOYEES, I JUST NEED  
[01:12:23] TO CLARIFY HERE THAT IT'S NOT BROUGHT  
[01:12:25] ANYBODY AT THE PORT OF SEATTLE CAN DO  
[01:12:27] THIS STUFF. IN TERMS OF ENTERING THERE'S  
[01:12:29] MADE REFERENCE TO 58 EMPLOYEES CAN ADD  
[01:12:33] OR MODIFY SUPPLY INFORMATION NO  
[01:12:35] EMPLOYEES CAN ADD OR MODIFY. AND PRECISE  
[01:12:38] THAT THE SECOND PART OF THE EXPLANATION.  
[01:12:39] TURN AUDIT ONLY WHEN IT'S AFTER IT IS  
[01:12:43] VETTED AND APPROVED. BUT THE 15  
[01:12:44] EMPLOYEES ARE REALLY PREDOMINANTLY IN  
[01:12:46] THE CENTRAL PREGNANT OFFICE AND THESE  
[01:12:48] ARE PROFESSIONALS THAT ARE INVOLVED WITH  
[01:12:50] THE PROCUREMENT AND THE LIGHTING OF THE  
[01:12:52] CONTRACTS. AND THROUGH THAT PROCESS IS A  
[01:12:54] RELIABLE PROCESS TO SECURE SUPPLIER  
[01:12:57] INFORMATION. AND SO WITH REGARD TO THE  
[01:13:00] SOURCE OF INFORMATION, IT IS  
[01:13:01] PREDOMINANTLY FROM THE CENTRAL  
[01:13:04] PROCUREMENT OFFICE BUYERS THAT HAVE THE  
[01:13:06] DIRECT VENDOR RELATIONS THAT ESTABLISH  
[01:13:09] THE MORE RELIABLE PROCESS TO OBTAIN  
[01:13:10] SUPPLIER INFORMATION. WHAT WE'VE DONE  
[01:13:13] HERE AT PARALLEL INTERNAL AUDIT  
[01:13:15] RECOMMENDATION IS REQUIRED FIELDS  
[01:13:18] THERE'S MENTIONED WITH REGARD TO THE  
[01:13:19] SUPPLIER DATA FILE NOT BEING TOTALLY  
[01:13:21] COMPLETE. IT'S A REQUIRED FIELD NOW. SO  
[01:13:24] WHAT WE'VE DONE BASICALLY IS IMPLEMENTED  
[01:13:25] IN TWO STEPS TO ENSURE THAT IT'S  
[01:13:27] IMMEDIATE IMPLEMENTATION OF EFFECTIVE  
[01:13:29] CONTROL. WE BUY BUSINESS PROCESS. WE  
[01:13:33] RECEIVE A REQUEST TO ESTABLISH OR  
[01:13:36] MAKE CHANGES TO A SUPPLIER. THE BUSINESS  
[01:13:39] PROCESS IS IF WE FIND THAT THE  
[01:13:41] INFORMATION THAT'S REQUIRED IS A  
[01:13:43] COMPLETE DENIED AND SENT BACK TO  
[01:13:46] THE REQUESTER PRIMARILY IN THE CENTRAL  
[01:13:49] PREMIERE OFFICE TO OBTAIN THAT  
[01:13:51] INFORMATION, WE HAVE SINCE LEVERAGE  
[01:13:53] TECHNOLOGY TO IMPLEMENT A PROCESS  
[01:13:57] IN THE SYSTEM THAT'S CALLED REQUIRED  
[01:13:59] FIELDS AND THAT PARALLELS INTERNAL  
[01:14:01] ARTIST RECOMMENDATIONS AS WELL. WHEN YOU  
[01:14:04] SET UP A SUPPLIER, THESE ARE FIELDS YOU  
[01:14:07] MUST ENTER OR YOU CANNOT GO TO THE NEXT  
[01:14:09] STEP OF INITIATING A REQUEST TO SET UP  
[01:14:11] OR MAKE CHANGES TO THE SUPPLIER.  
[01:14:15] WHAT KEY BENEFIT IT PROVIDES HERE IS  
[01:14:19] THAT WE ARE ABLE TO ONLY SOURCE ONE  
[01:14:21] PLACE FOR VENDOR CONTACT PHONE NUMBER,  
[01:14:23] WHICH IS THE VENDOR DATA FILE AND THAT'S  
[01:14:27] SUPPORTED IN TERMS OF COMPLETENESS  
[01:14:29] THROUGH THE REQUIRED DATA FIELDS AND  
[01:14:31] PRACTICE NOW. AND SO WHEN WE GO  
[01:14:34] THROUGH THE PROCESS, THROUGH THE  
[01:14:36] ACCOUNTING DEPARTMENT TO PICK UP THE  
[01:14:38] PHONE, WE SOURCE THAT INFORMATION IN  
[01:14:41] TERMS OF THE CONTACT NUMBER AND THE NAME

[01:14:42] AND THE PORT CENTRAL DATA FILE FOR  
[01:14:45] SUPPLIERS THAT WE HAVE A RELIABLE  
[01:14:48] PROCESS IN TERMS OF MOVING FORWARD.  
[01:14:51] AND ONE INTERESTING POINT COMMISSIONER  
[01:14:55] JOE MENTIONED WITH REGARD TO CAN'T WE  
[01:14:57] PUT THE ONUS ON THE VENDORS TO THE PORT  
[01:15:01] INTO ENSURING VALIDITY OF THE  
[01:15:03] INFORMATION? AND SO WE HAVE BEEN  
[01:15:06] PROGRESSIVE AND MOVING AND WE WON'T STOP  
[01:15:08] UNTIL WE TIGHTEN UP CONTROLS. AND WE'RE  
[01:15:10] FINDING THAT THIS IS EMAIL COMPROMISE.  
[01:15:12] WHAT HAS BEEN REFERRED TO HERE IS A HIGH  
[01:15:15] RISK ENVIRONMENT FOR THE PORT OF SEATTLE  
[01:15:17] OR ANY ENTITY WHEN WE HAVE TO TRAIN  
[01:15:19] EMPLOYEES TO LOOK FOR PDF, JPEGs, BAD  
[01:15:21] ENGLISH, AND SO WHAT WE'RE TRYING TO  
[01:15:25] JUST FIND A WAY TO REDUCE THE AMOUNT OF  
[01:15:27] COMMUNICATION, IN FACT MITIGATE WITH  
[01:15:30] VENDORS. AND SO WE'RE LOOKING AT  
[01:15:33] IMPLEMENTING AND THAT'S THE SUPPORT OF  
[01:15:35] INFORMATION COMMUNICATION TECHNOLOGY  
[01:15:36] DEPARTMENT LEVERAGING THE PEOPLE'S  
[01:15:40] FINANCIAL SYSTEM, THE FRONT END CALLED  
[01:15:42] VENDOR CONNECT AND WE ARE GOING TO  
[01:15:44] ESTABLISH A BUSINESS PROCESS THAT THEY  
[01:15:46] WILL NOT BE COMMUNICATED THROUGH THE  
[01:15:48] EMAIL, BUT WE WOULD REQUIRE THE VENDOR  
[01:15:50] TO ENTER INTO VENDOR CONNECT, ENTER  
[01:15:53] THEIR DATA. THEN WE WOULD ACCESS THE  
[01:15:56] CONTACT INFORMATION FOR THE VENDOR  
[01:15:58] SUPPLIER AND THEN WE WOULD THEN CONTACT  
[01:16:00] THE SUPPLIER VENDOR WITH REGARD TO  
[01:16:03] VALIDATING AND VETTING THE REQUEST.  
[01:16:06] MOVING FORWARD, BUT WE'RE MOVING FORWARD  
[01:16:08] TO REDUCE THE AMOUNT OF EMAIL BECAUSE  
[01:16:10] THIS IS JUST TOO RIPE FOR FRAUD. WITH  
[01:16:12] REGARD TO BEING SPOOFED TOO EASY BEING  
[01:16:15] SPOOKED. NO MATTER HOW WELL YOU'RE  
[01:16:16] TRAINED, THERE'S THE RISK OF NOT SEEING  
[01:16:19] WHAT YOU'RE SUPPOSED TO BE SEEING THAT  
[01:16:21] YOU'RE TRAINED AND IT'S A COMPLEX  
[01:16:23] EXPECTATION OF EVERYONE. THE OTHER  
[01:16:26] HOWEVER, I DO RESPECT WITH REGARD TO THE  
[01:16:29] 58 EMPLOYEES MENTIONED, ALTHOUGH THEY DO  
[01:16:33] NOT HAVE THE ABILITY TO DIRECTLY MODIFY  
[01:16:35] OR ADD A CHANGE, THEY HAVE TO GO TO THE  
[01:16:36] VETTING PROCESS AND THEY ARE  
[01:16:38] APPROPRIATELY SET WITH REGARDS TO  
[01:16:40] PROFESSIONALS IN THE CENTRAL PROCUREMENT  
[01:16:42] OFFICE REGARD TO PROCUREMENT CONTRACTS  
[01:16:44] ADMINISTRATION LETTING. WHAT WE'RE DONE  
[01:16:48] THOUGH ALREADY IS WE REMOVED THE ABILITY  
[01:16:51] FOR ANYONE TO INPUT ACH BANKING  
[01:16:53] INFORMATION THAT HAS BEEN REDUCED TO A  
[01:16:56] TEAM WITHIN THE ACCOUNTS PAYABLE  
[01:16:57] LEADERSHIP TEAM AND THEY WOULD HAVE THE  
[01:17:00] DIRECT COMMUNICATION WITH THE SUPPLIER  
[01:17:02] VENDOR CONTRACTOR IN TERMS OF  
[01:17:04] ESTABLISHING THE ACH BANKING ACCOUNT  
[01:17:06] INFORMATION IN THE SYSTEM. AND THEY  
[01:17:09] WOULD ALSO INDEPENDENTLY MAKE THE CALL  
[01:17:10] THAT'S THE FIRST CALL I MENTIONED WITH  
[01:17:12] REGARDS TO THE SECOND CALL WOULD BE BY

