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Financial Stewardship Accountability Transparency
Port of Seattle Audit Committee
Internal Audit Update
Glenn Fernandes - Director, Internal Audit

December 14, 2023
P69 Commission Chambers
10:00 AM – 12:00 PM

Operational Excellence Governance

Internal Audit Update – Outreach Project Item #5

Overarching Goals, Scope, and Stakeholders

? To promote the awareness and understanding of the Port's Internal Audit process, and the significance of internal controls and risk mitigations internally and externally through outreach, education, and socialization

? To help small entities, that the Port does business with, that have limited resources to educate and train their staff on internal controls.

Deliverables and Timeline

No. Deliverables (Adjusted) Target Completion Timeline ?Completed

0 Project Plan Creation September 2022 ?September 2022

1 IA Website Upgrade: December 2022 ?December 2022

1A New Resources Section December 2022 ?December 2022

1A-1 Links to Standards, Professional Organizations December 2022 ?December 2022

1A-2 Links to Cybersecurity Resources December 2022 ?December 2022

1A-3 External Peer Review Reports December 2022 ?December 2022

1B Audit Process Illustrations First Quarter 2023 ?January 2023

2 Internal Controls Training: Fourth Quarter 2023 ? November 2023

2A Training Research & Design First Quarter 2023 ?February 2023

2B Training Material Development & Refinement Second/Third Quarter 2023 ? August 2023

2C Training Scheduling and Logistics Third/Fourth Quarter 2023 ? October 2023

2D Port New Employee Orientation 11/9/2023 ?11/9/2023

3 (NEW) External Controls Training – Small Businesses 11/30/2024
(Concessionaires)

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Internal Audit Update – Outreach Project Item #5

Controls Training:

? Phase 2 – For Newly Hired Port Managers and Staff

? Developed training materials and worked on logistics in coordination with HR.

? Implemented controls training at the November 9, 2023, Port New Employee Orientation.

? Will continue providing the training periodically at the Port New Employee Orientation.

? Phase 3 – For Small Businesses

? Our 2024 concession audit plan will touch several small businesses. We will be integrating controls training into our opening meetings with smaller concessionaires.

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Item #6

2023 AUDIT PLAN STATUS

Audit Title Type Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Port-wide Payroll Controls Performance

Airport Parking Garage Performance

Social and Environmental Reporting Performance

Fishermen's Terminal Performance

Police Department Seizures and Evidence Room1 Performance

Supply Chain Disruption Management Performance - Capital

Terminal 5 Berth Modernization Project Performance - Capital
C Concourse Expansion (Pre-construction) GC/CM2 Performance - Capital
Main Terminal Low Voltage System Upgrade GC/CM2 Performance - Capital
T-117 Sites 23-25 Restoration Construction Project GC/CM2 Performance - Capital
Email and Web Browser Protections (ICT and Aviation Maintenance)1 IT
Network Infrastructure Management (Aviation Maintenance) IT
Security Awareness and Skills Training IT
Louis Dreyfus Company Washington LLC Contract Compliance
Seattle Air Ventures3 Contract Compliance
ATZ, Inc. dba Doug Fox Parking Contract Compliance
Concourse A Building Expansion for Lounges/DELTA TRA4 Performance - Capital
Post IAF Airline Realignment - GC/CM Construction2,5 Performance - Capital
Equity Policy Directive Compliance5 Performance
Network Infrastructure Management (ICT)5 IT
Complete

KEY In Process
Deferred to 2024

1. The audit name has changed to reflect the actual audit scope.
2. RCW 39.10.385 requires an independent audit, paid for by the public body, to confirm the proper accrual of costs, for General Contractor/Construction Manager (GC/CM) projects. This audit work is performed by external, independent auditors through Service Agreements. A year-end status report will be provided at the December Audit Committee. Internal Audit performs periodic cost reviews of these projects, reviews areas that are not looked at by the independent auditors. Internal Audit issues an audit report on areas covered.
3. Two separate audits were originally planned for different lease agreements; however, they were combined for administrative efficiency, due to substantially similar processes.
4. This audit will be presented at the First Quarter 2024 Audit Committee Meeting.
5. This audit is deferred to 2024.

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Item #6

2023 Audit Plan Update

?16 audit reports were completed in 2023: Performance (5), Capital Projects (5), IT (3), and Limited Contract Compliance (3).

?Audits identified 4 High Risk, 16 Medium Risk, and 7 Low Risk rated issues for management action.

?Completed audits that reduced legal and financial exposure to the Port.

?Adapted audit approach to look at key processes with an equity lens, rather than a pure compliance lens; thereby, driving change with bureaucratic requirements.

?GC/CM Construction Projects are increasing at the Port; real-time auditing as required by RCW 39.10.385 continues to identify cost savings.

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2023/2022 Suggested Capital Recoveries Item #6

2023 Audits

T-117 Sites 23-25 Restoration Project \$167,113

T5 Berth Modernization 124,771

Main Terminal Low Voltage System Upgrade 8,610

C Concourse Building Expansion- Internal Audit Review 997

Total \$301,491

2022 Audits

Interim Westside Fire Station \$789,957

NSAT Renovation and Expansion- R.L. Townsend Review1 1,024,071

NSAT Renovation and Expansion- Internal Audit Review 79,118

International Arrivals Facility (HPM Review) 25,443,411

Total \$27,336,557

1. Independent Audit as required by RCW 39.10.385.

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Item #6

2023/2022 Controllable Cost Recommendations

Audit 2022 Amount 2023 Amount

Interim Westside Fire Station1 \$1,053,832

NSAT Renovation and Expansion - R.L. Townsend Review2 1,126,688

C Concourse Expansion Project- Preconstruction3 \$160,316 - \$257,974

Total \$2,180,520 \$160,316 - \$257,974

1 Design and Port soft costs for changing the project delivery method and consultant inspector costs related to delays.

2 R.L. Townsend identified these costs prior to Port payment.

3 Potential billable rates cost savings if a Cost-Plus methodology was used instead of the Port's Rate Tool Analysis.

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Strategic Objectives Aligned to Proposed Audits Item #7

Strategic Objective ED Priority Associated Risks Audits

Set the standard for high quality, Improve/strengthen Inaccurate billings/cost Independent GC/CM Continuous Audits (7) cost-effective, and timely delivery capital delivery process. project delays

of capital programs. Concourse A Building Expansion for

Available skillset Lounges/Delta TRA

Legal risks Parking Garage Elevator Modernization

T-117 Sites 23-25 Restoration Project

GC/CM Closeout

TSE- Phase 2 Bollards and ADA Ramps

Advance the Port's dedication to Continue to progress on Employee Safety Fire Department – PFAS Use, Storage, and

employee engagement, safety, safety program Phaseout

innovation, and financial enhancement. Environmental Safety

stewardship.

Approved Alternatives

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Strategic Objectives Aligned to Proposed Audits Item #7

Strategic Objective ED Priority Associated Risks Audits

Advance the Port's dedication to Continue to increase and Oversight of staff time Time Approval Controls

employee engagement, safety, improve employee

innovation, and financial engagement. Inefficient hiring (Contingency Audit)

stewardship. Resource Management

Ineffective consultant

management

Foster an environment of N/A Commission oversight/ Delegation of Authority

transparency, accountability, transparency

respect, leadership, and fairness to

give Port staff the tools to be Commission Policy Directive

exceptional public servants. compliance

Ensure that all internal and Implement changes associated Compliance with program Equity Policy Directive

external programs, structures, and with Equity Motion

practices provide equitable Assessment/ Program's compliance with laws

opportunities for all. Complete Equity and regulations. (Including I-200,

Policy Directive. Federal Court Rulings, etc.)

