



COMMISSION
AGENDA MEMORANDUM

Item No. 11a

BRIEFING ITEM

Date of Meeting Dec 9, 2025

DATE: December 9, 2025
TO: Stephen P. Metruck, Executive Director
FROM: Glenn Fernandes, Director, Internal Audit
SUBJECT: **2025 Internal Audit Annual Report**

EXECUTIVE SUMMARY

The purpose of this memo is to brief the Commission and the public on audits performed in the 2025 calendar year. The 2025 Audit Plan was approved at the December 5, 2024, Audit Committee meeting.

Internal Audit (IA) completed 13 audits, 10 limited contract compliance reviews, and 2 capital project reviews. These identified 8 High Risk, 10 Medium Risk, and 7 Low Risk issues for management action. In addition, R.L. Townsend & Associates, an external, independent auditor, who was engaged to audit General Contractor/Construction Manager construction projects, presented an Annual Audit Services Report at the December 5, 2024, Audit Committee meeting.

Implementation of the associated recommendations will strengthen internal controls, enhance processes, and improve efficiencies. Internal Audit (IA) has a process in place where we periodically follow up on recommendations and agreed upon management action plans to assure action is taken. This process sometimes relies on attestations from Management. Delinquent action plans are periodically brought to the Audit Committee's attention.

BACKGROUND

On December 11, 2007, the Port of Seattle (Port) Commission passed a motion, which resulted in the creation of an independent and objective Internal Audit function. The Internal Audit Charter was last updated and approved by the Audit Committee, the Commission President, and the Executive Director on October 5, 2020. No significant changes have warranted an update since then.

The Audit Committee serves as an arm of the Port Commission. For 2025, Commissioner Ryan Calkins chaired the Audit Committee, and Commissioner Hamdi Mohamed served as the other commission member. Ms. Sarah Holmstrom, CPA, a Strategic Finance Leader for Swinomish Enterprises, served as the external member of the Audit Committee.

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IA conducts audits and reviews of Port departments, programs, functions, systems, contracts, and activities based on the department's approved audit plan. In discharging their duty, the Internal Audit Director and his staff are accountable to the Audit Committee and to the Executive Director.

LISTING OF 2025 INTERNAL AUDITS AND REVIEWS COMPLETED

Below is a list of audits and reviews completed by Internal Audit in 2025.

Performance:

- 1) Recovery Effort - Data Integrity – Maritime
- 2) Banking/Fraud Controls
- 3) Community Initiatives - ANEW
- 4) Consultants/Contractor Management
- 5) Port Management Governance Committees

Performance - Capital:

- 1) Terminal 91 Berths 6 & 8
- 2) Maritime Center at Fishermen's Terminal
- 3) 2023 Airfield Projects - Contract 2
- 4) Widen Arrivals Roadway
- 5) Recovery Effort - Data Integrity - Construction Management¹
- 6) Club at SEA¹

Information Technology:

- 1) Closed Network System - Satellite Transit System (STS) (AVM)²
- 2) Third-Party Risk Management (ICT & AVM)²
- 3) Access Control Management (AVM)²
- 4) Access Control Management (ICT)²

Limited Contract Compliance:

- 1) Gate Gourmet, Inc.¹
- 2) BF Foods, LLC¹
- 3) Concourse Concessions, LLC¹
- 4) SSP America SEA, LLC (Ballard Brew Hall)¹
- 5) SSP America SEA, LLC (Mi Casa Cantina)¹
- 6) SSP America SEA, LLC (Le Grand Comptoir)¹
- 7) SSP America SEA, LLC (Camden Food Co.)¹
- 8) Sun's, Inc.¹
- 9) The Yarrow Group, LLC¹
- 10) LaTrelle's Flight Kitchen, LP (Wendy's)¹

¹ Performed as a review

² Security Sensitive – Exempt from public disclosure per RCW 42.56.420

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 14, 2025 – The Commission was briefed on 2024 completed audits.

February 13, 2024 – The Commission was briefed on 2023 completed audits.

January 24, 2023 – The Commission was briefed on 2022 completed audits.

December 9, 2021 – The Commission was briefed on 2021 completed audits.

December 8, 2020 – The Commission was briefed on 2020 completed audits.

December 10, 2019 – The Commission was briefed on 2019 completed audits.