[01:17:15] THE ACCOUNTING, FINANCE, REPORTING OR  
[01:17:18] SERVICES TEAM TO VALIDATE AND EITHER  
[01:17:21] APPROVE OR DENY THE CHANGE AS WELL. SO  
[01:17:24] WE ARE MAKING PROGRESS WITH REGARD TO  
[01:17:27] REDUCING EXPOSURE. AND IN FACT, WITH  
[01:17:30] REGARD TO THIS REDUCTION, NOBODY CAN SEE  
[01:17:32] THE BANKING ACCOUNT INFORMATION ANYMORE.  
[01:17:34] WE HAVE CLOSED THAT OUT IN TERMS OF  
[01:17:36] SUPPLIER DATA FILE, IT'S ONLY  
[01:17:37] EXCLUSIVELY AVAILABLE TO THE FOUR TO  
[01:17:40] FIVE TEAM MEMBERS IN THE ACCOUNTING  
[01:17:42] DEPARTMENT. SO WE'RE PROTECTING SUPPLIER  
[01:17:44] INFORMATION AS WELL. SO IF YOU COULD  
[01:17:47] LOOK AT THE VARIOUS RECOMMENDATIONS,  
[01:17:48] YOU'LL SEE THAT WE HAVE COMPLETED MANY  
[01:17:50] OF THEM. MANY OF THEM HAVE PARALLELED  
[01:17:53] WHAT HAS COME UP WITH OUR CONTROL  
[01:17:57] CENTRIC LEAN PROCESS IMPROVEMENT TEAM.  
[01:18:00] AND I LIKE TO ALSO MENTION THAT THE PORT  
[01:18:02] OF SEATTLE IS VERY PROACTIVE WITH REGARD  
[01:18:06] TO PROTECTING PUBLIC FUNDS. WE'RE NOT  
[01:18:08] ONLY FOCUSED ON PREVENTATIVE CONTROLS,  
[01:18:11] BUT WE UNDERSTAND LIFE IS NOT PERFECT  
[01:18:13] AND WE ARE GOING TO END UP IN SITUATIONS  
[01:18:15] WHERE THERE ARE POTENTIAL LOSSES AND WE  
[01:18:17] KEEP THEM TO A MINIMUM. AND I'M GLAD  
[01:18:18] THIS HAS BEEN KEPT TO A MINIMUM. AND  
[01:18:21] OVER THE YEARS, WE APPROVED OUR  
[01:18:23] COMMITMENT TO PUBLIC ACCOUNTABILITY OVER  
[01:18:25] PUBLIC FUNDS, BUT NEVERTHELESS, THINGS  
[01:18:28] CAN HAPPEN. SO THE PORT IS VERY  
[01:18:30] PROACTIVE AND WE HAVE CRIME  
[01:18:34] INSURANCE IN PLACE, AND ON THESE TWO  
[01:18:36] INSTANCES, THERE'S A \$25,000  
[01:18:40] DEDUCTIBLE, BUT IT'S BEING COVERED BY  
[01:18:42] INSURANCE. SO THERE'S NOT GOING TO BE A  
[01:18:44] PUBLIC FUNDS LOST BEYOND THE DEDUCTIBLE  
[01:18:46] ON THIS. THAT'S THE FALLBACK THAT WE'RE  
[01:18:48] LEVERAGING IN THE PORT OF SEATTLE'S RISK  
[01:18:50] MANAGEMENT OFFICE IS NOW IN ACTIVE  
[01:18:53] DISCUSSIONS WITH REGARD TO THE INSURER,  
[01:18:56] AND WE'RE AT A POINT OF PROVIDING  
[01:18:57] DOCUMENTATION. SO WE CAN SHOW THAT UP IN  
[01:18:59] TERMS OF COVERAGE AS WELL AND IN TERMS  
[01:19:03] OF DETECTIVE CONTROLS, I DEFINITELY  
[01:19:04] EMBRACE INTERNAL AUDITS RECOMMENDATIONS.  
[01:19:07] HOW WE CAN MOVE FORWARD. AGAIN, THOUGH,  
[01:19:09] WE ALL ACKNOWLEDGE THAT PREVENTATIVE  
[01:19:10] CONTROLS ARE THE BEST AND AVOIDANCE  
[01:19:12] CONTROLS ARE THE BEST AS WELL, AND  
[01:19:14] THAT'S WHAT WE'RE FOCUSING ON. BUT  
[01:19:16] NEVERTHELESS, WE CAN HAVE SECONDARY  
[01:19:17] AWARENESS THROUGH DETECTIVE CONTROLS.  
[01:19:19] WE WILL WORK WITH INTERNAL AUDIT TO SEE  
[01:19:21] WHAT CAN BE REASONABLY PROVIDED. WE CAN  
[01:19:23] EASILY SHOOT EMAILS TO THE VENDORS, BUT  
[01:19:25] THE PROBLEM IS SOME MAY NOT READ IT,  
[01:19:28] SOME MAY NOT RESPOND. WE HAVE THAT  
[01:19:30] EXPERIENCE WITH THE  
[01:19:34] VETTING OF THE BANK ACCOUNT AND CHANGES  
[01:19:38] WITH REGARD TO THAT. WE DON'T ALWAYS GET  
[01:19:42] RESPONSES BACK FROM SUPPLIERS AS WELL,  
[01:19:44] AND THAT'S AN INDEPENDENT ISSUED EMAIL,

[01:19:47] BUT NEVERTHELESS, THERE'S MERIT TALKING  
[01:19:49] ABOUT DETECTIVE CONTROLS, ALTHOUGH WE  
[01:19:51] ARE PRIMARILY FOCUSED ON PREVENTATIVE  
[01:19:53] AND AVOIDANCE CONTROLS AS WELL.  
[01:19:57] COMMISSIONER MOHAMED HAS A QUESTION.  
[01:19:59] YES, THANK YOU,  
[01:20:03] FIRST OF ALL, FOR ALL OF THE HELPFUL  
[01:20:05] INFORMATION THAT YOU'VE PROVIDED THUS  
[01:20:06] FAR. I JUST HAD A QUICK QUESTION. WHAT  
[01:20:09] IS THAT DEDUCTIBLE AMOUNT? I KNOW YOU  
[01:20:11] SAID WE HAVE INSURANCE. THAT'S RIGHT  
[01:20:13] NOW. YES, COMMISSIONER. IT'S \$25,000  
[01:20:16] DEDUCTIBLE FOR EACH INCIDENT, SO IT'D  
[01:20:19] BE A \$50,000 EXPOSURE HERE AGAINST  
[01:20:23] PROBABLY \$580,000 EXPOSURE, WHICH THE  
[01:20:26] NET IS BEING COVERED BY INSURANCE. WHEN  
[01:20:29] WE BECAME AWARE OF THIS. WE'RE AWARE OF  
[01:20:31] NEEDING TO LEVERAGE THE INSURANCE  
[01:20:33] COVERAGE. SO WE HAVE ALREADY ACCRUED  
[01:20:35] THIS AGAINST THE 2021 BUDGET AND  
[01:20:37] EXPENSE. AND WHEN WE MAKE PAYMENT AND WE  
[01:20:41] ARE PROCEEDING AS WELL. IN YOUR INTEREST  
[01:20:43] TO YOUTH OPPORTUNITY INITIATIVES  
[01:20:44] PROGRAM, WE AYE VERY SENSITIVE TO THE  
[01:20:47] CASH FLOW CHALLENGES THAT WE PULL SO WE  
[01:20:50] DON'T GET THE MONEY TO ORGANIZATIONS  
[01:20:53] IN OUR COMMUNITY AS TIMELY AS POSSIBLE.  
[01:20:56] EXECUTIVE DIRECTOR METRUCK AND AFTER  
[01:20:58] BEING CONSULTED WITH THE PORT POLICE  
[01:21:01] WITH REGARD TO OUR INVESTIGATION AND  
[01:21:03] LEGAL, WE FIND IT APPROPRIATE TO RELEASE  
[01:21:06] PAYMENTS FOR THE FUNDS THAT WERE  
[01:21:07] UNFORTUNATELY DIVERTED TO THE FRAUD  
[01:21:09] PAYMENTS. AND WE'RE MOVING TO MAKE  
[01:21:12] PAYMENT TO URBAN LEAGUE OF METROPOLITAN  
[01:21:14] SEATTLE, AS WELL AS SEATTLE PARTS  
[01:21:16] FOUNDATION NEXT WEEK. WE'RE GOING TO DO  
[01:21:19] IT IN A MORE SAFE WAY, THOUGH. ANYTHING  
[01:21:20] UNDER INVESTIGATION. I SHUT DOWN THE  
[01:21:23] ABILITY TO PAY BY ACH UNTIL THE  
[01:21:26] INVESTIGATION. WHAT WE'RE DOING IS WE'RE  
[01:21:27] CUTTING CHECKS AND THERE'S GOING TO BE A  
[01:21:30] DELIVERY OF THE CHECK TO A KNOWN CONTACT  
[01:21:33] OF EACH OF THE AGENCIES TO THE  
[01:21:35] REPRESENTATIVE AND ECONOMIC DEVELOPMENT  
[01:21:38] WITH REGARD TO THE HANDING OF THE CHECK.  
[01:21:41] AND THAT WILL HAPPEN NEXT WEEK AS WELL  
[01:21:42] TO PROTECT THE PORT OF SEATTLE.  
[01:21:48] THAT'S HELPFUL. I HAVE ONE OTHER  
[01:21:52] QUESTION. I THINK NOW MORE THAN EVER,  
[01:21:55] WE HAVE TO EXERCISE HEIGHTENED AWARENESS  
[01:21:59] WITH JUST EVEN JUST THE THREATS THAT WE  
[01:22:01] ARE SEEING FROM RUSSIA. SO I'M ALSO  
[01:22:04] WONDERING IF THERE IS AND THIS MIGHT BE  
[01:22:08] A QUESTION THAT WAS FOR BRUCE. I THINK  
[01:22:11] EARLIER HE SAID THERE IS YEARLY  
[01:22:14] TRAINING, THE PHISHING TRAININGS FOR  
[01:22:16] STAFF MEMBERS. IS THAT CORRECT?  
[01:22:20] THAT'S CORRECT. BRUCE, YOU WANT TO JUMP  
[01:22:22] IN AND ANSWER THAT QUESTION?  
[01:22:25] IT IS FOR ALL PORT EMPLOYEES, NOT  
[01:22:27] CONTRACTORS, BUT PORT EMPLOYEES. OKAY,  
[01:22:30] THAT'S GREAT. SO I'M JUST WONDERING, IN

