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Chair and President  
Bill Bryant  
Patricia Davis  
Lloyd Hara  
Gael Tarleton



Tay Yoshitani  
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## **APPROVED MINUTES AUDIT COMMITTEE SPECIAL MEETING JULY 1, 2008**

The Port of Seattle Commission Audit Committee met in a special meeting at 9:00 a.m., Tuesday, July 1, 2008 in the Commission Chambers, 2711 Alaskan Way, Seattle, WA. Commissioners Hara and Tarleton were present, as well as citizen committee member Steve Miller. Also in attendance was Joyce Kirangi, Port Internal Audit Manager.

### **CALL TO ORDER**

The committee special meeting was called to order at 9:03 a.m. by Commissioner Lloyd Hara.

### **Update on Audit Findings by Moss Adams**

Presenters – Rudy Caluza, Director, Accounting and Procurement Services and Lisa Lam, Financial Reporting Manager

At Commissioner Hara's request, staff noted that a request would be made to Moss Adams to consider providing a draft audit report to the committee.

Regarding Commissioner Hara's question of prioritizing the 17 recommendations within the Moss Adams management letter, and which should be emphasized more highly, Ralph Munger, Senior Audit Manager, Moss Adams, advised items related to safeguarding of assets, monitoring of the budget, and purchase order practices would be important items of focus.

Responding to Mr. Miller's question of items that were not included in the management letter, Mr. Munger stated that he would like to defer answering until he had an opportunity to go back and review information, and that he could then provide a more correct answer.

Commissioner Hara commented that the committee might request that Mr. Munger return to a future Audit Committee meeting for further discussion of the recommendations included in the management letter.

**Report on Internal Audit of Marine Maintenance Department**

Presenter: Joyce Kirangi, Internal Audit Manager

Following Ms. Kirangi's presentation, committee member Miller suggested that for future audits and recommendations, it would be helpful to provide a couple of different control measures, allowing for management to decide which measure would be best to implement.

**Internal Audit Organizational Proposal**

Presenter: Joyce Kirangi, Internal Audit Manager

Ms. Kirangi commented on a draft audit charter for the Internal Audit Department which would be provided to the committee for their review and comments. She stated that she planned to incorporate the 'Three E's' (effectiveness, efficiency and economy) within the charter.

Commissioner Tarleton noted that since an additional staff member would be hired into the audit department by the end of July, there would then be a basis for projecting what work could be completed by the end of the year. She requested that Ms. Kirangi provide by October a draft work plan for the next year and an estimate for the next three years.

CEO Yoshitani then commented that an uncontrollable factor would be the amount of work that could be required of the audit department as a result of the next audit performed by the State Auditor's Office.

**Discussion of Response to State Auditor's (SAO) Report and Future SAO Audits**

Commissioner Hara stated that a presentation on the report to the SAO regarding the performance office would be given before the full Commission at today's meeting.

Responding to Commissioner Tarleton's question of the process to be used for reviewing the proposed scope of the next SAO audit, Mr. Yoshitani stated he felt there should be a discussion before the full Commission.

Mr. Yoshitani commented that of the list received from the SAO stating possible areas that would be audited, the staff recommendation to the Commission would include the areas of accountability and transparency, risk management, and information technology.

Mr. Caluza mentioned that also scheduled this Fall are the public accountability audit, the state auditor's performance audit, the Moss Adams financial statement audit, the Moss Adams federal grant compliance audit and the Moss Adams passenger facility charge audit.

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Commissioner Hara noted that two items on the agenda were not addressed due to a lack of time.

Mr. Miller reiterated that he would like to see an 'open items' list in order track outstanding reports back to the committee from staff.

**ADJOURNMENT**

There being no further business, the meeting was adjourned at 11:05 a.m.

Commissioner Lloyd Hara