



External Quality Control Review

of the
Port of Seattle Internal Audit Department

Conducted in accordance with guidelines of the
Association of Local Government Auditors
for the period November 1, 2018 through October 31, 2021



Association of Local Government Auditors

August 23, 2022

Glenn Fernandes, Director
Port of Seattle Internal Audit Department
P.O. Box 1209
Seattle, WA 98111

Dear Mr. Fernandes,

We have completed a peer review of the Port of Seattle Internal Audit Department for the period November 1, 2018 through October 31, 2021. In conducting our review, we followed the standards and guidelines contained in the *Peer Review Guides* published by the Association of Local Government Auditors.

We reviewed the internal quality control system of your audit organization and conducted tests in order to determine if your internal quality control system operated to provide reasonable assurance of conformance with the *International Standards for the Professional Practice of Internal Auditing (the Standards)* issued by the Institute of Internal Auditors as part of their *Professional Practices Framework* and reasonable assurance of compliance with *Government Auditing Standards* issued by the Comptroller General of the United States, as well as applicable legal and regulatory requirements. Due to variances in individual performance and judgment, conformance does not imply adherence to standards in every case, but does imply adherence in most situations.

Based on the results of our review, it is our opinion that during the period November 1, 2018 through October 31, 2021 the Port of Seattle Internal Audit Department's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of conformance with *the Standards* for assurance engagements and compliance with *Government Auditing Standards*, resulting in a rating of pass.

We have prepared a separate letter offering suggestions to further strengthen your internal quality control system.

Sincerely,

Sarah A. Dickson
San Diego City Employee's
Retirement System Internal Audit
San Diego, CA

Frank Mayhew
City of Dallas Office of the
City Auditor
Dallas, TX

Kimberly L. Houston
City of Corpus Christi City
Auditor's Office
Corpus Christi, TX



Association of Local Government Auditors

August 23, 2022

Glenn Fernandes, Director
Port of Seattle Internal Audit Department
2711 Alaskan Way
Seattle, WA 98121

Dear Mr. Fernandes,

We have completed a peer review of the Port of Seattle Internal Audit Department for the period November 1, 2018 through October 31, 2021 and issued our report dated August 23, 2022. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your office excels:

- Audit staff contains highly qualified professionals holding a variety of certifications and licenses which increases the value of their work product.
- Staff development is encouraged and access to specialized education is made available to keep apprised of emerging issues in the internal audit profession as well as meet needs of unique engagements.

We offer the following observation and suggestion to enhance your organization's demonstrated conformance to *International Standards for the Professional Practice of Internal Auditing*:

- **Observation:**
Standard 2210.C1 requires consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client. Standard 2210.C2 requires consulting engagement objectives be consistent with the organization's values, strategies, and objectives.

The peer review team noted an engagement that appeared to be consulting in nature, executed as an audit without following audit practices typically upheld in other audits projects.

Suggestion:

We recommended a policy defining consulting engagements clearly and ensures client agreement. In addition, ensure consulting activities are consistent with the organization's values, strategies, and objectives.

We extend our thanks to you and your staff for the hospitality and cooperation extended to us during our review.

Sincerely,



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San Diego City Employee's
Retirement System Internal Audit
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Association of Local Government Auditors

August 23, 2022

Glenn Fernandes, Director
Port of Seattle Internal Audit
P.O. Box 1209
Seattle, WA 98111-1209

Dear Mr. Fernandes,

We have completed a peer review of the Port of Seattle Internal Audit Department (department) for the period November 1, 2018 through October 31, 2021 and issued our report thereon dated August 23, 2022. We are issuing this companion letter to offer certain observations and suggestions stemming from our peer review.

We would like to mention some of the areas in which we believe your department excels:

- Responsiveness to prior peer review recommendations by implementing suggestions provided to the department on prior approval of work programs.
- Well-organized and easy-to-follow workpapers demonstrating good connectivity between planning and the audit report.
- Strong and positive communication between the department and the audited organization evidenced in management's responses to audit recommendations.

We offer the following observations and suggestions to enhance your organization's demonstrated adherence to *Government Auditing Standards*:

- Standard 4.16 requires *auditors who plan, direct, perform engagement procedures for, or report on an engagement conducted in accordance with GAGAS should develop and maintain their professional competence by completing at least 80 hours of CPE in every 2-year period. Twenty-four hours should be subject matter directly related to the government environment, government auditing, or the specific or unique environment in which the audited entity operates.*

In reviewing department's CPE records, we observed inconsistencies in classifying government CPE hours amongst staff attending the same training and variations from government classifications identified by the CPE host versus government classifications reported by the CPE earner.

We suggest the department develop, document, and follow procedures related to classifying government CPE training to promote consistency amongst staff records and ensure adherence to government CPE hours.

- Standard 3.107 requires auditors to *prepare appropriate documentation under the GAGAS quality control and assurance requirements and document the safeguards if the audit organization is structurally located within a government entity and is considered structurally independent based on those safeguards.* Standard 5.09 requires the audit organization to *obtain written affirmation of compliance with its policies and procedures on independence from all of its personnel required to be independent.*

In reviewing auditor independence within workpapers, we observed auditor affirmation of independence is captured on an engagement basis by typing audit team member names into a table within electronic workpapers. When names are manually typed into workpapers it does not plainly assert the individual is attesting to their independence.

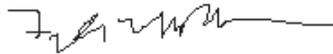
We suggest auditors individually affirm their independence using clearer documentation, such as through electronic signatures, system signoffs, or scanning signed hard copies.

We extend our thanks to you and your staff for the hospitality and cooperation extended to us during our review.

Sincerely,



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