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Strategic Objectives Aligned to Proposed Audits Item #7

Strategic Objective ED Priority Associated Risks Audits

Ensure that all internal and external programs, structures, workplan and infrastructure to support concession Audit Plan and practices provide equitable opportunities for all. Develop a comprehensive Inaccurate concession payments Concession Audit Plan and infrastructure to /inadequate general controls at all aspects of the concessionaires (Contingency Audit)

Third-party noncompliance with Third-Party Code of Conduct

Port values/requirements Compliance Program

Meet all increased energy needs Meet or exceed all permit Accuracy of metering and billing Utilities Management – Portthrough conservation and conditions for water conservation wide renewable resources. and hazardous materials/waste. Inefficient energy conservation measures

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Item #7

2024 Performance Audit Plan Approach

?Support Century Agenda Goals and Strategic Objectives of the Port.

?Leverage audit knowledge of existing Port risks.

?Monitor Emerging Enterprise Risks.

?Risk interviews held with a sample of Port leaders, from the following departments:

? Legal ? Aviation Finance & Budget

? Strategic Initiatives ?Maritime Finance & Budget

? Equity, Diversity & Inclusion ?Aviation Security

? Environmental & Sustainability ?Aviation Project Management Group

? Aviation (Chief Operating Officer)

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2024 Capital Projects Audit Plan Approach Item #7

?Audits as mandated by RCW 39.10.385 - All General Contractor/Construction Manager (GC/CM) Projects

?27 projects currently with estimated project budget >\$4MM1

?Other Risk considerations:

? Project Size (Construction Costs)

? Change Orders (Compared to Original Contract Sum)

? Contract Type

? Schedule Overrun

? Original Contract Amount compared to Engineer's Estimate

? Known Concerns (Errors & Omissions, Potential Claims, Scope Changes, etc.)

1. Source: Port of Seattle Accounting and Financial Reporting Department; CS-ACTIVE_WP Report, as of October 13, 2023

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Internal Audit Capital GC/CM Continuous Audits Item #7

?RCW 39.10.385 requires an independent audit, paid for by the public body, to confirm the proper accrual of costs, for General Contractor/Construction Manager (GC/CM) projects. Independent auditor will perform cost reconciliation audits of Electrical Contractor/Construction Managers (EC/CMs), Mechanical Contractor/Construction Managers (MC/CMs), and/or Subcontractor/Construction Managers (SC/CMs).

?Internal Audit will procure the Independent auditor, provide oversight of Independent auditor's contracts, assist in fieldwork, attend meetings, perform costs reconciliation audits of contractors not covered by the Independent auditor, and review/approve Independent Auditors' monthly invoices.

?Independent auditor will provide the Audit Committee with annual updates, and final reports upon completion of each Project.

Capital GC/CM Continuous Audits

- Main Terminal Low Voltage System Upgrade

- Post IAF Airline Realignment
- C Concourse Expansion Project
- Eastside Fire Station
- Baggage Optimization Phase 3
- Concourse Low Voltage Upgrade
- South Concourse Evolution

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Lease and Concession Audit Plan Approach Item #7

? Approximately 127 leases in the risk universe¹

? Risk rating of leases primarily based on:

? Three-year revenues

? Prior audit history

? Cycle frequency

Total Maritime/Economic

Agreement Year Revenues Aviation Development

2021 \$94 MM \$87 MM \$7 MM

2022 109 MM 102 MM 7 MM

2023 127 MM 122 MM 5 MM

Total \$330 MM \$311 MM \$19 MM

Approximate

2021-2023 Number Percentage Frequency

Rating Revenues of Leases of Revenue (Cycle)

High \$213 MM 17 65% 7 years

Medium 66 MM 18 20% 10 years

Low 51 MM 92 15% As needed

Total \$330 MM 127 100%

1. See Appendix B – Lease/Concession Risk Universe.

2. Annualized forecast using a simple average, based on actual data as of 8/31/2023.

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Proposed 2024 Lease and Concession Audits Item #7

Revenue

January 2021

Name Division Rating - August 2023 1

Stellar Bambuza SEA LLC Aviation Medium \$4.2 MM

Seattle Food Partners LLC Aviation Medium 2.0 MM

1915 KCHouse Concepts – SEATAC LLC Aviation Low 1.5 MM

Pallino SeaTac LLC Aviation Low 1.7 MM

Total \$9.4 MM

Contingency Audits²

BF Foods LLC Aviation Low \$1.1 MM

Seattle Chocolates Company LLC Aviation Low .5 MM

Republic Parking Northwest Inc Maritime Medium 3.4 MM

Gate Gourmet International Aviation High 7.5 MM

Total \$12.5 MM

1. January 2021 – August 2023 Approximate Concessionaire Revenue – Should not be used for other financial purposes.

2. If resources exist, at Internal Audit Director's discretion, these audits will be moved to the 2024 Audit Plan.

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[Link]

<https://www.cisecurity.org/controls/cis-controls-list/>

2024 Information Technology Audit Plan Approach Item #7

? Our Information Technology Audit Program¹ focuses on high risk, high value controls, identified by the Center for Internet Security² (CIS, 18 control areas, 153 controls).

? We use risk input from Information Security, ICT, & AVM to assist us in determining the order in which to perform the CIS audits.

? Additionally, we will add audits based on executive management concerns, regulatory

requirements, or based on emerging threats.

?Once we cycle through those 18 high risk areas (we have completed 11 as of this presentation), we will branch out into looking at other Information Technology General Controls, and we will move to a more classic risk assessment process of assessing risk likelihood and impact, to determine what will be on our annual Information Technology audit plan.

1. See Appendix A – Information Technology Audit Universe.
2. <https://www.cisecurity.org/controls/cis-controls-list/>

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Information Technology Audit Plan Item #7

Proposed 2024 Audits/Assessments

Name Risk1 Selection Criteria

Application Software Security High Center for Internet Security

Network Infrastructure Management (ICT) High Center for Internet Security

TSA Cybersecurity3 High Regulatory

Contingency Audits2

Name Risk1 Selection Criteria

Penetration Testing (ICT) High Center for Internet Security

Penetration Testing (Aviation Maintenance) High Center for Internet Security

1. See Appendix A – Information Technology Audit Universe.
2. If a proposed audit cannot be performed, at the Internal Audit Director's discretion, these audits will be moved to the 2024 Audit Plan.
3. TSA has issued new cybersecurity requirements requiring impacted TSA-regulated entities to develop an approved implementation plan describing measures being taken to improve cybersecurity resilience and prevent disruption and degradation to their infrastructure. The effectiveness of these measures need to be assessed.

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Item #7

Historical Reports Overview 2020 – 2024

Report Type 2020 2021 2022 2023 2024 (Proposed)

Performance 6 6 4 5 5

Performance – Capital 3 4 4 1 5 4

Information Technology 6 5 6 2 3 3

Limited Contract Compliance 5 4 3 3 3 4

Total 20 19 17 16 16

GC/CM Continuous Audits4 1 1 2 2 7

1. Included one audit, that was performed jointly with a consulting firm, for International Arrivals Facility (IAF) Project.

2. Included four audits that reflected a separation of two audits (Account Management and Account Log Management) for two respective departments; ICT and Aviation Maintenance.

3. Two separate audits were originally planned for different lease agreements; however, they were combined for administrative efficiency, due to substantially similar processes.