[01:22:32] THIS SORT OF UNPRECEDENTED TIME THAT  
[01:22:34] WE'RE IN, IF WE ARE CONSIDERING  
[01:22:39] INCREASING THAT TO A MORE QUARTERLY  
[01:22:42] BASIS,  
[01:22:46] ARE WE CONSIDERING ADDING MORE REGULAR  
[01:22:49] FISHING EXERCISES ACROSS THE PORT  
[01:22:52] FOR EMPLOYEES? I'M THINKING OF THINGS  
[01:22:55] LIKE A TEST THAT MAYBE INVOLVES AN EMAIL  
[01:22:58] THAT GETS SENT TO AN EMPLOYEE THAT MAYBE  
[01:23:01] RESEMBLES A MALICIOUS ATTEMPT TO  
[01:23:05] GAIN THAT EMPLOYEES LOG IN AND IF  
[01:23:09] THEY DO CLICK THE LINK OR SOMETHING  
[01:23:12] ALONG THOSE LINES AND PROVIDE THEIR  
[01:23:14] INFORMATION, AND THEN THEY'RE ASSIGNED A  
[01:23:16] PREVENTATIVE PHISHING TRAINING IN ONE OF  
[01:23:19] OUR PLATFORMS, BUT DOING THAT MORE SO ON  
[01:23:21] A QUARTERLY BASIS AND NOTIFYING  
[01:23:25] THEIR SUPERVISOR OR THEIR MANAGER TO  
[01:23:29] JUST MAKE SURE THAT WE ARE RECOGNIZING  
[01:23:32] THAT WE SHOULD BE EXERCISING JUST  
[01:23:34] HEIGHTENED AWARENESS AND ENSURING THAT  
[01:23:37] THIS IS ON THE TOP OF OUR EMPLOYEE'S  
[01:23:40] MIND. WHILE THESE TRAININGS CAN'T  
[01:23:42] PREVENT FRAUD FROM HAPPENING OR  
[01:23:45] THESE SORT OF SCAMS FROM HAPPENING, I  
[01:23:48] THINK WE ARE IN A VERY UNUSUAL TIME  
[01:23:50] WHERE WE'RE SEEING THIS FRAUD ACROSS  
[01:23:53] AGENCIES. SO IS THERE SOME CONSIDERATION  
[01:23:56] TO MOVE THAT TRAINING FROM ONE YEAR TO  
[01:23:59] MORE GOOD POINTS. I THINK  
[01:24:02] RON JIMMERSON HAS THE ANSWER FOR YOU.  
[01:24:05] GO AHEAD, RON. JEFFERSON, INFORMATION  
[01:24:08] SECURITY HERE AGAIN ON COMMISSION. YES.  
[01:24:10] WE ACTUALLY HAVE BEEN CONDUCTING  
[01:24:12] QUARTERLY FISHING EXERCISES SINCE LAST  
[01:24:15] YEAR. WE ACTUALLY CREATED A BASELINE OF  
[01:24:19] THE LEVEL OF VULNERABILITY THAT WE FOUND  
[01:24:21] OUR EMPLOYEES TO BE AT. AND AS OF THIS  
[01:24:24] YEAR, WE REDUCED THAT BY 15%.  
[01:24:27] SO THE ACTUAL NUMBER WE WERE UP TO ABOUT  
[01:24:31] 21% LAST YEAR OF OUR EMPLOYEES  
[01:24:35] BEING VULNERABLE TO THESE TYPES OF  
[01:24:36] ATTACKS. WE'VE GONE THROUGH A MASSIVE  
[01:24:38] AND PRETTY AGGRESSIVE INFORMATION  
[01:24:41] AWARENESS TRAINING, AND WE BOUGHT MORE  
[01:24:44] TO THE FOREFRONT. AND WE'RE NOT JUST  
[01:24:46] PROVIDING TRAINING THROUGH OUR LMS  
[01:24:47] SYSTEMS, WE'RE DOING IT IN A HOLISTIC  
[01:24:50] MANNER WHERE WE'RE TRYING TO REALLY  
[01:24:52] SHAPE THE CULTURE AROUND AN AWARENESS  
[01:24:55] AND HOW WE'VE DONE THAT, AYE THROUGH  
[01:24:58] SPECIAL MESSAGING THROUGH OUR EMPLOYEES,  
[01:25:00] ESPECIALLY WHEN WE RECEIVE INTELLIGENCE  
[01:25:03] TO HAVE HEIGHTENED AWARENESS AND THINGS  
[01:25:05] THAT ARE TAKING PLACE AROUND OUR  
[01:25:07] ORGANIZATION. WE HAVE SEMINARS THAT WE  
[01:25:11] CONDUCT ON A MONTHLY BASIS, USER  
[01:25:13] AWARENESS TRAINING. WE'VE GOT A  
[01:25:16] SHAREPOINT SITE THAT OFFERS A VARIETY OF  
[01:25:18] RESOURCES AND TOOLS THAT PEOPLE CAN  
[01:25:20] CONNECT WITH, AND WE ARE PERSONALLY  
[01:25:22] CONNECTING WITH THOSE THAT WE THINK AYE  
[01:25:24] VERY INVULNERABLE POSITIONS THAT WE KNOW

[01:25:27] WE NEED TO WORK WITH A LITTLE BIT MORE  
[01:25:28] AND THINGS LIKE THAT. SO IT'S AN ONGOING  
[01:25:30] CAMPAIGN TO MAKE SURE THAT OUR FOLKS ARE  
[01:25:32] STAYING CURRENT AND INDIVIDUAL. AND I'LL  
[01:25:34] JUST ADD VERY QUICKLY, OUR LEARNING  
[01:25:36] MANAGEMENT SYSTEM. WE HAVE RECENTLY  
[01:25:40] SWITCHED VENDORS, SO WE'RE GOING TO BE  
[01:25:43] PROVIDING SOME TRAINING THAT'S A LITTLE  
[01:25:44] BIT MORE ROUNDED AROUND USER BEHAVIOR  
[01:25:47] FROM WHAT WE SEE ON OUR PART AS WELL.  
[01:25:50] SO SOME OF THE NUMBERS AND THINGS LIKE  
[01:25:51] THAT THAT FOLKS SHOW UP ON TRAINING  
[01:25:54] AREN'T ACTUALLY ACCURATE BECAUSE OF THE  
[01:25:56] WAY OUR LMS SYSTEM WAS UPGRADED LAST  
[01:25:58] YEAR. SO WE'RE STILL WORKING THE BUGS  
[01:26:00] OUT OF ALL THAT JUST TO SEE EXACTLY  
[01:26:02] WHERE WE ARE. BUT WE'VE GOT SOME  
[01:26:04] MECHANISMS THAT WE'RE PUTTING IN PLACE  
[01:26:05] TO MAKE SURE THAT WE'RE MONITORING WHO  
[01:26:07] SAID WHAT KIND OF THING. SO I HOPE THAT  
[01:26:09] ANSWERS YOUR QUESTION THAT DOES THAT'S  
[01:26:12] SUPER HELPFUL. AS STEWARDS OF PUBLIC  
[01:26:16] DOLLARS, I THINK IT'S GREAT FOR THE  
[01:26:17] PUBLIC TO HEAR THIS AS WELL. THAT AS A  
[01:26:20] PORT WORK, CONTINUING TO BE TRANSPARENT  
[01:26:22] AND HAVING THESE CHANNELS IN PLACE TO  
[01:26:25] ENSURE THAT OUR EMPLOYEES AYE TRAINED  
[01:26:28] AND THEY KNOW WHAT'S HAPPENING OUT THERE  
[01:26:31] AS WELL. AND IT'S ALSO GOOD TO KNOW  
[01:26:35] THAT WE'RE CONTINUING TO WORK WITH LAW  
[01:26:38] ENFORCEMENT AND SECURITY STAFF ON  
[01:26:39] INVESTIGATING THESE TYPES OF CRIMES WHEN  
[01:26:41] THEY DO HAPPEN. SO THANK YOU FOR ALL THE  
[01:26:43] INFORMATION YOU'VE ALL PROVIDED. CAN I  
[01:26:46] ALSO ADD REAL QUICKLY, WE EMBARKED ON AN  
[01:26:48] INITIATIVE FOR EMPLOYEE COMMITMENT AND  
[01:26:50] CYBER SECURITY WHERE EMPLOYEES WOULD  
[01:26:52] SIGN UP AND MAKE A PLEDGE THAT THEY  
[01:26:53] WOULD DO THEIR PART TO BE VIGILANT IN  
[01:26:56] THIS PROCESS. AND I DON'T HAVE THE EXACT  
[01:26:58] NUMBERS, BUT WE HAVE A VERY LENGTHY LIST  
[01:27:01] OF INDIVIDUALS THAT HAVE GONE OUT OF  
[01:27:02] THEIR WAY TO COMMIT THEMSELVES TO BEING  
[01:27:04] PART OF THIS EFFORT. YEAH.  
[01:27:08] ALSO IN THE INTEREST OF TIME, MICHELLE  
[01:27:10] JUST PINNED US AND SAID, WE'RE RUNNING  
[01:27:11] UP AGAINST OUR TIME. RON, ARE YOU GOING  
[01:27:14] TO DISCUSS THE LAST ISSUE RESPONSE OR  
[01:27:17] RUDY, IS RUDY GOING TO I CAN TAKE THAT  
[01:27:20] OVER. I TRIED TO PREVIEW SOME OF THAT,  
[01:27:22] BUT GOING BACK TO CREATING AND SHAPING  
[01:27:25] THE CULTURE OF CYBERSECURITY. SO THE  
[01:27:27] LEARNING MANAGEMENT SYSTEM WAS UPGRADED  
[01:27:29] IN JUNE LAST YEAR. THERE HAVE BEEN SOME  
[01:27:31] BUGS INTO THAT. SO WE'RE NOT ACTUALLY  
[01:27:33] GETTING ACCURATE REPORTS AS TO WHO'S  
[01:27:35] RECEIVING THE RETRAINING. AND I THINK  
[01:27:38] COMMISSIONER CHO WAS A VICTIM OF HATE  
[01:27:40] AS WELL. BUT ONCE THIS NEW SYSTEM THAT  
[01:27:42] WE HAVE IN PLACE, ONCE WE GET THAT ALL  
[01:27:45] PULL UP AND RUNNING, WE'RE GOING TO GET  
[01:27:46] A LITTLE BIT MORE ACCURATE LISTING OF  
[01:27:48] NOT ONLY WHO'S HAD THE TRAINING, BUT HOW



