

Port of Seattle Audit Committee

March 1, 2019

Seattle-Tacoma International Airport

11:00 AM – 12:30 PM



The Association of Local Government Auditors

Awards this

Certificate of Compliance

to

Port of Seattle Internal Audit Department

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with the *International Standards for the Professional Practice of Internal Auditing* for assurance and consulting engagements during the period November 1, 2015, through October 31, 2018.

Paul Geib

Paul Geib
ALGA Peer Review Committee Chair

Kristine Adams-Wannberg

Kristine Adams-Wannberg
ALGA President



The Association of Local Government Auditors

Awards this

Certificate of Compliance

to

Port of Seattle Internal Audit Department

Recognizing that the organization's internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with *Government Auditing Standards* for audit and attestation engagements during the period November 1, 2015, through October 31, 2018.

Paul Geib

Paul Geib
ALGA Peer Review Committee Chair

Kristine Adams-Wannberg

Kristine Adams-Wannberg
ALGA President

Staff Development / Recognition

Ritika Marwaha – Sr. Internal Auditor

- Passed the Certified Information Systems Auditor(CISA) exam on February 7, 2019.
- Diligence and hard work.
- Certification strengthens dept's IT audit expertise

Spencer Bright – Acting Capital Audit Manager

- Selected for the Port's Link Leadership Program.
- 10 Week Program
- Focuses on Key Leadership Attributes:
 - Fixed vs. Growth Mindset, Self-Awareness, Emotional Intelligence, Living our Values, Leading One's Self.

Dan Chase – Manager, Internal Audit

- Began an MBA program at Albers School of Business at Seattle University.
- Subject matter is directly applicable to work performed at the Port. (e.g. Statistical Sampling Methods)
- Accepted into the Port's Tuition Reimbursement Program.

Limited Contract Compliance

- Sixt Rent A Car LLC
- Enterprise Rent A Car
- Anton Airfood
- Mad Anthony's
- Marketing Fund-Concessions

Operational

- Airport security screening program
- Diversity Program
- Marine Maintenance

Capital

- Baggage Optimization
- Noise Insulation Programs (FAA Part 150)
- Concourse D Hardstand Terminal
- Shilshole Tenant Service Building

Information Technology

- Security of Personally Identifiable Information¹
- HIPAA – Compliance
- PCI-Quality Security Assessor
- Closed Network System Security
- T2 Airport Garage Parking System Replacement

2019 AUDIT PLAN STATUS

Audit Title	Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Sixt Rent A Car LLC	Limited Compliance												
Marketing Fund-Concessions	Limited Compliance												
Security of Personally Identifiable Information	IT												
Noise Insulation Programs (FAA Part 150)	Operational - Capital												
Marine Maintenance	Operational												
Mad Anthony's	Limited Compliance												
Baggage Optimization	Operational - Capital												
Closed Network System Security	IT												
Diversity Program	Operational												
Enterprise Rent A Car	Limited Compliance												
Anton Airfood	Limited Compliance												
Airport Security Screening Program	Operational												
Concourse D Hardstand Terminal	Operational - Capital												
Shilshole Tenant Service Building	Operational - Capital												
HIPAA Compliance	IT												
PCI Quality Security Assessor	IT												
T2 Airport Garage Parking System Replacement	IT												

Key:	Complete
	In Process
	Not Started

Audits to be discussed

- 1) Security of Personally Identifiable Information (PII)*
- 2) Airport Tenant Marketing Program
- 3) Sixt Rent A Car

*Security Sensitive – Exempt from Public Disclosure per RWC 42.56.420

Personally Identifiable Information

Definition

- First name or first initial and last name in combination with: SS#, DL #, State ID #..etc.
- Financial account # + security code, access code or password
- Medical or health insurance info.

➤ Should be restricted to authorized personnel

➤ Protected by various laws

➤ Fiduciary responsibility to individual

Results

- Four issues which are deemed security sensitive and exempt from public disclosure.
- Discussed in 1:1 with Audit Committee Members.
- Management is in the process of addressing issues.

Airport Tenant Marketing Program

- Established in 2005
- Increases awareness of Airport Dining and Retail locations
- Concessionaire Funded ~ \$1.2MM Annual
 - ✓ 0.05% of gross sales (\$24,000 Cap)
 - ✓ \$30,000 Cap - leases signed after January 2016

Results

Medium – Formal Processes have not been established

- 2017 Annual Business plan was not created

- Marketing Advisory Group
 - ✓ Does not have concession representation
 - ✓ Budget not formally approved

- Contribution limit increased from \$24,000 to \$30,000 despite budget surplus

MANAGEMENT RESPONSE

Management to discuss in person. Detailed response presented in audit report.



Sixt Rent A Car

- Minimum Annual Guarantee - 10% of Gross Revenue

- Customer Facility Charge - \$6
 - 2015 – 2018 ~ \$1.2 – 1.4

- Percentage Fees
 - 2015 & 2016 ~ \$1.2 MM / Year
 - 2017 ~ \$1.4 MM
 - 2018 ~ \$1.2 MM (June – December)

Results

Medium – Sixt did not report \$432,991 in incidental gross revenues, resulting in \$43,299 in additional Percentage Fees owed to the Port.

- Reservation cancellation fees
- Administrative fee for tolls
- Tickets
- Vehicle upkeep recovery
- Counter processing recovery

MANAGEMENT RESPONSE (IN PART)

Management will seek to recover the fees together with any applicable late fees and interest charges.

Since exclusions from gross revenue appear to be a common audit finding, we will also reengage with all rental car tenants regarding acceptable exclusions.