4. RCW 39.10.385 requires an independent audit, paid for by the public body, to confirm the proper accrual of costs, for General Contractor/Construction Manager (GC/CM)

projects. This audit work is performed by external, independent auditors through Service Agreements. A year-end status report will be provided at the December Audit

Committee. Internal Audit performs periodic cost reviews of these projects, reviews areas that are not looked at by the independent auditors. Internal Audit issues an

audit report on areas covered.

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Proposed 2024 Audit Plan Item #7

Limited Contract Compliance Performance Information Technology

- Stellar Bambuza SEA LLC Performance • Application Software Security
- Seattle Food Partners LLC • Fire Department - PFAS Use, Storage, and • Network Infrastructure Management
- 1915 KCHouse Concepts – SEATAC Phase-out (ICT)

- LLC • Time Approval Controls • TSA Cybersecurity2
- Pallino SeaTac LLC • Delegation of Authority
- Equity Policy Directive
- Utility Management – Port-wide
- Capital
 - Concourse A Building Expansion for Lounges/Delta TRA1
 - T-117 Sites 23-25 Restoration Project
- GC/CM Closeout
 - TSE- Phase 2 Bollards and ADA Ramps
 - Parking Garage Elevator Modernization

1. This audit was started in the Fourth Quarter of 2023 and will be presented at the 2024 First Quarter Audit Committee meeting.
2. TSA is in the process of mandating audits. These will be required in 2024.

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Item #7

Contingency Audits - If resources exist, at Internal Audit Director's discretion, these audits will be moved to the 2024 Audit Plan.

Limited Contract Compliance Performance Information Technology

- BF Foods LLC Performance • Penetration Testing (ICT)
 - Seattle Chocolates Company LLC • Resource Management • Penetration Testing (Aviation)
 - Republic Parking Northwest Inc • Third Party Code of Conduct Maintenance)
 - Gate Gourmet International Compliance Program
- Capital
- 2023 Airfield Projects- Contract 2

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Open Issue Status – Aging Report as of November 29, 2023 Item #8

1. Five issues outstanding for over one year from the Target Date are:

? Information Technology Audits (5) (Security Sensitive - Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session.): Closed Network System Security (1), Network Password Management (2), Secure Configuration for Hardware and Software on Mobile Devices, Laptops, Workstations and Servers (2).

2. Three Information Technology issues do not have Target Dates and are not included in this chart. These issues are in the process of being addressed, however, they are more than two years past the Report Date: Aviation Maintenance and Facilities & Infrastructure Data Centers (3).

See Appendix C for a detailed listing of outstanding issues, including: Report Finding, Issue Owners, and Current Status, as of November 29, 2023.

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Items #9 - #12

Audits Completed in Fourth Quarter, 2023

- 1) Airport Parking Garage (Item #9)
- 2) Police Department Seizures and Evidence Room (Item #10)
- 3) Network Infrastructure Management (Aviation Maintenance)* (Item #11)
- 4) Seattle Air Ventures (Item #12)

*Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session

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Airport Parking Garage Item #9

? The audit focused on the Public Parking and the Employee Parking operations at the main parking garage at the Seattle-Tacoma International Airport (SEA) for the period January 2022 through July 2023.

? We evaluated controls over: 1) cash handling, 2) parking garage access, and 3) compliance with applicable laws, regulations, and rules.

? In general, Port of Seattle (Port) management's cash handling controls at Public Parking were aligned with policies and procedures, and they have improved since our previous review in 2020.

? We, however, identified opportunities where internal controls could be enhanced or developed in relation to:

- ? Policy compliance
- ? Management oversight
- ? Ongoing monitoring
- ? Data review

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Airport Parking Garage Item #9

?The SEA main parking garage is the largest parking facility in the region, currently with approximately 12,000 sellable stalls.

?The garage offers General parking (Floors 1 – 3, 5 – 8) and Terminal Direct parking (Floor 4).

?Public Parking (PP)

Cashier toll booth operations by 17 Cashiers on shifts with at least 1 Supervisor present.

?Employee Parking (EP)

? Complimentary Parking Program

? Passport Parking Program

? Paid Employee Parking Program

?Parking Systems

? ParkingSoft

? T2 Flex – Implemented in June 2022 for EP and in August 2023 for PP.

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1) Rating: High Item #9

Complimentary Parking – We identified 603 instances of misuse of complimentary parking cards issued to organizations that have business at the Airport. The cards, and the associated Port policy, allowed their staff to park at the Airport Parking Garage for 24 hours or less. This amounted to approximately \$74,000 in unbilled parking revenue, during our 18-month test period.

?The Complimentary Non-revenue Parking Policy and Procedures that apply to contractors, tenants, and airline workers, states that the access card is to be used only by authorized cardholders and does not include privileges for business travel, vacations, training, or vehicle storage. It also states that parking over 24 hours will incur daily rate charges.

?Testing:

? Scope Period: January 2022 – July 2023 (18 months)

? Tested all parking cards that were issued to 55 companies under the policy, and that were used to park for over 24 hours.

? Identified widespread abuse and non-compliance with the agreement.

? See the Test Summary at the next slide.

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Issue 1) continued: Item #9

Table 1 – Test Summary – Use of Complimentary Parking Cards for Greater Than 24 Hours:

Test Item Results

Total Hours 62,123 hours or 2,591 days; approx. \$74K lost revenue to the Port

Average Days 4.3 days

Max Days by Card Holder One Concessionaire (Chalo) worker - total of 112 days for 10 parking instances

Average Days/Instance – Over 10 Days Average for top violators:

(Individual) 1. Hallmark Aviation (13.60)

2. CI Crews (12.20)

3. Hensel Phelps (11.6)
 4. Chalo (11.18)
 5. TSA (10.45)
 6. McDonalds (10.38)
- Average Days/Instance – Over 10 Days Average for top company:
(Company) 1. Hallmark Aviation (13.60)
2. CI Crews (12.20)
 3. Chalo (11.18)
 4. McDonalds (10.38)

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Item #9

Recommendations

1. Enforce the Complimentary Parking Policy compliance and charge organizations for violating the policy and parking beyond the allowed 24-hour grace period.
2. Design and implement automated solutions for ongoing monitoring and data review, utilizing proper tools (system usage, exception reports, queries, etc.) and resources.
3. Bill back to 166 card holders who belong to 55 companies for hours parked beyond 24 hours (currently estimated to be \$74K in total).
4. Discontinue reusing/reissuing returned cards to avoid system errors.

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Management Response Item #9

? Aviation Landside agrees with the findings of the audit and recommendations as stated under item #1 and #2. SEA's previous parking revenue control system (PARCS) had no capability to charge complimentary cards for staying over 24 hours in SEA's Main Garage, making it impossible to enforce at the time of exit. In August 2023, a new PARCS was deployed which is configured to charge overstays and manage specific access policies including the 24-hour maximum allowable stay. Landside Operations agrees to revise its Complimentary Parking policy for third-party entities to provide access up to 24 hours with any overstays at posted public parking rates; payment in full (i.e., for any overstay) would be expected upon exit of the parking garage.

? Also, Landside Operations agrees that automated enforcement is fundamental to improved compliance.

Landside shall develop reports with the assistance of ICT showing complimentary parking overstays for periodic and regular review by Landside staff.

? Other processes such as documenting standard operating procedures will be reviewed to see if improvements should be made to better manage complimentary cards as recommended under #4 above.

? Finally, Landside along with Aviation Finance and Budget, and Aviation Commercial Management will evaluate the feasibility of collecting revenues from the 166 card holders indicated in audit recommendation #3 above.

DUE DATE: 12/31/2024 Management will discuss in detail.

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2) Rating: High Item #9

Complimentary Parking – The Port needed to enhance controls relating to retrieving and shutting off complimentary parking cards for employees who leave the Port. By looking at the 1,397 active employee parking cards, we identified 99 active cards that were assigned to employees who were no longer employed by the Port, 16 of which continued to use their cards after separation from the Port.