[01:27:50] WE CAN MONITOR THAT BETTER. SO WE PUT IN  
[01:27:51] THE PROCESS IN FOR THAT. AND GOING BACK  
[01:27:54] TO THE AFR FOLKS IN PURCHASING AND  
[01:27:59] CPO SERVICE AGREEMENTS AND THINGS LIKE  
[01:28:01] THAT, WE HAVE ALREADY CONDUCTED SPECIAL  
[01:28:04] TRAINING FOR THOSE FOLKS BASED OFF THE  
[01:28:06] RECOMMENDATIONS OF THE AUDIT TEAM. SO WE  
[01:28:10] FOLLOWED THAT. WE'VE COMPLETED THAT.  
[01:28:11] AND THEN I SPOKE ALREADY ABOUT THE  
[01:28:13] EFFICIENT CAMPAIGN THAT WE RAN LAST  
[01:28:15] MONTH BEEN INVOLVED ABOUT OVER TWO,  
[01:28:19] 2000 HUNDRED PERSONNEL, AND THEN JUST  
[01:28:22] ONCE AGAIN DID THE RESOURCES THAT WE  
[01:28:23] HAVE OUT THERE. THIS IS AN ONGOING  
[01:28:26] PROCESS AND IT'S A CONTINUING CAMPAIGN  
[01:28:29] WHICH IS SUPPOSED TO BE. SO IF YOU'VE  
[01:28:31] GOT ANY QUESTIONS, I'M HERE TO ANSWER.  
[01:28:35] AND RUDY, WE'RE ABOUT OUT OF TIME. I SEE  
[01:28:37] YOUR HAND UP. DO YOU WANT ANY FINAL  
[01:28:39] COMMENTS? YES. THANK YOU SO MUCH,  
[01:28:41] GLENN. NOW, I JUST WANT TO EMPHASIZE  
[01:28:44] WHAT RON JUST INDICATED THERE. AND WE  
[01:28:45] MADE IT A TOP PRIORITY, REALIZING THAT  
[01:28:48] IT WASN'T A COMPLETE RECORD WITH THE GUY  
[01:28:49] WHO WAS TRAINED. AND WE MADE A TOP  
[01:28:51] PRIORITY TO TRAIN BOTH ALL OF THE AFR  
[01:28:54] DEPARTMENT STAFF AS WELL AS CPU STAFF  
[01:28:56] AND AS WELL AS THEM. JUST TWO AND A HALF  
[01:28:58] YEARS AGO, AFR STAFF WAS A MANDATORY  
[01:29:01] TRAINING AS WELL ON SECURITY. IT'S JUST  
[01:29:03] BEEN A GAP WITH REGARD TO THIS, BUT  
[01:29:05] WE'RE TAKING TRAINING VERY SERIOUSLY.  
[01:29:06] THANK YOU, GLENN. I NEED TO PASS SO THAT  
[01:29:08] WE CAN RESPECT THE TIME FOR  
[01:29:10] COMMISSIONER, BUT THANK YOU SO MUCH,  
[01:29:13] COMMISSIONER CHO AND MOHAMED, FOR YOUR  
[01:29:15] INSIGHT GUIDANCE. AND JUST PLEASE BE  
[01:29:17] SURE. AND I NEED TO EMPHASIZE THIS IN  
[01:29:19] PUBLIC TO THE PUBLIC. LISTEN TO THIS.  
[01:29:21] WE ARE VERY COMMITTED TO PUBLIC  
[01:29:23] ACCOUNTABILITY AND INTEGRITY, AND WE  
[01:29:25] HAVE DEMONSTRATED THAT WE JUST BEEN  
[01:29:27] SPOOKED HERE, BUT WE'RE NOT GOING TO LET  
[01:29:29] THIS HAPPEN AGAIN. MICHELLE,  
[01:29:32] IF YOU CAN ADVANCE US TO THE FIRE  
[01:29:35] STATION, THE NEXT AUDIT, COUPLE NEXT  
[01:29:37] SLIDE. KEEP GOING. ONE MORE AND  
[01:29:45] ONE MORE. OKAY, I'M JUST CATCHING  
[01:29:49] UP IN HERE. THERE WE GO. THERE WE GO.  
[01:29:53] SO, COMMISSIONER, UNLESS YOU HAVE ANY  
[01:29:55] OTHER QUESTIONS ON ACH,  
[01:29:58] I WILL NOTE, THOUGH, ON THAT, JUST ONE  
[01:30:01] CLOSING COMMENT. WHEN YOU DO GO BACK TO  
[01:30:03] INSURANCE COMPANIES, THEY GENERALLY  
[01:30:06] OFTEN GET YOU BACK BY RAISING YOUR  
[01:30:07] RATES. SO THE BEST CONTROL IS TO HAVE  
[01:30:11] STRONG FINANCE CONTROLS. AS RUDY SAID  
[01:30:16] ON THIS AUDIT, WE PARTNERED WITH JANISON  
[01:30:18] AND HER TEAM IN CONSTRUCTION MANAGEMENT.  
[01:30:21] WE HAVE A REALLY GOOD WORKING  
[01:30:22] RELATIONSHIP WITH THEM. THEY MANAGE  
[01:30:26] THE CONSTRUCTION OF PROJECTS.  
[01:30:29] WHEN YOU DECIDE TO BUILD SOMETHING LIKE

[01:30:31] FIRE STATION, THERE ARE MANY GROUPS  
[01:30:32] INVOLVED. THERE'S PROGRAM MANAGEMENT,  
[01:30:35] THERE'S EXECUTIVE, AND THEN THERE'S THE  
[01:30:37] FIRE DEPARTMENT. BUT WHEN THE  
[01:30:39] CONSTRUCTION IS BEING DONE, I BELIEVE  
[01:30:40] THAT ALL FALLS INTO JANICE'S TEAM. AND  
[01:30:43] THIS IS WHAT WE DID OVER HERE. WE LOOKED  
[01:30:47] AT THE WEST SIDE FIRE STATION. IT'S A  
[01:30:50] STANDALONE BUILDING, A FIRE STATION NEXT  
[01:30:53] TO THE PACCAR HANGAR ON  
[01:30:56] THE NEXT SLIDE OF THE FIRE STATION. I  
[01:30:59] MEAN NEXT SLIDE OF THE AIRPORT. SO IT'S  
[01:31:00] BY RUNWAY THREE. AND I  
[01:31:04] BELIEVE IN ABOUT 2015.  
[01:31:09] INITIALLY, THERE WAS A NEED IDENTIFIED  
[01:31:11] BECAUSE OF SOME CONSTRUCTION TO GET  
[01:31:14] FIREMEN TO THE MIDDLE OF RUNWAY THREE IN  
[01:31:17] A CERTAIN AMOUNT OF TIME AND COULDN'T BE  
[01:31:19] DONE FROM THE REGULAR FIRE STATION. SO  
[01:31:21] THEY NEEDED A FACILITY. AND LATE 2015,  
[01:31:26] WE RENTED A COUPLE OF ROOMS FOR THEM IN  
[01:31:31] THE PACK OUR HANGAR, AND WE PUT A  
[01:31:35] MAKESHIFT SHELTER FOR THE FIRE METRUCK  
[01:31:37] OVER THERE.  
[01:31:41] AND THERE WAS A PLAN TO  
[01:31:44] BUILD OR LOOK AT IT, CREATE SOME SHELTER  
[01:31:48] FOR THEM. THIS HAS BEEN A LONG PROCESS.  
[01:31:51] IT'S BEEN IN PROCESS FOR A WHILE.  
[01:31:56] IT ORIGINALLY CAME TO THE COMMISSION  
[01:32:00] WITH A MODULAR DESIGN USING  
[01:32:05] DESIGN BID BUILD METHODOLOGY, AND IT WAS  
[01:32:09] ABOUT FIVE AND A HALF MILLION. IT  
[01:32:12] STARTED OFF WITH THAT, BUT THERE WERE  
[01:32:13] SOME CHANGES. IT WENT OUT AS A  
[01:32:17] FULL FLEDGED BUILDING EVENTUALLY AND  
[01:32:21] YOU CAN FROM THE STATE WILL SEE THE  
[01:32:23] BUDGET INCREASES. AND I THINK  
[01:32:26] PART OF THIS IS JUST BECAUSE THE TIME IS  
[01:32:28] TAKEN AND THE CHANGES THAT HAVE  
[01:32:30] OCCURRED. NEXT SLIDE, PLEASE.  
[01:32:36] AND SPENCER, I'M GOING TO HAVE YOU JUMP  
[01:32:39] IN ALSO AS I TALK, I'M GOING TO  
[01:32:40] INTRODUCE YOU BEFORE YOU HAND IT OFF TO  
[01:32:43] JANICE. YOU CAN TALK THROUGH SOME OF THE  
[01:32:45] WORK YOU'VE DONE. SPENCER BRIGHT IS OUR  
[01:32:48] CAPITAL AUDIT MANAGER THAT DID THE WORK  
[01:32:51] HERE. AND HE IDENTIFIED WHEN HE LOOKED  
[01:32:54] AT THIS THAT EVEN BEFORE IT WAS HANDED  
[01:32:57] OFF TO CONSTRUCTION MANAGEMENT, THERE  
[01:32:59] WAS SOME DESIGN WORK THAT WAS DONE WITH  
[01:33:02] ARCHITECTURAL AND ENGINEERING  
[01:33:04] CONSULTANTS THAT DESIGNED THE OLD  
[01:33:08] FACILITY BEFORE IT WAS MOVED TO THE NEW  
[01:33:12] STANDALONE BUILDING. AND THERE WERE SOME  
[01:33:14] SUNK COSTS THERE. ABOUT \$850,460  
[01:33:18] WAS IN DESIGN. THE REST WAS JUST BECAUSE  
[01:33:21] STAFF HAD WORKED A LOT OF TIME WHEN WE  
[01:33:23] CHANGED TRACKS, ESSENTIALLY, THE  
[01:33:26] CONTRACT WITH MACROS WAS EVENTUALLY  
[01:33:28] SIGNED FOR FOUR POINT 95 MILLION.  
[01:33:30] AND THERE AYE SOME CHANGE ORDERS.  
[01:33:33] AND ALTHOUGH MACRO'S EAST CONTRACT ENDED  
[01:33:36] UP AT ABOUT FIVE, SIX IN TOTAL,

