



**Office of the Washington State Auditor
Pat McCarthy**

February 12, 2019

Port Commission
Port of Seattle
Seattle, Washington

Management Letter

This letter includes a summary of specific matters that we identified in planning and performing our accountability audit of the Port of Seattle from January 1, 2017 through December 31, 2017. We believe our recommendations will assist you in improving the Port's internal controls in these areas.

We will review the status of these matters during our next audit. We have already discussed our comments with and made suggestions for improvements to the Port's officials and personnel. If you have any further questions, please contact me at (206) 615-0557.

This letter is intended for the information and use of management and the governing body and is not suitable for any other purpose. However, this letter is a matter of public record and its distribution is not limited.

We would also like to take this opportunity to extend our appreciation to your staff for the cooperation and assistance given during the course of the audit.

Sincerely,

Joe Simmons, CPA, Audit Manager

Attachment

Management Letter
 Port of Seattle
 January 1, 2017 through December 31, 2017

Compensation increases for non-represented employees

The Human Resources department administers the job evaluation system and approves all job evaluation outcomes, including positions within Human Resources.

Human Resources prepares an annual Salary and Benefits Resolution for Port Commission approval. The Resolution includes Exhibit A, “Schedule of Authorized Non-Represented Jobs,” which contains authorized pay grades, pay ranges and job titles for non-represented employees. The Commission approved the Port’s 2018 Salary and Benefits Resolution on November 28, 2017, and the 2017 resolution on November 22, 2016.

Human Resources performed job evaluations throughout the year that resulted in job titles receiving pay grade increases and amended Exhibit A to reflect the changes.

The amended versions of Exhibit A were posted to the Port’s website, but the Commission did not approve the amendments. These amendments resulted in compensation increases for 202 non-represented employees totaling \$503,849 in 2017 and \$383,983 in 2018.

The following chart summarizes the changes to Exhibit A for 2017 and 2018:

Year	Resolution number	Amendments	Job titles reclassified	Employees reclassified	Total pay increases not approved
2017	3727	3	72	125	\$503,849
2018*	3739	2	74	77	\$383,983**
Total		5	146	202	\$887,832

*As of October 31, 2018

**Includes 15 positions in the Human Resources department, totaling \$ 46,200

Without being provided sufficient information and full disclosure, the Commission cannot provide proper oversight of management and the Port’s activities.

We recommend the Port ensure amendments to the Salary and Benefits Resolution are approved by the Commission, which ensures management has performed the necessary due diligence as part of its control environment.