?Testing:

? Compared all 1,397 active parking cards issued to Port employees, against Human Resources' (HR's) terminated and current employee lists.

? Identified 99 active cards in the parking system issued to Port employees, who had been terminated.

? Also noted that 16 terminated employees had used their parking cards after their termination dates.

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Item #9

Recommendations

1. Seek ways to better tie into the Port's offboarding process, so that parking cards can be deactivated when an employee terminates. Complement this with a periodic control where an HR Active Employees list is compared with active parking cards.
2. Add a field in the FLEX parking revenue system to capture Employee ID Number to facilitate the comparison between HR data and FLEX parking data.
3. Revise, implement, and enforce more comprehensive Complimentary Parking Policy and related Procedures for Port employees.

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Management Response Item #9

Aviation Landside agrees with the findings and recommendations as presented.

? The Port of Seattle process for employee off-boarding includes the return of parking cards and other credentials necessary for employment at the Port. It is the responsibility of supervisory staff throughout the Port to collect parking credentials when an employee separates from the Port and, on a timely basis, notify Human Resources (HR) through the PeopleSoft application. Once notified, Landside Operations is prepared to review HR reports and make the necessary changes to the employees' parking credentials.

? Aviation Landside will investigate options to receive scheduled reports for employee terminations to use as a backup information source to improve timely parking card terminations.

? Policy and procedures related to this activity will be reviewed and updated to improve timeliness and accuracy.

DUE DATE: 12/31/2024 Management will discuss in detail.

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3) Rating: Medium Item #9

Complimentary Parking – Controls to deactivate complimentary parking cards at the end of lease agreements, were not functioning as intended.

From a sample of ten, we identified one lessee whose parking card was still active and continued to be used.

? Testing:

? Tested a sample of ten terminated lease agreements (two Aeronautical, six Business Development, and two Concessionaires).

? Noted one terminated Concessionaire, Fly Baby LLC dba Lightly's parking card was still active after the lease had expired on April 30, 2023, and was used several times in July and August of 2023.

? The physical parking card was not returned to the Employee Parking Office (EP).

? In response to our finding, EP deactivated the card on October 12, 2023.

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Recommendations Item #9

1. Revise, implement, and enforce more comprehensive, and detailed Complimentary Parking – Non-Revenue Policy & Procedures.

2. Establish processes and protocols with ADR, Engineering, and other departments that request complimentary cards for contractors, consultants, and tenants. These should require communication and exchange of information on terminated lease agreements, construction, and other projects at least on a quarterly basis, to assure that complimentary cards are deactivated timely.

3. Reconcile all active complimentary parking cards with active tenants.

4. Bill back to Fly Baby LLC for card usage in July and August 2023.

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Management Response Item #9

? Aviation Landside agrees with the findings and recommendations #1 through #3 as presented.

? To appropriately manage the Main Parking Garage, Landside Operations must establish clear Complimentary Card policies and procedures for Port-managed non-revenue card usage including the

practice of providing Project Management Group and Port Engineering with complimentary cards to issue to contractors.

? Landside will work with Aviation Properties and Aviation Commercial Management to establish clear non-revenue policies and procedures and implement appropriate changes to airport leases. Landside and ICT staff will investigate whether Propworks, the Port's property management system, can help manage the complimentary card policy.

? Changing practices related to contractor use of the Main Garage could have a significant impact on the airport's capital program and should be considered in coordination with those departments responsible for project delivery.

? Landside will work with Aviation Commercial Management's Airport Dining and Retail staff and airport executives to determine the feasibility of collecting for complimentary card usage by Fly Baby LLC per recommendation #4 above.

DUE DATE: 6/1/2024 Management will discuss in detail.

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4) Rating: Medium Item #9

Complimentary Parking – Controls to deactivate complimentary parking cards at the end of a 12-month duration (unless reapplied and renewed), for contractors, consultants and airline workers, were not functioning as intended. Online request forms were not used, and when used, some were incomplete or inaccurately reflected in the parking system.

? The Complimentary Parking – Non-revenue Policy and Procedures that apply to contractors, consultants, and airline workers, are silent on a 12-month card reapply/renew requirement.

? However, Employee Parking (EP) management and staff both confirmed that the requirement had been enforced and parking cards had been deactivated, unless reapplied and renewed at the end of the 12-month duration.

? EP Office receives parking card requests from business areas via various routes (e.g., by call, email, etc.) besides the established, online Request/Approval Form submission. Currently, no review/monitoring process is established to assure the FLEX system data entries and the approved parking request forms are in agreement.

? Card deactivation is a manual process and is not programmed in the parking system except for no payment cases.

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Issue 4) continued: Item #9

?Testing:

? Tested card duration based on the activation and deactivation dates per the parking system data, which was 100% sampling of 370 active cards issued to Permit Control Groups: Contractors, Clark, Hensel Phelps, and Hoffman (construction companies), and some with blank fields, noted:

- 352/370 (95%) of parking cards were issued for longer than 12 months. Effective end dates entered were generally in excess of 12 months.

- 257/370 (69%) of parking cards did not have any approved parking request forms.

? In addition, for 34/323 (11%) of parking forms we reviewed, including other Permit Control Groups, approved parking request data entries were inconsistently recorded in the FLEX system. For example:

- Data entry errors where the end date requested per the requested form was less than one year from start, but the effective end date entered in the system was for a full year or longer.

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Recommendations Item #9

1. The Complimentary Parking Policy needs to be updated to reflect the 12-month reapplication/renewal requirements. If a period more than 12 months is needed, it should be reflected in the policy and tied to eligibility.

2. Design and implement automated solutions for ongoing monitoring and deactivation processes, with proper tools (system usage, exception reports, queries, etc.).

3. Include a permit number in the Request/Approval form to clearly identify the card holder.

4. Require the requesting department to fill out a Request/Approval form completely, including all required data fields (e.g., badge number, license plate

number, etc.).

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Management Response Item #9

?Landside Operations agrees with findings and recommendations as presented.

? We agree that the 12-month period from issuance is appropriate.

? We also strongly believe in recommendation #2, that automated solutions for card management are superior to manual review and deactivation. Given the number of non-revenue cards issued to support various aspects of airport operations, Landside is concerned about the staffing implications for manually reviewing and managing credentials on an on-going basis.

Landside and ICT staff will evaluate existing PARCS functionality to identify potential automated solutions to minimize errors and improve management control.

DUE DATE: 11/30/2024 Management will discuss in detail.

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5) Rating: Low Item #9

Cash Controls – The Employee Parking Office's cash controls needed to be improved. Although the dollar amounts are small, the inherent risk of cash is high.

?Currently, segregation of duties is not established within the daily cash receipting/ recording /reconciling/bank depositing processes, and these functions are performed without the manager's involvement.

?Cash receipts level is much smaller (approximately \$9K cash/check receipts recorded in PeopleSoft General Ledger through September 2023) than that of Public Parking's, and Loomis pickup is only weekly (every Friday).

?However, independent verification could strengthen the small office control environment.

?Comprehensive, standard operational procedures (SOPs) were not in place, during the audit period, for staff to follow parking policies and related processes/protocols.

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Item #9

Management Response

?Landside Operations agrees with the findings and recommendations as presented and will explore options to improve segregation of cash handling duties.

? A robust response to this finding may mean staff other than the Aviation Revenue Controls Analyst may provide the recommended independent verification.

? Landside Operations will coordinate with Aviation Finance and Budget to identify and implement increased cash handling controls.