[01:33:39] THERE'S A LOT OF SOFT COST. SO WHEN YOU  
[01:33:42] HAVE A PROJECT SITTING OUT THERE FOR A  
[01:33:43] LONG TIME AND THE CONTRACTOR TAKES A LOT  
[01:33:46] OF TIME TO DO IT, THE PORT IN TURN  
[01:33:49] INCURS COSTS. SO THAT'S KIND OF WHY THE  
[01:33:52] BUDGET INCREASES AND THE SOFT COSTS THAT  
[01:33:54] KIND OF RUN UP ACCORDINGLY.  
[01:34:00] THE PROJECT IS WAY BEHIND SCHEDULE ON  
[01:34:03] THE BACKGROUND. SPENCER, ON THIS, IS  
[01:34:05] THERE ANYTHING ELSE YOU WANT TO ADD OR  
[01:34:07] ANYTHING I MISS? NO,  
[01:34:10] THAT SOUNDS GOOD, GLENN. YEAH. SO NEXT  
[01:34:14] SLIDE, PLEASE. AND I'LL HAND IT OVER TO  
[01:34:15] SPENCER, ESPECIALLY OF THIS.  
[01:34:19] I THINK SPENCER RELAYED BACK TO US THAT  
[01:34:22] CONSTRUCTION MANAGEMENT DID EVERYTHING  
[01:34:24] THEY CAN COULD. THEY DID A GREAT JOB.  
[01:34:27] THIS PARTICULAR ISSUE IS ALL MCT.  
[01:34:30] MCT TOOK A LONG TIME AND THEY WERE A  
[01:34:33] VERY DIFFICULT VENDOR TO WORK WITH,  
[01:34:35] FROM WHAT I UNDERSTAND. BUT IN SOME  
[01:34:38] RESPECTS. BUT SPENCER, YOU CAN PROVIDE  
[01:34:40] INSIGHT INTO THAT. GOOD AFTERNOON,  
[01:34:44] COMMISSIONER. AS GLENN MENTIONED, I'M  
[01:34:47] SPENCER BRIGHT, THE CAPITAL PROJECTS  
[01:34:49] AUDIT MANAGER. WE HAD,  
[01:34:54] OUT OF THE ABOUT FIVE AREAS THAT WE  
[01:34:57] REVIEWED, THERE WERE TWO THAT WE HAVE  
[01:35:01] PROVIDED SOME OBSERVATIONS, THE OTHER  
[01:35:04] AREAS WE DIDN'T FIND ANYTHING TO REPORT.  
[01:35:08] EVERYTHING LOOKED GOOD. SO ON THE  
[01:35:13] FIRST ISSUE HERE,  
[01:35:16] MCT HAD NOT COMPLETED THE PROJECT FILE  
[01:35:19] THE CONTRACTUAL SUBSTANTIAL COMPLETION  
[01:35:22] DATE, WHICH RESULTED NOT ONLY IN THE  
[01:35:25] PORT INABILITY TO UTILIZE THE NEW FIRE  
[01:35:28] STATION, BUT THE PORT IS ALSO INCURRING  
[01:35:31] ADDITIONAL OVERSIGHT COSTS. AND THEN SO  
[01:35:35] CONTRACTUALLY, WHEN A CONTRACTOR DOES  
[01:35:37] NOT COMPLETE A PROJECT ON TIME, THE PORT  
[01:35:40] IS ENTITLED TO PURSUE LIQUIDATED DAMAGES  
[01:35:44] TO HELP RECOVER THESE ADDITIONAL COSTS  
[01:35:50] OR FOR THE FIRE STATION, THE PORT  
[01:35:52] CONSTRUCTION MANAGEMENT TEAM PROVIDED  
[01:35:55] MCT MULTIPLE OPPORTUNITIES TO GET THE  
[01:35:59] PROJECT BACK ON TRACK, AND IF THEY HAD  
[01:36:03] DONE THAT, THE PORT WAS WILLING TO  
[01:36:05] FOREGO ASSESSING ANY LIQUIDATED DAMAGES.  
[01:36:08] HOWEVER, MCT WAS UNRESPONSIVE TO  
[01:36:11] THOSE OPPORTUNITIES.  
[01:36:15] FOR PURPOSES OF OUR AUDIT CALCULATION  
[01:36:19] OF LIQUIDATED DAMAGES, WE USED MARCH 31  
[01:36:22] AS THE DATE TO ESTIMATE THAT AT THAT  
[01:36:25] TIME, THE PORT IS ENTITLED TO  
[01:36:29] APPROXIMATELY \$680,000 IN LDS.  
[01:36:34] THE PORT HAS ALREADY WITHHELD 300,000  
[01:36:37] FROM PREVIOUS MONTHLY PAY ESTIMATES,  
[01:36:41] WITH THE ANTICIPATION THAT THERE WERE  
[01:36:43] GOING TO BE LIQUIDATED DAMAGES TO  
[01:36:47] PURSUE.  
[01:36:50] ADDITIONALLY, THE PORT WILL BE INCURRING  
[01:36:53] APPROXIMATELY \$200,000 IN  
[01:36:56] ADDITIONAL INSPECTOR COSTS THAT

[01:37:00] WERE NOT INCLUDED IN THE LIQUIDATED  
[01:37:04] DAMAGE DAILY CALCULATION. THOSE COSTS  
[01:37:07] WILL NOT BE COLLECTIBLE. THE REASON  
[01:37:10] BEING WAS THE ORIGINAL DAILY CALCULATION  
[01:37:14] CONSIDERED THE COST OF HAVING AN IN  
[01:37:16] HOUSE DAILY INSPECTOR INSTEAD OF  
[01:37:20] THE COST FOR USING AN OUTSIDE  
[01:37:24] CONSULTING FIRM, WHICH WAS THE CASE.  
[01:37:27] NEXT SLIDE, PLEASE.  
[01:37:31] WE PROVIDED TWO RECOMMENDATIONS. THE  
[01:37:35] FIRST ONE, OF COURSE, IS PORT CALCULATE  
[01:37:38] AND PURSUE LIQUIDATED DAMAGES UPON  
[01:37:41] COMPLETION OF THE PROJECT. AND THE  
[01:37:44] SECOND RECOMMENDATION IS MORE OF A  
[01:37:47] GENERALIZED RECOMMENDATION FOR FIXED  
[01:37:49] FUTURE PROJECTS  
[01:37:53] TO CONSIDER CRITERIA OF  
[01:37:57] CONTRACTORS PERFORMANCE  
[01:38:02] THAT MIGHT HELP MITIGATE POTENTIAL  
[01:38:06] SCHEDULE SLIPPAGE PROJECTS IN THE  
[01:38:08] FUTURE. NEXT SLIDE.  
[01:38:12] I'M SORRY, WHY DOESN'T THE  
[01:38:13] RECOMMENDATIONS ADDRESS ANY OF THE COST  
[01:38:15] OVERRUNS? I'M SORRY COMMISSIONER, CAN  
[01:38:18] YOU REPEAT THAT? ARE WE GOING TO TALK  
[01:38:21] ABOUT THE COST OVERRUN SOME PROJECT OR I  
[01:38:24] DON'T SEE ANY RECOMMENDATIONS ON HOW WE  
[01:38:26] CAN ADDRESS WHY THIS PROJECT COST  
[01:38:29] TWICE WHAT IT WAS ORIGINALLY PROJECTED  
[01:38:31] TO COST.  
[01:38:38] LET'S SEE HERE AND  
[01:38:41] MAYBE JANICE WHEN SHE COULD PROVIDE  
[01:38:45] MAYBE SOME BETTER OR ADDITIONAL  
[01:38:47] INFORMATION. I DO KNOW.  
[01:38:51] FOR ONE, THERE IS DEFINITELY AN INCREASE  
[01:38:54] IN COST BY THE SWITCH IN THE PROJECT  
[01:38:58] FROM WHEN IT WAS ORIGINALLY GOING TO BE  
[01:39:01] A DESIGN BID BUILD AND THE DESIGN WAS  
[01:39:04] FULLY COMPLETE. AND THEN THE PROJECT  
[01:39:07] METHODOLOGY CHANGED AND ALL OF THOSE  
[01:39:09] COSTS BASICALLY BECAME SOME COSTS  
[01:39:14] THAT WAS CLOSE TO A MILLION DOLLARS IN  
[01:39:17] TOTAL BETWEEN PORT COSTS AND DESIGN  
[01:39:20] COSTS. SO THAT DEFINITELY PLAYED  
[01:39:23] A ROLE INTO COSTS.  
[01:39:26] BUT I SEE. JANICE, DO YOU  
[01:39:29] HAVE ANY INSIGHT, JANICE, OR DO YOU  
[01:39:32] THINK THAT COULD PROBABLY BE MORE ON  
[01:39:34] MAYBE A PROJECT MANAGEMENT STAFF MEMBER?  
[01:39:36] IF THEY'RE AVAILABLE AS TO WHY WE WENT  
[01:39:39] FROM SOMEONE FROM PROJECT MANAGEMENT IS  
[01:39:41] AVAILABLE, THEY WOULD BE THE MOST  
[01:39:43] APPROPRIATE TO COMMENT ON THIS. IF WE  
[01:39:45] DON'T HAVE SOMEONE, I CAN CERTAINLY  
[01:39:48] PROVIDE SOME CONTEXT. I'M LOOKING  
[01:39:52] HERE, I DON'T SEE WAYNE ON.  
[01:39:56] SO WHY DON'T I JUST GIVE SOME CONTEXT?  
[01:39:59] SO INITIALLY FOR THIS PROJECT,  
[01:40:02] THE TEAM BELIEVE THAT THIS COULD BE A  
[01:40:05] MODULAR BUILDING WHICH THEN WOULD COME  
[01:40:09] ONTO THE JOB SITE. UNFORTUNATELY,  
[01:40:12] BECAUSE OF THE LAYOUT OF THIS PARTICULAR  
[01:40:14] LOCATION ON THE OPPOSITE SIDE OF THE

