

INTERNAL AUDIT REPORT

Operational Audit
Public Art Program

January 2024 to December 2025



Issue Date: March 3, 2026
Report No. 2026-02

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TABLE OF CONTENTS

Executive Summary.....	3
Background	4
Audit Scope and Methodology.....	5
Schedule of Observations and Recommendations.....	6
Appendix A: Risk Ratings.....	9

Executive Summary

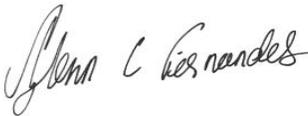
We completed an audit of the Port of Seattle's (Port) Public Art Program for the period January 2024 through December 2025. The audit was conducted to assess the overall compliance of the Port with the Port-wide Arts and Cultural Program Policy Directive (Directive), as well as assess the existence and accuracy of art assets in the airport.

In the late 1960s, the Port became the first public agency to develop and establish a public art collection. Since then, the collection has grown tremendously to over 420 pieces. The collection represents a diverse range of styles and artists, as well as a variety of forms.

Our review concluded that Port management's monitoring, compliance, and internal controls for inventory management and art-related spending aligned with established policies and procedures. However, we identified instances of non-compliance with certain sections of the Directive, which represents an opportunity where internal controls could be enhanced or further developed. This opportunity is summarized below and discussed in greater detail beginning on page six of this report.

1. **(Medium)** The Port is not fully compliant with the Policy Directive on Port-Wide Arts and Cultural Program (Directive). Specific clauses within the Directive are not being followed and/or implemented.

The exceptions identified from this issue highlight the need for a more proactive approach to manage and oversee the Public Art program. This will be especially important as the Port embarks on the Sustainable Aviation Master Plan (SAMP) and scales up capital spending. Developing annual plans, reevaluating funding requirements and associated complexities, updating guidelines, and integrating employee changes will be important parts of the Port's strategies and priorities over time.



Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team

Wendy Reiter, Managing Director Aviation
Arif Ghouse, Aviation Chief Operating Officer

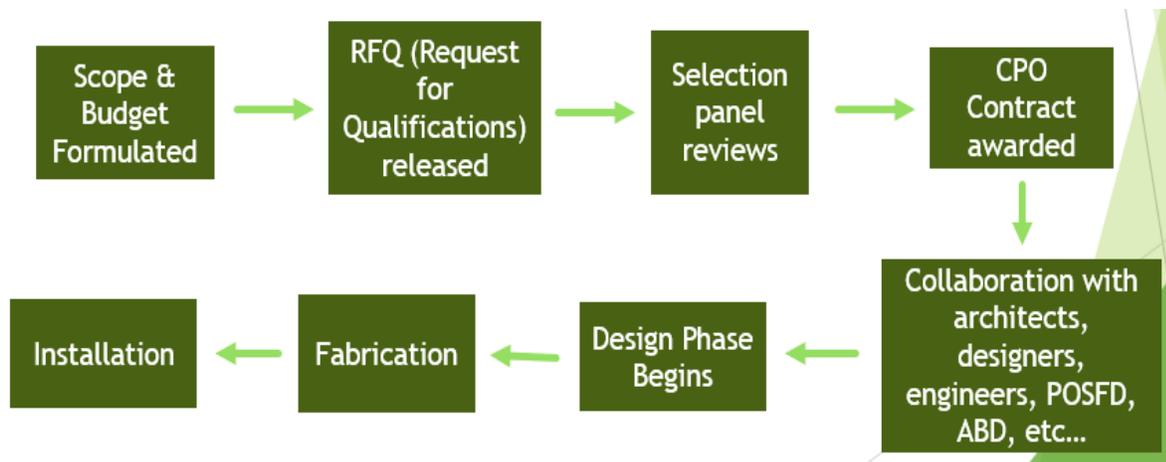
Background

In the late 1960s, Seattle Tacoma International Airport (SEA) was the country's first public airport to establish a public art collection. Since then, the Port has continued "acquiring and incorporating high quality, modern, and contemporary art" into the airport's various terminals and facilities. The collection represents a diverse range of styles and artists, with an emphasis on regional and emerging artists. Additionally, it features a variety of forms, such as glass, photography, sculptures, paintings, and digital/ new media.