?SOPs related to cash handling will be established for this function.

DUE DATE: 6/30/2024 Management will discuss in detail.

40

Item #10

Police Department Seizures and Evidence Room

?Established in 1972, the Port of Seattle Police Department (POSPD) provides the primary law enforcement services to the Seattle-Tacoma International Airport (SEA), as well as all the Port's seaport properties.

?Led by Chief Michael Villa, the department is comprised of 152 employees (106 commissioned and 46 civilians) per the POSPD's 2022 Annual Report.

?The department is divided into two major bureaus: Operations and Services.

? Operations: Most visible representation of the department & assigned to fight crime, while also protecting and serving the local communities

? Services: Responsible for performing all non-uniform functions of the department (i.e. Traffic Support, 911 Fire and Police, and Administrative Duties)

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Item #10

Police Department Seizures and Evidence Room

?The Port has a well-documented process regarding Seizures and Forfeitures of contraband (primarily currency, drugs & drug paraphernalia, and weapons) that aligns with state regulations (RCW 69.50.505).

?All seized property and cash are stored in the Evidence Room, approximately two miles south of the airport.

? Fully secure facility with an armed alarm system

? Limited physical access: Only three Police Department employees have full access

? Controlled entry and exit: Sign In and Out system for all visitors, including Port employees

?Quarterly seizure reports are prepared and provided to the Washington State Department of Revenue (WSDR). Annually, 10% of net proceeds of all property and cash seized for the prior year must be remitted to the WSDR on or before January 31 of the following year.

42

Police Department Seizures and Evidence Room Item #10

?The table below reflects the total seized value, gross and net proceeds, and 10% of net proceeds submitted to the state every quarter during our audit period (January 1, 2022, to June 30, 2023):

Time Seizure Value / Net Sale / 10% of Net

Period Gross Proceeds Proceeds* Proceeds

Q1 2022 \$ 238,622.00 \$ 231,622.00 \$ 23,162.20

Q2 2022 \$ 51,000.00 \$ 51,000.00 \$ 5,100.00

Q3 2022 \$ 468,030.00 \$ 463,030.00 \$ 46,303.00

Q4 2022 \$ 225,300.00 \$ 225,240.00 \$ 22,524.00

Q1 2023 \$ 79,210.00 \$ 79,210.00 \$ 7,921.00

Q2 2023 \$ 137,200.00 \$ 137,200.00 \$ 13,720.00

Total: \$1,199,362.00 \$ 1,187,302.00 \$ 118,730.20

*Net of fees

Source: Port of Seattle Police Department documents

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Rating: Low Item #10

There is no formal process established relating to the disposal of items within the Evidence Room:

?During our audit, we determined that the most recent disposal was performed over two years ago, in mid-2021.

?Out of 6,371 total items stored in the Evidence Room, 1,464 (23%) are pending destruction and ready for disposal.

?Evidence such as guns, drugs, and contraband are inherently risky and susceptible to loss.

44

Item #10

Recommendations

?Management should adopt a formal policy regarding the timely disposal of items. We recommend the disposal process to be done on an annual basis.

?Ensures that the room is organized

?Prevent any possible cases of unintentional mishandling and commingling of items inappropriately

?Provide space to store more items

45

Management Response Item #10

Management has reviewed Audit Report No. 2023-14 and concur with the findings and recommendations that evidence disposal should occur at least annually and that the requirements should be contained in policy. We have created a department directive (05-2023) that puts into policy a requirement to dispose of evidence at least annually. While there were reasons for the more than two years since our last evidence disposal, the timely disposal of evidence is important and deserving of the new annual requirement being adopted into our policy manual.

DUE DATE: 12/31/2023 Management will discuss in detail.

46

Seattle Air Ventures Item #12

?The joint venture is operated under Hudson Group.

?Audited two contracts representing 15 stores.

?Period audited was July 2021 to June 2023.

?2021 and 2022 revenue:

Agreement Year Contract Gross Revenue Percentage Fees

2021 AIR002017 \$ 23,658,150 \$ 3,911,367

AIR002018 30,279,677 5,019,999

Total \$ 53,937,827 \$ 8,931,366

Agreement Year Contract Gross Revenue Percentage Fees

2022 AIR002732 \$ 30,742,663 \$ 5,188,266

AIR002733 37,471,607 6,333,779

Total \$ 68,214,270 \$ 11,522,045

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1) Rating: Medium Item # 12

In 2021, a variance of \$142,662 in gross sales was reported between the externally audited financial statements and the amount previously reported to the Port. We also identified differences between point-of-sale revenue and the general ledger.

?The agreements require the concessionaire to provide an annual report reflecting "Gross Sales for the preceding calendar year accompanied by a signed certificate of an independent Certified Public Accountant (CPA), concessionaire's Chief Financial Officer, or Chief Executive Officer..."

?Variance potentially due to advertising revenue for the four-month period, beginning March 2021 through June 2021.

?Point-of-sale revenue data did not agree to general ledger data. Differences could be related to advertising, but explanations were not provided. Therefore, we could not conclude with reasonable assurance, that what was reported was accurate.

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Item #12

Recommendations

Management within the Port's Airport Dining Retail group, in partnership with Internal Audit, should continue discussions and seek documentation from Seattle Air Ventures to validate that accounting records agree to verbal assertions.

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Item #12

Management Response

We agree with the audit finding and will engage Seattle Air Ventures and Internal Audit to determine what is causing the variance. Further, we agree that variances should be supported with documentation and will work to resolve these differences by June 30, 2024.

DUE DATE: 6/30/2024 Management will discuss in detail.

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Appendix

A – Information Technology Audit Universe

B – Lease/Concession Risk Universe

C – Aging of Outstanding Issues as of November 29, 2023

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Appendix A – Information Technology Audit Universe

Inherent Residual Inherent Residual

IT General Controls Audits # IT General Controls Audits

Risk Risk Risk Risk

- 1 CIS - Inventory and Control of Enterprise Assets - V8 HIGH MED 19 Annual Review of PCI Compliance HIGH LOW
- 2 CIS - Inventory and Control of Software Assets - V8 HIGH MED 20 Password Management HIGH MED
- 3 CIS - Data Protection - V8 HIGH 21 Parking Revenue Control System Upgrade (T2 FLEX) HIGH LOW
- 4 CIS - Secure Configuration of Enterprise Assets and Software - V8 HIGH MED 22 Change Management HIGH LOW
- 5 CIS - Account Management - ICT - V8 HIGH LOW 23 Datacenter Operations HIGH HIGH
- 5 CIS - Account Management - Aviation Maintenance - V8 HIGH LOW 24 Disaster Recovery Program HIGH LOW
- 6 CIS - Access Control Management - V8 HIGH 25 HIPAA Privacy Compliance HIGH LOW
- 7 CIS - Continuous Vulnerability Management - V8 HIGH HIGH 26 HIPAA Security Compliance HIGH LOW
- 8 CIS - Audit Log Management - ICT - V8 HIGH LOW 27 Industrial Control System Security HIGH HIGH
- 8 CIS - Audit Log Management - Aviation Maintenance - V8 HIGH MED 28 IT Governance HIGH
- 9 CIS - Email and Web Browser Protections (ICT and Aviation Maintenance) - V8 HIGH MED 29 IT Risk Management HIGH
- 10 CIS - Malware Defenses - V8 HIGH LOW 30 Periodic User Access Reviews HIGH
- 11 CIS - Data Recovery - V8 HIGH LOW 31 Physical & Environmental Security HIGH
- 12 CIS - Network Infrastructure Management - ICT - V8 HIGH 32 Portable Media Security HIGH
- 12 CIS - Network Infrastructure Management - Aviation Maintenance - V8 HIGH LOW 33 Project Management HIGH
- 13 CIS - Network Monitoring and Defense - V8 HIGH 34 Security Program HIGH
- 14 CIS - Security Awareness and Skills Training - V8 HIGH HIGH 35 System and Software Development HIGH
- 15 CIS - Service Provider Management - V8 HIGH 36 Transmission Protection HIGH
- 16 CIS - Application Software Security - V8 HIGH 37 Triennial WA State Patrol Audit of Criminal Justice Information Services (CJIS) Compliance HIGH
- 17 CIS - Incident Response Management - ICT/Aviation Maintenance - V8 HIGH LOW 38 Vendor Management HIGH
- 18 CIS - Penetration Testing - V8 HIGH 39 800 MHZ Communication System HIGH
- 40 TSA Cybersecurity HIGH
- Completed Audits 41 Cyber Insurance Review HIGH
- On the 2024 Audit Plan 42 Text Messaging Compliance with RCW HIGH
- 43 Generative AI HIGH