[01:40:16] RUNWAY, THE ACCESS IS SUCH THAT THE  
[01:40:20] TEAM DIDN'T BELIEVE THAT A MODULAR WOULD  
[01:40:23] ACTUALLY BE ABLE TO EASILY  
[01:40:26] COME ONTO THE JOB SITE WITHOUT HAVING TO  
[01:40:29] SHUT DOWN THE RUNWAY AND HAVE IT COME  
[01:40:31] ALL THE WAY ACROSS. AND SO WHAT THAT  
[01:40:34] MEANT THEN IS THE TEAM STARTED TO LOOK  
[01:40:36] AT WHAT ARE SOME OTHER WAYS THAT WE  
[01:40:38] COULD DELIVER THE PROJECT INSTEAD OF  
[01:40:41] EXPECTING IT TO BE A MODULAR  
[01:40:42] CONSTRUCTION. AND SO ALL OF THOSE  
[01:40:45] PERMUTATIONS RESULTED IN SOME ADDITIONAL  
[01:40:48] COST. I WOULD SAY THAT THE OTHER PART OF  
[01:40:51] WHAT DROVE THE COST. AND PERHAPS I SEE  
[01:40:53] KYLE FROM CPO ON HERE. SO HE CAN ALSO  
[01:40:56] COMMENT THAT THIS IS A VERY MESSY  
[01:41:00] PROJECT FROM THE STANDPOINT OF THE  
[01:41:01] PROXIMITY TO THE RUNWAY ITSELF.  
[01:41:04] SO WE ONLY RECEIVED PROPOSALS FROM  
[01:41:08] THREE PROPOSERS AND ONLY TWO  
[01:41:11] OF WHICH WE FOUND TO BE RESPONSIVE TO  
[01:41:14] ADVANCE TO THE FINAL PRICING. AND SO  
[01:41:18] WHEN YOU DON'T HAVE A REALLY COMPETITIVE  
[01:41:21] MARKET OF A LOT OF PROPOSERS THAT ARE  
[01:41:23] INTERESTED IN THE PROJECT, THEN IT  
[01:41:26] CREATES SOME ISSUES FOR COST. I WOULD  
[01:41:29] SAY THAT IN SPITE OF THAT, THE TWO  
[01:41:32] PROPOSALS WE GOT, THIS PARTICULAR ONE  
[01:41:35] WITH MCT, WAS JUST ABOUT \$5 MILLION.  
[01:41:37] AND I BELLEVUE THAT THE SECOND  
[01:41:40] PROPOSER, KYLE, WAS CLOSER TO 8 MILLION.  
[01:41:43] IF YOU COULD UNMUTE AND MAYBE COMMENT,  
[01:41:46] I WANT TO MAKE SURE I DON'T PROVIDE  
[01:41:48] ERRONEOUS INFORMATION. KYLE.  
[01:41:51] YEAH, THANKS, JANICE. I WOULD HAVE TO  
[01:41:53] VERIFY AS WELL. I DO REMEMBER SOMETHING  
[01:41:56] LIKE 7.9 MILLION, BUT I WILL VERIFY WHAT  
[01:41:59] YOU'RE DISCUSSING.  
[01:42:03] YEAH. AND COMMISSIONER, IF I CAN CHIME  
[01:42:05] IN. SO YOUR QUESTION WAS THE AUDIT  
[01:42:08] FOCUSED SPECIFICALLY ON THE CONSTRUCTION  
[01:42:10] AND THIS PARTICULAR CONTRACT? WE DID  
[01:42:13] LOOK AT OPTIONS AND SCENARIOS BACK IN  
[01:42:15] 2018, AND THERE WAS A LOT OF COMMISSION  
[01:42:20] NOISE DISCUSSION,  
[01:42:24] CONCERN ABOUT HOW THIS COST THIS  
[01:42:28] WAS GOING UP A LITTLE BIT, BUT THE  
[01:42:31] FOCUS OF THIS AUDIT WAS EXCLUSIVELY  
[01:42:34] ON THE CONSTRUCTION CONTRACT. SO THAT'S  
[01:42:38] WHY YOU DON'T SEE IT IN THIS.  
[01:42:43] SO, GLENN AND COMMISSIONER, IF YOU HAVE  
[01:42:45] AN INTEREST STAFF TO CERTAINLY PUT  
[01:42:47] TOGETHER A SEPARATE MEMO WITH MORE  
[01:42:49] INFORMATION ABOUT THE HISTORY OF THE  
[01:42:51] PROJECT AND WHAT LED TO WHERE WE ARE  
[01:42:54] TODAY, BECAUSE AS GLENN SAID, IT WASN'T  
[01:42:57] A SUBJECT OF THIS PARTICULAR AUDIT. BUT  
[01:43:00] CERTAINLY I THINK THAT THERE IS A LOT OF  
[01:43:03] INFORMATION ABOUT THE CHRONOLOGY AND HOW  
[01:43:05] WE GOT TO WHERE WE ARE TODAY.  
[01:43:10] THAT WOULD BE HELPFUL. I SEE SOME HEAD  
[01:43:12] NODS. OKAY, THAT'S RIGHT. BACK TO YOU  
[01:43:15] FOR YOUR NEXT ISSUE.

[01:43:23] I GOT IT. SO THE SECOND  
[01:43:27] ISSUE IS RELATED TO CHANGE ORDERS,  
[01:43:31] SPECIFICALLY THE COVID-19  
[01:43:36] EXPENSE REIMBURSEMENT CHANGE ORDER.  
[01:43:40] THE INTENT OF THIS PARTICULAR CHANGE  
[01:43:43] ORDER WAS WHEN COVID 19 AYE.  
[01:43:47] AND STATE STARTED MAKING MANDATES TO  
[01:43:50] ALLOW CONSTRUCTION PROJECTS TO  
[01:43:55] RESUME. WITH SAFETY MEASURES IN PLACE,  
[01:43:59] THE PORT REALIZED THAT CONTRACTORS  
[01:44:04] WOULD BE INCURRING ADDITIONAL COSTS.  
[01:44:06] AND THE PORT ALSO WANTED TO IMPLEMENT  
[01:44:09] ADDITIONAL MEASURES BEYOND STATE  
[01:44:12] MANDATES TO HELP MITIGATE THE POTENTIAL  
[01:44:16] RISK OF COVID CASES.  
[01:44:21] SO WHAT WE LOOKED AT WAS THE  
[01:44:27] REIMBURSEMENT COMPARED TO  
[01:44:31] WHAT THE PORT COURT ISSUED A LETTER  
[01:44:36] ON HOW AND WHAT WOULD BE REIMBURSED.  
[01:44:40] CAN YOU NEXT SLIDE, PLEASE, MICHELLE?  
[01:44:47] SO OVERALL, THE BIGGEST AREAS THAT WE  
[01:44:50] FOUND ERRORS IN POTENTIAL OVER BILLING  
[01:44:53] WERE INSTANCES WHERE  
[01:44:57] THE PORT WAS BILLED FOR ONE OF THEIR  
[01:44:59] COVID SUPERVISORS STATING THE SUPERVISOR  
[01:45:03] WAS ON SITE. BUT OUR REVIEW  
[01:45:07] IDENTIFIED THAT THEY WEREN'T ON SITE OR  
[01:45:15] ONE SUPERVISOR IN PARTICULAR  
[01:45:20] THAT POTENTIALLY COULD  
[01:45:23] BE ALLOWABLE REIMBURSABLE,  
[01:45:26] BUT WE WERE NOT PROVIDED THE  
[01:45:29] DOCUMENTATION THAT WE REQUESTED, SO WE  
[01:45:31] COULDN'T VERIFY THOSE COSTS.  
[01:45:36] AND THEN LESTER AREA WAS  
[01:45:40] THE BILLABLE RATES THAT THE PORT WAS  
[01:45:43] CHARGED AT \$89 FLAT  
[01:45:46] RATE WAS DIFFERENT THAN THE COVID  
[01:45:49] SUPERVISOR'S ACTUAL PAY  
[01:45:53] RATE OF \$52, WHICH THE PORT LETTER  
[01:45:57] STATED THAT ACTUAL COSTS WOULD BE  
[01:45:59] REIMBURSED.  
[01:46:02] YEAH. SPENCER, IF I CAN JUMP IN, WHAT DO  
[01:46:04] YOU THINK? COMMISSIONERS HAVE BEEN  
[01:46:06] SEEING A LOT OF COVID CHANGE ORDERS,  
[01:46:09] AND GENESIS KIND OF SENT A VERY CLEAR  
[01:46:12] MESSAGE TO PEOPLE THAT THEY CAN'T DO  
[01:46:14] THIS. PEOPLE CHARGE  
[01:46:18] US FOR THINGS THAT THEY'RE NOT SUPPOSED  
[01:46:19] TO. AND WE'VE SEEN THIS SEVERAL TIMES.  
[01:46:23] COVID SUPERVISORS THAT ARE SUPPOSED TO BE  
[01:46:25] ON SITE, AND THEN SPENCER AND TEAM WILL  
[01:46:27] FIND THAT THEY'RE NOT THERE OR YOU GET  
[01:46:29] BILLED FOR HOURS OR RATES THAT ARE  
[01:46:31] DIFFERENT. SO IT'S PART OF WHY WE DO THE  
[01:46:33] AUDITS TO IDENTIFY THESE THINGS.  
[01:46:36] HISTORICALLY, JANICE'S, TEAM WOULDN'T  
[01:46:38] HAVE ACCESS TO A LOT OF THIS STUFF.  
[01:46:40] SPENCER DOES GO OUT TO LNI AND GET  
[01:46:43] REPORTS FROM THEM. SO YOU CAN CROSS  
[01:46:46] CHECK EVERYTHING AND SAY, HEY, WAIT A  
[01:46:48] MINUTE, YOU SHOULDN'T BE BILLING US FOR  
[01:46:50] THESE THINGS. SO OPPORTUNITIES TO CLEAN  
[01:46:52] UP. AND SPENCER, YOU WANT TO GO TO YOUR



