

June 30, 2008

The Honorable John Creighton
President, Port of Seattle Commission
2711 Alaskan Way
Seattle, WA 98121

Re: Transmittal of Performance Audit Annual Report

Dear Commissioner Creighton,

I am pleased to submit the SAO Performance Audit Annual Report to you. As you know, the report represents the significant efforts of many Port staff members, and is the culmination of six months of discipline and dedication on the part of many.

To date, we have accomplished a significant amount of work in implementing the auditor's 51 recommendations:

- ◆ The Port fully agreed with 40 of the auditor's 51 recommendations; of these, 19 were implemented by July 1, and 18 more will be implemented by August 31, 2008.
- ◆ The Port partially agreed with 6 of the auditor's 51 recommendations; while we did not fully agree with the recommendation as it was stated in the report, we agree that the underlying intent of the recommendation has merit. The Port has or will implement reforms designed to meet the underlying intent of the recommendation through a combination of the auditor's recommended steps and/or alternate methods. Of these recommendations, three were completed by July 1, and two more will be completed by August 31, 2008.
- ◆ The Port did not agree with 5 of the auditor's 51 recommendations, either because it believes the underlying assumptions are incorrect (such as the use of a particular type of software) or because it disagrees with the auditor's interpretation of data. However, members of the organization have worked to address the intent behind the recommendations, and implement reforms designed to allay those underlying concerns. These reforms include the revision of policies and procedures, completion of other reforms already underway prior to the audit report, or review of technology systems currently used and available improvements. Work has been completed on two of the recommendations; an additional one will be completed by August 31, 2008.

Of the recommendations that will not be implemented by August 31, we believe the outstanding items will be complete by the first quarter of 2009. Work is underway on the remaining six recommendations (Recommendations 31-33, 43, 44, and 47) and we will specify a completion date for them as soon as possible. Completion of these items are dependent on the purchase and introduction of software systems, findings of separate investigations, and completion of additional reviews currently being conducted by the Internal Audit Manager.

I appreciate the Commission's support as we have worked to make these significant changes. As I have said before, implementing the reforms identified by the performance audit is a difficult and complex task, but the organization is up to the challenge. I look forward to completing our Audit Response Action Plan and returning the Port's full attention to becoming the cleanest, greenest, most energy efficient port in the nation – one that creates jobs and economic growth for the citizens of King County.

Sincerely,



Tay Yoshitani
Chief Executive Officer