The Policy Directive on Port-Wide Arts and Cultural Program (Directive) was formally adopted in November 2019 to "establish a Port-wide Arts and Cultural Program, which returns the Port to its position as a national leader among its peers for art and cultural programming, promotes art and cultural programming throughout all Port and Port-related facilities, and engages the public with the Port." The Directive includes different components, such as formally establishing a Port-Wide Arts and Culture Board in charge of reviewing art selections and placement, establishes policy regarding the calculation of the art pool fund, and includes metrics on how the overall program is evaluated.

A multi-step process, taking multiple months to years, occurs for art assets acquired. Once a decision has been made regarding the scope and budget, a Request for Qualifications (RFQ) is publicized and any interested artist can submit a proposal. Once all the proposals are received, the selection panel, usually comprised of 3 or 5 panelists to avoid ties, reviews the proposals and votes. Afterwards, the chosen artist is contacted by the Central Procurement Office (CPO) for awarding of the contract. Once the contract is awarded, the collaboration process between the artist and various key teams (Art Program staff, architects, engineers, designers, Construction Team, etc) begins. When everything is agreed upon, the design phase starts. After obtaining approval from Engineering, the fabrication and creation of the art is performed. Lastly, the installation phase occurs when the art piece is actually placed into its final location. Depending on the piece itself, the art can be mounted and bolted to walls, hung onto the ceiling away from an average person's standing reach, built into the airport's pillars, or enclosed in glass. These methods reduce the risk of accidental damage, vandalism, and possible theft.

See below for a summary of this process, including the major milestones:



Source: Public Art Program

Audit Scope and Methodology

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards and The Institute of Internal Auditors' Global Internal Audit Standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained meets this requirement and supports our audit objectives.

We used a risk-based, judgmental approach to select items for testing. As a result, the findings reflect only the items tested and should not be interpreted as representative of, or extrapolated to, the entire population.

The period audited was January 2024, through December 2025 and included the following procedures:

Inquiries and Process Walkthroughs

- Conducted inquiries and walkthroughs with key employees in the Art Program department, to obtain and gain an understanding of:
 - The overall history of the Art Program
 - Day-to-day duties and responsibilities of Port staff related to the Art Program
 - Acquisition process of art, from beginning to end (This includes the different phases as mentioned above)

Document Review

- Obtained and reviewed key documents, such as:
 - Policy Directive on Port-Wide Arts and Cultural Program (Directive)
 - 2009 POS Art Program Policy and Guidelines (Guidelines)
 - Public Art Program 2024 Annual Report
 - 2024 Annual Workplan
 - Agenda and Minutes from Commission Meetings in 2024 and 2025
 - Agenda and Minutes from Art Board Meetings in 2024 and 2025
 - Full Listing of Art Collection

Validation and Testing

- Inventory of Art Assets:
 - Observed 15 art pieces at SEA and traced them to the Full Art Collection Listing
 - Selected 15 art pieces from the Full Art Collection Listing and validated their existence by physical observation at SEA
 - Performed a site visit of the storage room to observe how art pieces are stored and kept when not on display
- Art Pool Funding and Spending:
 - Obtained supporting documentation (i.e. Excel spreadsheets and PeopleSoft screenshots) to understand and analyze how the Art Pool fund was calculated
 - Obtained and reviewed a list of all art pool-related spending for the years 2024 and 2025
 - For the three largest projects, Internal Audit (IA) selected three expenses for each project and obtained copies of invoices to review verify reasonableness and amounts spent

Schedule of Observations and Recommendations

1) Rating: Medium

The Port is not fully compliant with the Policy Directive on Port-Wide Arts and Cultural Program (Directive). Specific clauses within the Directive are not being followed and/or implemented.

IA selected significant clauses within the Directive to ascertain compliance. We noted the following exceptions:

