

Port Will Use Audit Results to Strengthen Contracting Practices

Many Recommended Actions Already Underway

The Washington State Auditor's Office has released the results of a performance audit of the Port of Seattle's capital program. The performance audit identified several areas where the Port's capital program management should be improved.

"I am taking the results of this audit seriously," said CEO Tay Yoshitani. "I welcome the majority of recommendations from this audit, and believe they reflect genuine opportunities to improve our construction management and contracting practices." In fact, he noted, many of these recommendations also were identified in a Port-initiated performance audit earlier this year. A 37-point action plan resulting from the earlier audit is already being implemented.

"It is disappointing that our own policies and procedures were not followed in some instances," Yoshitani added. "This is something we will address throughout the organization."

Yoshitani has appointed an internal team to address the two overarching recommendations: centralizing procurement-related activity and clarification of the Port Commission's oversight and staff reporting requirements for major construction programs.

While the Port does not agree with all the conclusions of the performance auditor, Commissioners and staff will work with customers, policymakers and other stakeholders in giving full consideration to each recommendation. Overall, the Port has a strong record of compliance, as evidenced by numerous outside audits, including those conducted by the Washington State Auditor's Office. The Port will pay particular attention to recommendations dealing with:

- Improvements in contracting and construction management processes and procedures
- Adhering consistently to Port policies and ensuring complete documentation
- Improvements in the effectiveness of internal controls
- Identifying additional safeguards against fraud, waste, and abuse in construction practices

"The Commission is committed to a Port that is accountable to the public and fiscally responsible in its use of public funds," said Commission President John Creighton. "We have directed our CEO to work aggressively to strengthen the Port's cost and control policies in accordance with the audit recommendations. The Commission will be reviewing our oversight protocols as well, to ensure that they are in line with best practices in organizational governance."

"Good stewardship of taxpayer and customer resources is a top priority for the Commission," he continued. "We will use this audit to increase the return on their investment."

The Port's most recent economic impact report credits the organization's activities for supporting over 200,000 jobs and generating more than \$12 billion in business revenue and \$626 million in state and local taxes annually for the Puget Sound region. The Port's robust construction program, which totaled \$1.6 billion in the period considered by the audit, is an integral part of its success in creating jobs and generating economic development for the region. Most of these projects are time-sensitive and must be completed while accommodating the round-the-clock operations of both the airport and seaport.

Find the full report on the State Auditor's Office [Official web site](#).