

# INTERNAL AUDIT REPORT

Operational - Capital Audit  
2023 Airfield Projects – Contract 2



Placing pumped concrete in forms



Block wall construction

February 2023 – January 2025

Issue Date: February 24, 2025

Report No. 2025-05

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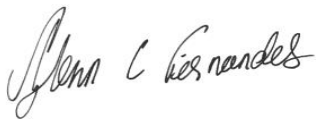
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## Executive Summary

Internal Audit (IA) completed an audit of the 2023 Airfield Projects – Contract 2, for the period February 2023 through January 2025. The audit was performed to provide an independent assessment of performance, with the purpose of determining whether the Port of Seattle's (Port) controls on pay applications, and monitoring of unit price items were achieved. Another objective of the audit was to determine if there were opportunities for improvement in future projects.

This project was executed as a Design-Bid-Build method. The Port entered into an Agreement with Scarsella Brothers Inc. with unit prices for each line item. The project was temporarily paused in November 2024, due to supply chain issues with electrical transformers.

**We found that Port's processes for this Project were effective and met industry standards. We do not have any reportable issues.**



Glenn Fernandes, CPA  
Director, Internal Audit

### Responsible Management Team

Karen Goon, Deputy Executive Director  
Brian Sweet, Director of Engineering – Construction Management  
Janice Zahn, Chief Engineer

## Background

The 2023 Airfield Projects - Contract 2 encompassed critical infrastructure projects aimed at enhancing airfield safety, security, and operational efficiency at Seattle-Tacoma International Airport (Airport). These projects addressed both immediate and long-term needs for the Airport's airfield infrastructure. These projects were designed to work in tandem with other capital projects, minimizing disruption to airport operations, assuring compliance with regulatory requirements, and improving the airfield's long-term functionality.

Key projects within Contract 2 include:

- **Snow Storage Expansion:** This project increased snow storage capacity by expanding the existing snow storage areas. The project also improved the infrastructure that supports these areas, such as widening the perimeter roadway to accommodate snow removal equipment and improving the airfield operational safety during winter storm events.
- **Overheight Vehicle Damage Protection System (OHVDPS):** This project installed warning bars on the perimeter road at a height of 14' to stop overheight vehicles from striking the FAA approach lighting bridge that crosses the perimeter road at the north end of runway 16R.
- **Cascade Road:** This project extended a mid-airfield power ductbank.
- **Perimeter Intrusion Detection System (PIDS):** This project will enhance airport perimeter security and public safety by deploying power and communication infrastructure, along with advanced monitoring technology to track and respond to security threats. It will also provide infrastructure to undeveloped areas on the airfield and support AV Security business and operational goals. The PIDS system will integrate with other airfield improvements, boosting both security and operational efficiency.
- **Secured Area Vehicle Checkpoints Project (SAVCP):** This project will provide the infrastructure and equipment needed to support full employee screening at the North and South boundaries of the airfield's secured area. It includes the installation of vehicle gates and security screening equipment to make sure that only authorized vehicles are permitted access to critical areas, enhancing overall airport security.

Estimated cost by Project:

Snow Storage Expansion	\$3,152,729.60
OHVDPS	\$627,120.00
Cascade Road	\$3,065,029.50
PIDS	\$16,552,159.40
SAVCP	\$2,060,592.55
<b>Total</b>	<b>\$25,457,631.05</b>

## **Audit Scope and Methodology**

We conducted the engagement in accordance with Generally Accepted Government Auditing Standards and the Global Internal Auditing Standards. These Standards require us to plan and execute the engagement to obtain sufficient, appropriate evidence to support our findings and conclusions based on the engagement objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

In some instances, we used judgmental sampling methods to determine the samples selected for our testing. In those cases, the results of the work cannot be projected to the entire population.

The period audited was February 2023 through January 2025 and included the following procedures:

### Changes in Quantity/Unit Price Renegotiation:

- Identified the agreed upon bid quantity per the contract.
- Identified the actual quantity to date in the latest pay estimate.
- Compared the quantities to identify items that would have triggered section G-05.04 (Compensation for Changes) in the contract.
- Assessed if unit price negotiation could have been beneficial for the Port.

### Pay Estimate Process:

- Sampled line items from the Schedules and compared with the Field Note Records to verify the used amounts.

### Trip Ticket:

- Examined the trip tickets for line items with the unit of measure “TON.”
- Verified material quantities billed on the pay estimates were accurately supported by trip tickets.
- Reviewed documentation to determine whether there were missing trip tickets.

## Appendix A: Risk Ratings

Observations identified during the audit are assigned a risk rating, as outlined in the table below. Only one of the criteria needs to be met for an observation to be rated High, Medium, or Low. Low rated observations will be evaluated and may or may not be reflected in the final report.

Rating	Financial/ Operational Impact	Internal Controls	Compliance	Public	Commission/ Management
<b>High</b>	Significant	Missing or partial controls	Non-compliance with Laws, Port Policies, Contracts	High probability for external audit issues and / or negative public perception	Requires immediate attention
<b>Medium</b>	Moderate	Partial controls  Not functioning effectively	Partial compliance with Laws, Port Policies Contracts	Moderate probability for external audit issues and / or negative public perception	Requires attention
<b>Low</b>	Minimal	Functioning as intended but could be enhanced	Mostly complies with Laws, Port Policies, Contracts	Low probability for external audit issues and/or negative public perception	Does not require immediate attention