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Appendix B – Lease/Concession Risk Universe

High Revenue:

YTD Actual as of

Contract Name 2021 2022 8/31/2023 Total

AIR001281 EAN HOLDINGS LLC \$ 9,350,157 \$ 12,277,520 \$ 8,801,413 \$ 30,429,090

AIR001282 AVIS BUDGET CAR RENTAL 9,301,830 11,846,126 8,325,822 29,473,777

AIR001278 HERTZ CORPORATION 4,383,314 5,848,064 4,394,685 14,626,063

AIR002512 SKY CHEFS INC 3,581,139 5,319,940 4,675,048 13,576,127

AIR002224 IN-TER-SPACE SERVICES, INC 3,523,561 6,029,033 3,842,659 13,395,253
 SEA002603 LOUIS DREYFUS COMPANY WASHINGTON LLC 5,320,348 5,044,615 1,590,019 11,954,982
 AIR002579 RASIER LLC 4,558,640 5,749,954 - 10,308,594
 AIR002733 SEATTLE AIR VENTURES JV - 3,448,499 4,765,292 8,213,791
 AIR000042 GATE GOURMET INT'L 1,712,065 3,042,842 2,759,546 7,514,453
 AIR002578 LYFT 3,423,928 3,994,890 - 7,418,818
 AIR001279 DTG OPERATIONS INC DBA THRIFTY CAR RENTA 2,236,182 3,028,325 2,103,206 7,367,713
 AIR002732 SEATTLE AIR VENTURES JV - 2,519,461 3,669,178 6,188,639
 AIR002634 ALCLEAR LLC 1,183,847 2,417,682 2,459,812 6,061,342
 AIR001280 CMC INVESTMENTS INC 1,615,818 2,395,181 1,382,419 5,393,417
 AIR001285 FOX RENT A CAR INC 1,719,671 2,158,014 1,428,899 5,306,583
 AIR001632 SIXT RENT A CAR LLC 1,364,508 1,947,045 1,714,716 5,026,269
 AIR002018 AIRPORT MANAGEMENT SERVICES LLC 5,019,999 - - 5,019,999
 TOTAL \$ 58,295,005 \$ 77,067,191 \$ 51,912,714 \$ 187,274,911

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Appendix B – Lease/Concession Risk Universe (continued)

Medium Revenue:

YTD Actuals as of

Contract Name 2021 2022 8/31/2023 Total

AIR002680 HSI BFF SEA FB LLC \$ 659,126 \$ 2,277,123 \$ 1,980,434 \$ 4,916,683
 AIR002729 DOUG FOX TRAVEL/ATZ - 1,791,529 2,652,224 4,443,753
 AIR002240 STELLAR BAMBUZA SEA LLC 1,607,043 1,519,258 1,046,246 4,172,547
 AIR002017 AIRPORT MANAGEMENT SERVICES LLC 3,911,367 - - 3,911,367
 AIR001718 DOUG FOX TRAVEL/ATZ 2,779,141 1,093,325 - 3,872,466
 AIR002366 SEATTLE AIR VENTURES JV 370,983 1,797,189 1,430,297 3,598,468
 AIR000086 FLYING FOOD FARE INC 664,402 1,467,133 1,335,146 3,466,681
 SEA000425 REPUBLIC PARKING NORTHWEST INC 890,826 1,362,652 1,144,146 3,397,623
 AIR002238 SSP AMERICA SEA LLC 1,003,579 996,756 1,049,909 3,050,244
 AIR002019 HOST INTERNATIONAL, INC 2,849,201 - - 2,849,201
 AIR002361 HOST LPI SEA FB LLC 880,251 735,246 1,169,766 2,785,263
 AIR002237 SSP AMERICA SEA LLC 1,027,232 656,287 913,081 2,596,600
 AIR002362 CONCOURSE CONCESSIONS LLC 1,055,619 854,423 614,669 2,524,711
 AIR002096 QDOBA RESTAURANT CORPORATION 858,053 814,919 798,545 2,471,517
 AIR001562 BEECHER'S HANDMADE CHEESE, LLC 800,375 1,001,152 643,616 2,445,143
 AIR001513 SODEXO AMERICA LLC 758,835 891,711 755,458 2,406,004
 AIR002365 BAMBUZA SEA-TAC VENTURES 842,295 669,118 666,125 2,177,538
 AIR002427 SEATTLE FOOD PARTNERS LLC - 121,092 1,906,922 2,028,014
 TOTAL \$ 20,958,327 \$ 18,048,914 \$ 18,106,583 \$ 57,113,824

5454

Appendix B – Lease/Concession Risk Universe (continued)

Low Revenue (continued):

YTD Actuals as of

Contract Name 2021 2022 8/31/2023 Total

AIR002053 SEATAC BAR GROUP LLC \$ 625,631 \$ 622,000 \$ 668,251 \$ 1,915,882
 AIR001606 MCDONALD'S USA LLC 959,136 908,189 10,169 1,877,494
 AIR002101 FIREWORKS 758,161 479,141 610,522 1,847,824
 AIR002241 PALLINO SEATAC LLC 583,360 432,169 683,393 1,698,923
 AIR002678 HOST INTERNATIONAL, INC 148,800 688,086 841,565 1,678,451
 AIR002055 CONCOURSE CONCESSIONS LLC 723,072 420,945 520,596 1,664,613
 AIR002265 1915 KCHOUSE CONCEPTS-SEATAC LLC 489,339 542,293 436,747 1,468,379
 AIR002358 SSP AMERICA SEA LLC 400,331 408,484 605,534 1,414,349
 AIR002370 SSP AMERICA SEA LLC 210,008 681,262 502,635 1,393,905
 AIR002247 HOST INTERNATIONAL, INC 932,656 440,344 - 1,372,999
 AIR002665 DUFREY - SEATTLE JV 920,544 448,630 - 1,369,174
 AIR002679 HOST INTERNATIONAL, INC 168,492 582,126 582,657 1,333,276

AIR002094 DILETTANTE CHOCOLATES INC 457,907 365,924 481,770 1,305,600
AIR002233 THE YARROW GROUP LLC 518,217 314,321 439,154 1,271,692
AIR001451 PYLESS CAR RENTAL INC 333,638 543,982 365,325 1,242,945
AIR002624 CI CREWS SEA LLC 208,553 689,152 270,778 1,168,483
AIR002232 BF FOODS LLC 459,352 256,329 422,280 1,137,961
AIR002750 HSI HCL SEA FB LLC - 84,770 946,894 1,031,664
SEA000043 MAD ANTHONY'S INC CHINOOK 355,755 368,673 259,596 984,024
AIR002063 FRUIT & FLOWER LLC DBA FLORET AUTHORITY 296,965 197,386 409,351 903,701
AIR002531 LATRELLE'S FLIGHT KITCHEN LP - 299,834 567,041 866,875
AIR002468 WBB C.I. CREWS, LLC 345,273 361,640 - 706,913
AIR001505 US BANK 437,800 252,811 - 690,611

