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**APPROVED MINUTES
AUDIT COMMITTEE SPECIAL MEETING
December 4, 2025**

The Port of Seattle Commission Audit Committee met in a special meeting December 4, 2025. The meeting was held in the Commission Chambers located at the Port of Seattle Headquarters Building, 2711 Alaskan Way, Seattle, WA, and virtually via Microsoft Teams. Committee members present included Commissioner Ryan Calkins, Commissioner Fred Felleman, and Public Member Sarah Holmstrom (non-voting).

1. Call to Order:

The committee special meeting was called to order at 9:30 p.m. by Commissioner Calkins. The agenda was approved without objection.

**Internal Audit Department presentation contains information for Agenda Items 7 through 15.*

2. Approval of Audit Committee Meeting Minutes of September 16, 2025.

The minutes of the Audit Committee special meeting of September 16, 2025, were approved without objection.

EXTERNAL AUDITS

3. Baker Tilly – 2025 Audit Entrance

Presenters:

Olga Darlington, Partner

Olga Darlington, Baker Tilly, provided a report addressing:

- scope of the audit – annual audit and report on the financial statements for the year ending December 31, 2025, for the Port's Enterprise Fund and Fiduciary Fund, comprised of the Warehousemen's Pension Trust Fund, included in the Port's Annual Comprehensive Financial Report; audit and report on compliance related to Major Federal Award Program(s), the Schedule of Expenditures of Federal Awards, and related internal controls; audit and report on the schedule of Passenger Facility Charge (PFC) program receipts and expenditures, and related internal controls; audit and report on the schedule of net revenues available for revenue bond debt service;

- communication to ‘Those Charged With Governance and Internal Control Related Matters;’ and limited procedures; and
- the audit timeline, with presentation of Audit results at the second Audit Committee meeting in 2026.

Members of the Committee and Director Fernandes thanked Baker Tilly for their continued services provided to the Port of Seattle.

4. Office of the Washington State Auditor

Presenters:

Joseph Simmons, Audit Program Manager
Sonia Khokhar, Assistant State Auditor

The presentation addressed:

- Accountability Audit results for the period of January 1, 2024 through December 31, 2024;
- in the areas selected, Port operations complied, in all material respects, with applicable state laws, regulations, and Port policies, and provided adequate controls over the safeguarding of public resources;
- areas examined included self-Insurance – health and welfare, unemployment, workers compensation and paid family and medical leave; accounts payable – general disbursements, credit cards, travel expenditures; payroll compliance with pay equity policy for non-represented employees; open public meetings compliance with minutes, meetings and executive session requirements; and financial condition – reviewing for indications of financial distress;
- additional areas of the audit including an assessment audit on the Port of Seattle Industrial Development Corporation and review of independent CPA firm audits;
- audit costs in alignment with the Auditor’s original estimates; and
- next audit, scheduled for Fall 2026.

Members of the Committee and Director Fernandes thanked the State Auditor’s team for the presentation and audit results.

5. R.L Townsend & Associates – Construction Audit Services Annual Report

Presenters:

Debbie Townsend, President and Executive Construction Cost Control Consultant
Rachel Townsend-Smith, Senior Professional Associate

The presentation addressed:

- three construction projects included in the audit – Main Terminal Low Voltage; Phase C-1 Building Expansion; and Post IAF Airline Realignment; and
- scope, progress, potential issues identified, and next steps for each of the projects

Discussion ensued regarding:

- most of the project work being done by contractors and audits occurring as the projects are undertaken;
- confirmation of personnel assigned to the projects; and
- additional personnel to oversee the scope of work called ‘general conditions personnel.’

Members of the Committee and Director Fernandes thanked the R.L. Townsend & Associates team for their work in the construction audits for 2025.

6. FACT Financial Solutions – Construction Audit Services Annual Report

Director Fernandes advised that this presentation will be moved to the first quarter of 2026.

UPDATES AND APPROVALS

7. Approval of Proposed 2026 Internal Audit Plan

Presenters:

Glenn Fernandes, Internal Audit Director

Internal Audit Director, Glenn Fernandes, overviewed the summary of the 2025 Audit Plan status; spoke regarding continuous audits; discussed 2026 Audit Plan inputs and the risk assessment process; and advised regarding the proposed operational audit plan, capital audits, IT audits, and lease and concession audits.

Commissioner Felleman spoke regarding additional staffing needed in the Art division/program and asked that a staffing assessment be included in the 2026 Audit Plan. Commissioner Felleman also spoke regarding the 1 percent for art requirement and art for maritime, as well as looking into the size of the art program for the Port. He further discussed how recommendations of audit reports are addressed.

Discussion continued regarding:

- if there are 'honor systems' programs aside of Airport, Dining, and Retail;
- a Family Medical Leave Act third-party audit and looking at controls that can be recommended to assist in administration of the program; and
- concessions.

The motion, made by Commissioner Felleman to approve the 2026 Internal Audit Plan, carried by the following vote:

In favor: Calkins and Felleman (2)

Opposed: (0)

8. Open Issue Status

Presenters:

Glenn Fernandes, Internal Audit Director

Internal Audit Director, Glenn Fernandes, advised that there were no current open issues.

PERFORMANCE AUDITS

9. Terminal 91 Berths 6 & 8

Presenters:

Glenn Fernandes, Director, Internal Audit
Spencer Bright, Manager, Capital Audits

The presentation addressed:

- Terminal 91 Berths 6 & 8 redevelopment;
- the age of the facilities and their failing conditions;
- the scope of the project – to redevelop existing condemned and load limited areas;
- findings of the audit including lack of sufficient documentation from the contractor to adequately review pay applications resulting in a net overpayment of \$147,378;
- Management's notification of lack of documentation to the contractor and the contractor's submission of that documentation, as well as a credit on the pay application; and
- no further action required, as the overpayment was resolved prior to issuing the audit report.

Members of the committee expressed appreciation for Management's quick follow-up and appreciated the history of the project included in the audit presentation.

10. Recovery Effort – Data Integrity - Maritime

Presenters:

Glenn Fernandes, Director, Internal Audit

Director Fernandes advised that this was a clean audit.

INFORMATION TECHNOLOGY AUDITS

11. Access Control Management (ICT)

Commissioner Calkins advised that Item 11 would be addressed in non-public session due to the security-sensitive nature of the item.

LIMITED CONTRACT COMPLIANCE AUDITS

12. Sun's Inc.

13. The Yarrow Group, LLC

Glenn Fernandes, Internal Audit Director, advised that the Limited Contract Compliance Audit reports and data was provided, and that there was nothing of note regarding these audits.

14. Committee Comments

Comments of appreciation to the staff, committee members, and to Commissioner Felleman for being an alternate on the committee were made. Commissioner Calkins further thanked everyone for the incredible professionalism of the Audit staff and for continuous process improvement resulting from their audit work.

15. Adjournment

There being no further public business, the meeting recessed to non-public session at 10:43 a.m., with the non-public session convening at 10:53 a.m. Non-public session lasted approximately 30 minutes, and the meeting adjourned at 11:23 a.m. with no further action taken.

Prepared:

Attest:

Michelle M. Hart, MMC, Commission Clerk

Fred Felleman, Audit Committee Chair

Minutes approved: March 19, 2026.