[01:46:54] RECOMMENDATION AND THEN THE INTEREST OF  
[01:46:56] TIME, CLOSE THAT, PASS IT OVER TO  
[01:46:59] JANICE.  
[01:47:02] YEAH. IF WE COULD JUST GO THROUGH.  
[01:47:06] HOLD ON. YES, COMMISSIONER,  
[01:47:09] I HAD A QUICK QUESTION.  
[01:47:13] YOU SAID, DIRECTOR GLENN, THAT PEOPLE  
[01:47:17] CHANGE AND CHARGE US FOR THINGS THAT  
[01:47:19] THEY'RE NOT SUPPOSED TO. IS THERE, LIKE  
[01:47:21] CONTRACT TEMPLATES THAT WE COULD PUT IN  
[01:47:24] PLACE OR HAVE IN PLACE THAT THEY'RE  
[01:47:27] EITHER BREACHING OR WE COULD INCORPORATE  
[01:47:30] TO ENSURE THAT DOESN'T HAPPEN? WHAT ARE  
[01:47:33] THE PREVENTED MEASURES, OR IS THE PORT  
[01:47:35] OF THE RECOMMENDATION? THERE'S  
[01:47:36] DEFINITELY CONTRACT LANGUAGE THAT SAYS  
[01:47:37] THEY SHOULDN'T DO THAT. BUT,  
[01:47:41] JANICE, I DON'T KNOW HOW YOU'RE I WANT  
[01:47:43] TO PROVIDE AN EXAMPLE.  
[01:47:46] SO WHAT WE'RE TALKING ABOUT IS THAT WHAT  
[01:47:48] WE EXPECT IS TO HAVE A DEDICATED COVID  
[01:47:51] SUPERVISOR TO MAKE SURE THAT WE AYE  
[01:47:54] KEEPING WORKERS AS SAFE AS POSSIBLE. SO  
[01:47:57] IN LOOKING AT PAYROLL RECORDS, THAT  
[01:47:59] INTERNAL AUDIT WAS ABLE TO PULL  
[01:48:01] ADDITIONAL RECORDS FOR THAT. WHAT THEY  
[01:48:03] DISCOVERED IS THAT PERHAPS THE COVID  
[01:48:06] SUPERVISOR WAS ON SITE FOR HALF A DAY,  
[01:48:09] BUT NOT FOR THE WHOLE DAY, OR THAT WHEN  
[01:48:12] THEY LOOKED AT THE ACTUAL PAYROLL  
[01:48:15] INFORMATION, THEY WERE SPENDING HALF THE  
[01:48:17] DAY AS A COVID SUPERVISOR. BUT THE OTHER  
[01:48:20] HALF, MAYBE THEY WERE DOING QUALITY  
[01:48:22] CONTROL DUTIES, WHICH WOULD NOT BE PART  
[01:48:25] OF THE REIMBURSEMENT. WHAT THEY'VE  
[01:48:28] IDENTIFIED HERE IS WHERE THOSE FORCE  
[01:48:31] ACCOUNT SHEETS THEY SIGN ON THE BOTTOM  
[01:48:34] ATTESTING TO THE ACCURACY OF THE  
[01:48:37] INFORMATION. AND THEN WHAT THEY'RE  
[01:48:40] FINDING WHEN THEY DIG INTO ADDITIONAL  
[01:48:41] RECORDS. THAT IS NOT CUSTOMARILY. WHAT  
[01:48:45] WE DO FOR VALIDATION, THEY'RE FINDING  
[01:48:47] THAT THESE ERRORS ARE OCCURRING, AND  
[01:48:51] THEY APPEAR TO BE ONLY DURING THESE  
[01:48:53] COVID CHANGE ORDER PIECES, BECAUSE I  
[01:48:56] BELIEVE THAT IN THE LAST SEVERAL YEARS,  
[01:48:59] WE'VE DONE MANY AUDITS OF FORCE ACCOUNTS  
[01:49:03] WITHOUT ISSUE, BUT CERTAINLY FOR THE  
[01:49:06] COVID FORCE ACCOUNTS, WE HAVE IDENTIFIED  
[01:49:09] SOME ISSUES WHERE COLLATERAL DUTIES  
[01:49:12] WOULD MEAN THAT WE DON'T PAY FOR THE  
[01:49:15] ENTIRE EIGHT HOUR DAY BECAUSE THEY WERE  
[01:49:17] NOT DEDICATED SOLELY ON COVID ACTIVITIES  
[01:49:21] AS A SUPERVISOR.  
[01:49:25] SO THIS RECOMMENDATION WE  
[01:49:29] WILL TAKE A LOOK AT FOR OUR STANDARD  
[01:49:32] OPERATING PROCEDURES, WHAT ADDITIONAL  
[01:49:34] MEASURES WE SHOULD CONSIDER TO IDENTIFY  
[01:49:40] WHEN THESE FACTUALLY INCORRECT PIECES OF  
[01:49:43] INFORMATION ARE BEING PRESENTED TO US,  
[01:49:45] BECAUSE THE WAY WE EXPECT ACCOUNTABILITY  
[01:49:49] FROM THE CONTRACTOR, THAT'S WHY WE ASKED  
[01:49:51] THEM TO ATTEST TO THE ACCURACY WHEN THEY

[01:49:53] SIGNED THE NAME TO THE SHEET SAYING THAT  
[01:49:56] THIS IS HOW MUCH FORCE ACCOUNT IS BEING  
[01:49:58] DONE HERE'S, WHO IS PERFORMING THE WORK,  
[01:50:00] AND HERE IS THE HOURS. SO WE ARE GOING  
[01:50:03] TO TAKE A LOOK AT WHAT WE MIGHT WANT TO  
[01:50:05] DO DIFFERENTLY TO TRY TO IDENTIFY  
[01:50:09] IDS AS PART OF OUR EVERYDAY ACTIVITIES.  
[01:50:15] THE ISSUE HERE, THOUGH, IS THAT IT DOES  
[01:50:18] INCUR ADDITIONAL ADMINISTRATIVE COST FOR  
[01:50:22] US TO TAKE ON ADDITIONAL REVIEW OF  
[01:50:24] RECORDS AND PULL MORE RECORDS. SO WE  
[01:50:27] WANT TO WORK WITH LEGAL AND CPO TO LOOK  
[01:50:31] AT WHAT OTHER MEASURES YOU MIGHT WANT TO  
[01:50:34] TAKE TO PREVENT THIS FROM HAPPENING IN  
[01:50:36] THE FUTURE. AND THEN IN THIS PARTICULAR  
[01:50:39] SCENARIO, WE ARE GOING TO, AS PART OF  
[01:50:43] THE RECONCILIATION OF THAT CHANGE ORDER,  
[01:50:46] RECOVER ANY AMOUNTS THAT WERE OVERPAID  
[01:50:50] FOR COVID COST, WHERE THEY  
[01:50:53] BUILD MORE THAN THEY HAD ACTUALLY  
[01:50:56] INCURRED AS COSTS, BECAUSE THIS IS A  
[01:50:58] REIMBURSABLE. SO WHAT WE'RE SAYING TO  
[01:51:01] CONTRACTORS IS TO KEEP OUR WORKERS SAFE,  
[01:51:03] WE'RE PAYING THE ACTUAL COST YOU  
[01:51:05] INCURRED FOR THAT COVID SAFETY AND  
[01:51:08] CULVERT SUPERVISOR.  
[01:51:13] THANKS FOR THAT, JANICE. IS THERE  
[01:51:17] ANYTHING ELSE, OR IS THERE MORE TO THIS  
[01:51:18] PRESENTATION? GLENN, THIS IS IT.  
[01:51:20] JANICE, ON THE FIRST ISSUE,  
[01:51:24] ON THE LIQUIDATED DAMAGES, I'M GUESSING  
[01:51:26] YOU CONCUR WITH SPENCER AND WE'RE GOOD  
[01:51:28] THERE. SO THAT'S IT, COMMISSIONER.  
[01:51:31] THAT'S THE END OF OUR DISCUSSION FOR  
[01:51:34] PUBLIC SESSION. GREAT. ANY LAST  
[01:51:37] QUESTIONS, COMMISSIONER HAMD?I?  
[01:51:40] NO, THANK YOU. THANK YOU FOR THIS  
[01:51:42] PRESENTATION. PERFECT. OKAY.  
[01:51:45] WELL, WITH THAT, WE HAVE NO SCHEDULE,  
[01:51:49] LIMITED CONTRACT COMPLIANCE AUDITS FOR  
[01:51:51] DISCUSSION TODAY. AND ITEM IS NUMBER  
[01:51:53] NINE AND TEN ON THE AGENDA ARE SECURITY  
[01:51:54] SENSITIVE IN NATURE, SO WE'RE GOING TO  
[01:51:57] BE DISCUSSING THIS IN NON PUBLIC  
[01:52:00] SESSION, SO WE WILL MOVE THE CLOSING  
[01:52:02] COMMENTS AT THIS TIME.  
[01:52:07] MS. FERNANDEZ, DO YOU HAVE ANY CLOSING  
[01:52:08] COMMENTS? I DO NOT, COMMISSIONER. OKAY.  
[01:52:11] COMMISSIONER MOHAMED? NO,  
[01:52:15] THANK YOU. WELL, I JUST WANTED TO BEFORE  
[01:52:18] WE COVID ON TO THE FIRE STATION  
[01:52:19] CONVERSATION, I DID WANT TO SAY  
[01:52:21] REGARDING THE ACH FRAUD THAT I REALIZED  
[01:52:25] IT'S AN UNFORTUNATE SCENARIO AND IT'S  
[01:52:28] UNFORTUNATE THAT WE HAD TO GO  
[01:52:32] THROUGH THIS PROCESS, BUT I FEEL LIKE  
[01:52:33] THIS IS A GREAT LEARNING MOMENT FOR THE  
[01:52:35] ORGANIZATION. I WANT TO THANK RUDY AND  
[01:52:37] GLENN FOR KIND OF TAKING AYE. HEAD ON AND  
[01:52:40] ROLLING WITH THE PUNCHES. I UNDERSTAND  
[01:52:42] THAT SOMETIMES SOME OF THESE  
[01:52:44] ADMINISTRATIVE PROCEDURES CAN BE TEDIOUS  
[01:52:46] AND IT CAN TURN TO BE JUST APPROVED