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Appendix B – Lease/Concession Risk Universe (continued)

Low Revenue (continued):

YTD Actuals as of

Contract Name 2021 2022 8/31/2023 Total

AIR002048 ALCLEAR LLC \$ 686,056 \$ - \$ 686,056
AIR002364 MARMOT MOUNTAIN LLC DBA EXOFFICIO 181,969 301,444 172,873 656,286
SEA000294 MAD ANTHONY'S INC PIER 66 179,788 271,350 203,947 655,085
AIR002588 SMARTE CARTE INC 199,237 205,368 199,966 604,572
AIR002054 SUNS INC 121,433 197,748 200,255 519,436
AIR002533 SSP AMERICA SEA LLC - - 511,463 511,463
AIR002093 SEATTLE CHOCOLATES COMPANY LLC 201,976 127,190 179,432 508,598
AIR002486 LATRELLES EXPRESS INC 33,362 264,018 196,210 493,590
AIR002617 SSP AMERICA SEA LLC - 158,846 326,556 485,402
AIR002103 INMOTION SEA LLC 189,233 78,992 177,414 445,639
AIR002628 TRAVEL CONTENT LLC 112,500 194,111 114,692 421,303
AIR002369 SSP AMERICA SEA LLC 177,071 169,761 71,665 418,497
AIR002355 SEATTLE AIR VENTURES JV 165,004 75,158 159,249 399,411
AIR002372 PLANEWEAR LLC 143,380 130,713 125,315 399,408
AIR002467 LADY YUM LLC 148,203 80,446 125,743 354,392
AIR002545 CONCOURSE CONCESSIONS LLC 95,584 144,793 103,897 344,273
AIR000435 HOST INTERNATIONAL, INC 332,842 - - 332,842
SEA003383 GLACIER FISH COMPANY LLC 150,000 150,000 - 300,000
AIR001816 SUB POP RECORDS 108,222 74,791 115,232 298,245
AIR002703 SEATAC BAR GROUP LLC - 55,073 228,097 283,170
AIR002696 WASHINGTON'S LOTTERY - 127,126 131,166 258,291
AIR002363 BAMBUZA SEA-TAC VENTURES - 3,111 251,939 255,051

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Appendix B – Lease/Concession Risk Universe (continued)

Low Revenue (continued):

YTD Actuals as of

Contract Name 2021 2022 8/31/2023 Total

AIR002532 THE MARSHALL RETAIL GROUP LLC \$ - \$ 103,665 \$ 129,055 \$ 232,720
SEA000016 BILL & NICK INCORPORATED 72,105 93,313 66,515 231,933
AIR002664 LENLYN LIMITED 41,494 38,150 150,977 230,621
AIR002537 THE MARSHALL RETAIL GROUP LLC - 108,461 114,819 223,281
AIR002249 AIRPORT CONCESSIONS NW LLC - - 188,870 188,870
AIR002808 US BANK - - 174,102 174,102
AIR002430 AIRPORT MANAGEMENT SERVICES LLC 166,522 - - 166,522
AIR002095 TERMINAL GETAWAY SPA SEATTLE, LLC 79,097 50,855 25,757 155,709
AIR001655 CLEAN ENERGY FUELS CORP 6,012 78,295 58,026 142,332
SEA002783 MSM CORPORATION 67,541 67,621 5,635 140,797
SEA003537 PUBLICANS INC 29,252 66,645 44,082 139,979
AIR002097 SMARTE CARTE INC 39,158 45,717 52,226 137,101
AIR002553 AMERICAN EXPRESS TRAVEL - - 124,043 124,043
SEA002355 SHILSHOLE BAY FUEL DOCK 38,706 38,592 25,728 103,025
AIR001439 E-Z RENT-A-CAR - - 91580.38 91,580

SEA003337 GUNWOO & JINAH INC 48,250 35,128 - 83,379
AIR002387 UNITED INDIANS OF ALL TRIBES FOUNDATION 39,729 21,403 20,700 81,833
AIR002270 CHALO LLC 29,790 18,836 19,857 68,483
AIR002756 BAMBUZA SEA-TAC VENTURES - 43,426 13,630 57,056
AIR002309 DELTA AIR LINES INC 15,657 26,410 12,652 54,719
AIR000629 SMARTE CARTE INC 41,409 - - 41,409
AIR002299 ALASKA AIRLINES INC 13,836 17,046 9,091 39,972

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Appendix B – Lease/Concession Risk Universe (continued)

Low Revenue (continued):

YTD Actuals as of

Contract Name 2021 2022 8/31/2023 Total

AIR002445 AIRPORT CHANNEL \$ 37,500 \$ - \$ 37,500
AIR002625 CERTIFIED FOLDER DISPLAY SERVICE INC 9,858 6,691 18,801 35,350
AIR002330 SHARA LLC DBA SHOW PONY 15,026 4,697 14,079 33,801
SEA002494 PUBLICANS INC 28,607 - - 28,607
AIR002773 SEATTLE AIR VENTURES JV - 4,014 21,464 25,478
AIR002786 HEIGH CONNECTS LLC - - 22,006 22,006
AIR002469 TRICOPIAN DBA FUELROD 6,371 7,431 7076 20,879
AIR002751 GLASS EYE STUDIO - 7,336 10,268 17,604
AIR002632 GLOBAL CONCESSIONS GROUP LLC 9,820 7,624 - 17,444
AIR001877 AMERICAN EXPRESS TRAVEL 5,407 9,578 525 15,510
AIR002687 MAG US LOUNGE MANAGEMENT LLC - 6,112 7,815 13,927
AIR002812 BETTER SCIENCE LLC - - 13,424 13,424
AIR002437 SECURITY POINT MEDIA, LLC - 5,760 6,840 12,600
AIR002529 AIRPORT MANAGEMENT SERVICES LLC 2,668 6,500 3,048 12,216
AIR002466 LUCKY SHOE SHINE LLC 6,301 2,191 866 9,358
SEA000424 REPUBLIC PARKING NORTHWEST INC 3,118 3,332 1,893 8,343
AIR002580 WINGZ, INC 3,078 4,588 - 7,667
AIR002501 PLANEWEAR LLC 2,591 2,420 1,427 6,439
SEA003645 GUNWOO & JINAH INC - - 6,134 6,134
AIR002731 AFRICA'S BEST LLC - 3,055 2,692 5,748
AIR002327 UNITED AIRLINES 455 3,129 1,902 5,487
AIR001641 CERTIFIED FOLDER DISPLAY SERVICE INC 4,000 - - 4,000
SEA001479 MAC-GRAY SERVICES 103 239 314 656
AIR002702 BABY FOODIE LLC - 214 189 403
AIR002572 FLY BABY LLC DBA LIGHTLY 33 35 - 69
TOTAL \$ 14,422,346 \$ 14,137,041 \$ 14,687,480 \$ 43,246,868

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Appendix A – Aging of Outstanding Issues as of November 29, 2023

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

Days Outstanding Days Outstanding

Audit Type Audit Title Rating Report Date Target Date (from Report Date) (from Target Date) Issue Owner Report Finding Current Status from Management as of 11/29/2023

IT AVM/Facility & Infrastructure (F&I) Data Centers High 12/4/2018 No date supplied 1821 N/A Director, Aviation Security Physical Access to Facilities F& I Response: Access Control project is at 30% and there are plans to add

All rooms in our sample were protected with varying levels of restricted access control to 50+ rooms. F&I Communication team will continue to work access. Some were well protected, allowing few individuals access, while to identify rooms that lack access control.

others allowed access to hundreds of people with no legitimate business need.