- A. *Section 4A: The “Executive Director (ED) or their Delegate shall develop annual workplans which outline yearly goals for the Port-Wide Arts and Cultural Program, including art activities, cultural programming activities, and budget estimates.”*
 - IA requested copies for both 2024 and 2025. For the year 2025, no annual workplan was developed. Meanwhile, for the year 2024, a very simplistic 2024 Annual Workplan was created, containing only two columns: “Ideas” and “Source”, without budget estimates.
- B. *Section 5F: “Changes in capital construction project budgets shall include a proportional change to the project’s one-percent allocation for art.”*
 - IA requested supporting documentation and calculations as evidence that this is being performed. Per our discussions with management, this is not being followed and is consistently a contentious subject between the Art and Construction teams. Construction is insistent on following an informal rule that was developed through emails in late 2021 by members of Senior Management that are no longer at the Port. However, no formal amendments or policy changes were officially submitted and approved.
- C. *Section 6J: “By September 30, 2020, update the Port-Wide Art and Cultural Program Guidelines to include direction from this policy.”*
 - IA requested and obtained a copy of the program guidelines to confirm its existence. We noted that the most recent approved version dates back to Q4 of 2009, which is now over 16 years old. A current working draft is in progress and according to the Art Program department, was presented multiple times to the Art Board now but has yet to be formally approved.

Recommendations:

- 1.) Formalize a process regarding the establishment of a detailed annual workplan in order to aid the overall direction and operations of the Art Program department, as well as present the Art Board with a clear vision for the year. This will promote further clarity and transparency as to how the Art Pool fund is utilized each year.
- 2.) With approval from Senior Management, collaborate with key members from the Construction team to revisit and potentially revise the calculation method of each eligible project’s proportional change to the one-percent allocation for art based on changes in actual budgets. This will ascertain alignment and compliance with the Directive. If changes need to be made regarding the overall methodology of calculating the allocation for art, develop a formal amendment and obtain formal approval from all necessary departments.

- 3.) Finalize and present the current draft of the updated Guidelines to the Art Board for final approval and implementation. This will ensure compliance with the Directive, as well as ensure that the Port's documentation is up to date and relevant.

Management Response/Action Plan:

Management appreciates Internal Audit's review of the Public Art Program and the collaborative approach taken throughout the audit. We agree that this is an appropriate time to strengthen governance documentation and long-term planning for the program as it continues to evolve.

We also want to clarify that the issues identified are not the result of unmanaged spending, missing assets, or breakdowns in financial control. The audit confirmed that inventory controls and monitoring of art-related spending are functioning appropriately. The observations instead relate to documentation completeness, policy interpretation, and the need to modernize program frameworks to reflect current capital delivery practices.

Management's response and action plan are outlined below.

1. Annual Workplan

Management agrees that a more structured and formal annual workplan will improve transparency, prioritization, and program oversight, and will provide clearer direction to the Port-Wide Arts and Culture Board in carrying out its advisory role.

Action:

- Beginning with the 2027 planning cycle, the Port will implement a standardized annual workplan template that includes program goals, project priorities, and associated budget estimates.
- A 2026 interim workplan will be completed in Q2 2026 using the new format and presented to the Art Board to establish expectations and institutionalize the process.

Target completion: Q2 2026 (interim), Q4 2026 (fully institutionalized process)

2. 1% Allocation Methodology

Management acknowledges Internal Audit's interpretation of the Directive language. However, the current funding methodology was implemented following executive-level direction from Port Senior Management to stabilize long-range art funding using a multi-year CIP projection model. The intent was to create predictability, align with capital planning cycles, and avoid volatility caused by year-to-year construction budget fluctuations.

This approach was adopted as a governance decision and applied consistently. The issue therefore represents a need for policy clarification and formal alignment rather than a breakdown in internal controls.

Action:

- Management will convene a cross-functional working group including representatives from Aviation, Maritime, Economic Development, Finance & Budget, Capital Development, and the Public Art Program to review the allocation methodology considering the Directive language.
- The working group will engage the Art Board for advisory input as part of its review.

Public Art Program

- If the review determines that current practice should continue, management will bring forward a formal amendment to the Directive for Commission consideration.
- Alternatively, if alignment with the existing Directive language is required, implementation processes will be modified accordingly to ensure compliance.

Target completion: Q4 2026

3. Program Guidelines Update

The new Public Art Policy & Guidelines have been finalized and were shared with the Board in September 2025.

- Management will upload the document to the Port's website to ensure public visibility. Michelle Hart confirmed that Commission approval is not required, noting that after reviewing the Board Charter, there is no requirement for subsequent Commission adoption of the Board's Public Art Policy and Guidelines. A copy will be saved in the Governance archive for reference, and any future updates should be forwarded to Governance to keep the archived version current.

Target completion: Q2 2026

DUE DATE: Various

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
High	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
Medium	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
Low	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