[01:52:50] APPROVED. BUT I DO APPRECIATE YOU ALL ON  
[01:52:53] THE LEADERSHIP KIND OF RALLYING AROUND  
[01:52:55] IT AND MAKING SURE THAT WE ARE MAKING  
[01:52:56] ALL THE RIGHT CORRECTIONS. THIS DOESN'T  
[01:52:58] HAPPEN AGAIN. AND RUDY, I APPRECIATE  
[01:52:59] YOUR COMMITMENT TO MAKING SURE IT  
[01:53:01] DOESN'T SAY THAT WE'RE GOING TO HOLD YOU  
[01:53:03] TO IT. RUDY, IT'S NOT HAPPENING AGAIN.  
[01:53:04] RIGHT. YOU CAN DON'T  
[01:53:08] MEAN DISRESPECT. IF I COULD JUST HAVE A  
[01:53:10] MINUTE, PLEASE GO FOR IT.  
[01:53:13] THANK YOU SO MUCH. AND IT'S RELATING TO  
[01:53:15] THE GOOD COMMENT YOU MADE WITH REGARD TO  
[01:53:17] BEING SENSITIVE, WITH REGARD TO BIAS.  
[01:53:20] AND I JUST RESPECTFULLY SUGGEST THAT WE  
[01:53:23] USE CAUTION WITH REGARD TO HOW WE  
[01:53:26] APPROACH RECOMMENDATIONS. WE HAVE TO  
[01:53:28] REHAB A PRIORITY HERE AT THE PORT OF  
[01:53:30] SEATTLE WITH REGARD TO EQUITY,  
[01:53:32] DIVERSITY, INCLUSION. YOU AYE SOLID  
[01:53:34] LEADER, COMMISSIONER CHO, WITH REGARD TO  
[01:53:37] ADDRESSING INSTITUTIONAL RACISM. I MEAN,  
[01:53:40] I FEEL SO PROUD TO BE ALIGNED WITH YOU.  
[01:53:42] AND THEN WHAT, COMMISSIONER MOHAMED AND  
[01:53:45] HATHAY GALA STANFOR COMING IN. I FEEL  
[01:53:48] SO PROUD TO BE A PERSON OF COLOR, TO BE  
[01:53:50] AT THE PORT OF SEATTLE. AND THEN I CAN  
[01:53:52] SPEAK FREELY AND I CAN AMPLIFY SOME  
[01:53:54] THINGS THAT WE NEED TO BE AWARE OF, AND  
[01:53:57] WE DON'T INTEND IT. BUT WE SAY THINGS  
[01:53:59] AND THINGS IN REPORTS THAT REALLY NEED  
[01:54:02] TO BE SENSITIVE WITH REGARD TO THE POINT  
[01:54:05] IN TERMS OF THE LEVEL OF WORK THAT'S  
[01:54:08] BEING DONE, IN TERMS OF FRAUD,  
[01:54:09] IDENTIFICATION AND VETTING, THE ACH  
[01:54:11] ACCOUNT CHANGES, IT IS REFERENCE TO THE  
[01:54:14] ADMINISTRATIVE PROFESSIONALS. AND I KNOW  
[01:54:16] IT'S NOT INTENDED, BUT WE CAN'T SAY IN  
[01:54:19] A PUBLIC DOCUMENT THAT ADMINISTRATIVE  
[01:54:21] PROFESSIONALS AREN'T CAPABLE OF DOING  
[01:54:23] THIS WORK. WHAT YOU DO IS YOU PICK UP  
[01:54:25] THE PHONE AND CALL THE VENDOR. DID YOU  
[01:54:27] ASK FOR ACH CHANGE? YES OR NO? THAT IS  
[01:54:30] NOT COMPLICATED WORK. AND I'VE RECEIVED  
[01:54:33] A LOT OF COMMENTS BACK WITH REGARD TO  
[01:54:34] THAT, WITH REGARD TO ADMINISTRATIVE  
[01:54:37] PROFESSIONALS, BECAUSE I EVEN  
[01:54:38] EXPERIENCED THE GREATNESS OF  
[01:54:40] ADMINISTRATIVE PROFESSIONALS AT THE PORT  
[01:54:42] OF SEATTLE, ESPECIALLY A TEAM MEMBER  
[01:54:43] THAT I HAVE ON TEAM AFR CORE SERVICES,  
[01:54:47] WHO'S THE ADMINISTRATIVE PROFESSIONAL.  
[01:54:49] BUT WHAT IS SHE? SHE'S A KENMORE CITY  
[01:54:52] COUNCIL MEMBER. ALL RIGHT. AND THEN  
[01:54:55] SHE'S BEEN VOTED AS DEPUTY MAYOR. AND  
[01:54:58] FOR US TO STAY ADMINISTRATIVE  
[01:54:59] PROFESSIONALS CAN'T PICK UP THE PHONE  
[01:55:01] AND CALL A SUPPLIER AND VALIDATE. I  
[01:55:03] THINK IT'S JUST A DOLLAR DISRESPECT TO  
[01:55:06] ADMINISTRATIVE PROFESSIONALS AT THE PORT  
[01:55:07] OF SEATTLE. AND I JUST SUGGEST, PLEASE,  
[01:55:10] THAT WE BE VERY CONSCIOUS ABOUT NOT  
[01:55:12] BEING SUBCONSCIOUS BIAS AND BY DEFAULT,

[01:55:15] INSTITUTIONALIZING INPUTS OF BIAS. WE  
[01:55:18] GOT TO BE VERY CAREFUL ABOUT  
[01:55:19] MICROAGGRESSIONS UNINTENDED. WE'RE  
[01:55:21] SIMPLY NOT INFORMED STATEMENTS MADE  
[01:55:23] ANYTHING IN TERMS OF PUBLIC DOCUMENTS,  
[01:55:25] BECAUSE AS WE CONCLUDE AUDITS AND  
[01:55:28] REPORTS TO THE AUDIT COMMITTEE, IT'S BY  
[01:55:30] FUNCTION THAT THE AUDIT COMMITTEE, AND  
[01:55:32] THEREFORE REPRESENTING COMMISSIONER,  
[01:55:34] SANCTIONED THESE REPORTS AS WELL AS THE  
[01:55:36] SUBSTANCE. AND I JUST PLEASE YOU AYE  
[01:55:38] LEADERS HERE THAT REALLY UNDERSTAND  
[01:55:40] WHERE I'M COMING FROM. I FEEL VERY SAFE  
[01:55:42] TO SPEAK UP. AND I AM. I'M NOT BEING  
[01:55:44] CRITICAL. I'M JUST SAYING LET'S JUST DO  
[01:55:46] BETTER. LET'S WORK TOGETHER TO BE  
[01:55:48] BETTER. THANK YOU SO MUCH FOR THE  
[01:55:50] OPPORTUNITY. THANKS, RUDY. I APPRECIATE  
[01:55:52] YOUR COMMENTS AND YOUR WISDOM. YEAH.  
[01:55:56] THANK YOU FOR SPEAKING UP ON IT. IT'S  
[01:55:57] IMPORTANT. IT'S PART OF THE TRANSPARENCY  
[01:56:00] THAT WE TALK ABOUT AND ENSURING THAT WE  
[01:56:02] ARE GOOD STEWARDS OF PUBLIC DOLLARS,  
[01:56:04] AND THAT IS ALSO ENSURING THAT WE'RE NOT  
[01:56:06] BEING BIASED AND THAT WE SPEAK TRUTH TO  
[01:56:09] POWER AT ANY POINT. AND SO IT'S  
[01:56:12] IMPORTANT THAT WE'RE DOING THAT. SO I  
[01:56:14] APPRECIATE YOU SAYING THAT. YEAH.  
[01:56:17] ALTHOUGH TO MAKE SURE, I DO WANT TO  
[01:56:18] POINT OUT, THE REPORT DOES NOT SINGLE  
[01:56:21] OUT. IT JUST SAYS WHOEVER YOU PUT IN  
[01:56:24] THAT ROLE, YOU NEED TO ENSURE THAT THEY  
[01:56:27] HAVE THE RIGHT TRAINING. YEAH, I  
[01:56:29] UNDERSTAND. BUT THE CHALLENGE IS THE  
[01:56:31] PERSON IN THAT ROLE IS A WOMAN OF COLOR.  
[01:56:33] ALRIGHT? AND WE JUST GOT TO BE CAREFUL.  
[01:56:36] COURT KNOWS WHO WE'RE TALKING ABOUT.  
[01:56:38] THANK YOU.  
[01:56:41] THANK YOU ALL. HEARING NO FURTHER  
[01:56:44] COMMENTS. IF IT'S OKAY WITH COMMISSIONER  
[01:56:46] HOMICIDE, I'D LIKE TO FOREGO A BREAK.  
[01:56:49] WE DON'T KNOW WE'RE SUPPOSED TO TAKE A  
[01:56:51] BREAK BETWEEN PUBLIC AND PRIVATE, BUT IF  
[01:56:53] YOU'RE GOOD, I'M GOOD. ANYONE ELSE IS  
[01:56:56] GOOD. OKAY, GOOD. ALL RIGHT. SO HEARING  
[01:57:00] NO FOR THE COMMENTS, WE WILL BREAK INTO  
[01:57:02] THE NON PUBLIC PORTION OF OUR MEETING.  
[01:57:05] THE TIME IS NOW 430 P. M. EXACTLY ON  
[01:57:08] TIME TO DISCUSS TWO MATTERS RELATED TO  
[01:57:11] SECURITY SENSITIVE INFORMATION. THE NON  
[01:57:13] PUBLIC PORTION OF THE MEETING WILL LAST  
[01:57:15] APPROXIMATELY 30 MINUTES AND THE MEETING  
[01:57:17] WILL ADJOURN WITH NO FURTHER BUSINESS  
[01:57:19] AFTER THAT TIME. PARTICIPANTS JOIN THE  
[01:57:22] NON PUBLIC PORTION OF THE MEETING,  
[01:57:23] PLEASE. PARTICIPANTS JOINING THE NON  
[01:57:26] PUBLIC PORTION OF THE MEETING, PLEASE  
[01:57:28] CLOSE OUT OF THIS MEETING LINK AND JOIN  
[01:57:29] BEFORE 30 P. M. TEAMS MEETING INVITATION  
[01:57:33] THE CURRENT AND TIME IS 04:30 P.M.. AND  
[01:57:36] WE WILL SEE YOU IN THE NON PUBLIC SIDE  
[01:57:40] DEAL. THANK YOU,

END OF TRANSCRIPT