IT AVM/Facility & Infrastructure (F&I) Data Centers High 12/4/2018 No date supplied 1821 N/A Director, Aviation Security Protection Against Environmental Factors F& I Response: Access Control project is at 30% and there are plans to add

Facilities should be protected against fire and water damage. In our sample access control to 50+ rooms. F&I Communication team will continue to work

of 31 rooms, 35% of the rooms did not have fire suppression capability and to identify rooms that lack access control.

55% did not have fire extinguishers. Four rooms had Halon fire extinguishers

which are ozone-depleting and do not support the Port's value for being a

responsible steward of the environment.

IT Security Awareness and Skills Training High 3/23/2023 6/1/2023 251 181 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 Performance Port-wide Payroll Controls High 6/14/2023 12/31/2023 168 -32 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 IT AVM/Facility & Infrastructure (F&I) Data Centers Medium 12/4/2018 No date supplied 1821 N/A Chief Information Security Officer Physical Facilities Management F&I Response: F&I has plans to sponsor a seismic assessment of the Chief Information Officer In our sample of 31 rooms, we noted that 52% of the rooms had equipment communication room in 2024. on the racks that was not properly secured, and that 16% of equipment racks (while securely bolted to the floors) lacked seismic bracing.

IT Closed Network Systems Security Medium 9/5/2019 6/30/2020 1546 1247 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 IT Inventory and Control of Hardware Assets Medium 11/12/2019 6/30/2023 1478 152 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 IT Network Password Management Medium 3/20/2020 12/31/2020 1349 1063 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 IT Network Password Management Medium 3/20/2020 9/30/2020 1349 1155 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 IT Secure Configuration for Hardware and Software Medium 8/21/2020 12/31/2021 1195 698 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 on Mobile Devices, Laptops, Workstations and Servers
 IT Secure Configuration for Hardware and Software Medium 8/21/2020 12/31/2021 1195 698 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 on Mobile Devices, Laptops, Workstations and Servers Chief Information Officer
 IT Account Management - ICT Medium 3/15/2022 6/1/2023 624 181 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session

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Appendix A – Aging of Outstanding Issues as of November 29, 2023

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

Days Outstanding Days Outstanding

Audit Type Audit Title Rating Report Date Target Date (from Report Date) (from Target Date) Issue Owner Report Finding Current Status from Management as of 11/29/2023

Contract Compliance The Hertz Corporation Medium 6/3/2022 12/31/2022 544 333 Director, Aviation Commercial Management Hertz's systems and records were unable to clearly discern which customers AVIS: The \$2,645.60 will be charged to AVIS in December 2023 and the were eligible to receive a CFC waiver. Internal Audit identified 3,081 rental Senior Business Development Manager will include Internal Audit on the tickets, totaling approximately \$173,000, where the CFC was not charged request to bill this amount to AVIS when Accounting and Financial Reporting and remitted. Hertz asserted that approximately \$164,000 were insurance is notified. The \$109,835.50 is related to the "up to 25 hour" clause, which replacement rentals and therefore allowable exclusions. AV Business Development is resolving in the next couple weeks. Regardless this amount won't be remitted back to the individual who rented the vehicle.

HERTZ: The Senior Business Development Manager is meeting with Hertz in the next few weeks to seek resolution to the netted difference of \$9,181 (173,455 not charged and 164,352 related to insurance). This portion of the issue will remain open.

IT T2 Airport Garage Parking System Replacement Medium 11/11/2022 6/2/2023 383 180 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
 Chief Information Security Officer

Performance Fishermen's Terminal Medium 3/20/2023 3/31/2024 254 -123 Director, Maritime Operations and Security Billing and collection procedures at Fishermen's Terminal were informal and Fishermen's Terminal has an approved FTE for a Billing Analyst position and internal controls needed to be strengthened. We identified underbilling of hopes to post the job in early 2024. Existing billing system (MMS) has been revenue and a sizable accounts receivables balance primarily managed by migrated to new system (MVMS) and the team is currently working on one individual. finalizing the various system overrides. Lastly, Salmon Bay Marina is still being reviewed with Waterfront Project Management. Various alternatives are still being vetted for final approvals and will subsequently be presented to Maritime Leadership.

IT Security Awareness and Skills Training Medium 3/23/2023 6/1/2023 251 181 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session

IT Security Awareness and Skills Training Medium 3/23/2023 6/1/2023 251 181 Chief Information Security Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session

Performance Port-wide Payroll Controls Medium 6/14/2023 1/31/2024 168 -63 Director, Aviation Maintenance The Maximo System used by the

Aviation Maintenance Department (AVM) AVM carpenter refresh training, scheduled for Nov 15th, addressed labor had generated semi-annual, preventive maintenance work orders for certain reporting, time entry report, work log creation on work orders, updating or retired assets, requiring maintenance staff to spend up to 3 hours for each revising PM/Job Plan, etc. Management action plan is progressing but will unnecessary work order over 10 years. be carried over to 2024. There was the issue identified with the roofs that is being taken care of. The bigger issue that AVM self-reported will involve many departments regarding disposition of assets.

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Appendix A – Aging of Outstanding Issues as of November 29, 2023

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

Days Outstanding Days Outstanding

Audit Type Audit Title Rating Report Date Target Date (from Report Date) (from Target Date) Issue Owner Report Finding Current Status from Management as of 11/29/2023

Capital Main Terminal Low Voltage System Upgrade Project (Pre- Medium 8/24/2023 12/31/2023 97 -32 Chief Engineer/Director, Engineering Services We identified opportunities for Engineering Construction Management to Management is working on implementing control measures. Construction) strengthen controls during the pay application review process. Additionally, supporting documentation to show compliance with the Port's Standard Operating Procedure 40.08, State law and the Contract, was not always maintained.

IT Email and Web Browser Protections (ICT and AVM) Medium 8/29/2023 3/31/2024 92 -123 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
Chief Information Security Officer

IT Email and Web Browser Protections (ICT and AVM) Medium 8/29/2023 3/31/2024 92 -123 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
Chief Information Security Officer

Director, Aviation Maintenance
IT Email and Web Browser Protections (ICT and AVM) Medium 8/29/2023 12/31/2023 92 -32 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
Chief Information Security Officer

IT Email and Web Browser Protections (ICT and AVM) Medium 8/29/2023 3/31/2024 92 -123 Chief Information Officer Security Sensitive – Exempt from Public Disclosure per RCW 42.56.420 – Issues Not Discussed in Public Session
Chief Information Security Officer

Capital C Concourse Expansion Project (Pre-Construction) Medium 8/30/2023 12/23/2023 91 -24 Chief Engineer/Director, Engineering Services We identified opportunities for Port Management to strengthen controls Management is working on implementing control measures. during the pay application review process. Additionally, we identified several instances where there has been a lack of adherence to the stipulated Agreement. These observations highlight opportunities to enhance oversight and assure compliance with contractual requirements.

Contract Compliance Seattle Air Ventures Medium 11/29/2023 6/30/2024 0 -214 Director, Aviation Commercial Management In 2021, a variance of \$142,500 in gross sales was reported between the Report was just issued. externally audited financial statements and the amount previously reported to the Port. We also identified differences between point-of-sale revenue and the general ledger.

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