Port of Seattle Commission

AUDIT COMMITTEE

September 3, 2026 – 11:00 a.m.

To be held in person at the Port of Seattle Headquarters Building – Commission Chambers, Pier 69, 2711 Alaskan Way, Seattle, Washington.
You may view the full meeting live at meetings.portseattle.org.
To listen live from a remote location, call in at: +1 (206) 800-4046 or (833) 209-2690 and Conference ID 926 184 399#

Committee members:
Commissioner Fred Felleman, Chair
Commissioner Hamdi Mohamed (Acting Member)
Committee Public Member Sarah Holmstrom

Also attending:
Glenn Fernandes, Internal Audit Director
Aaron Pritchard, Chief of Staff, Commission Services
Michelle Hart, Commission Clerk

ORDER OF BUSINESS

1. Call to Order
2. Approval of Minutes – June 4, 2026 **(p.2)**

External Audits (Presentation)

3. Office of the Washington State Auditor – 2025 Accountability Audit Opening (Report) **(p.8)**
   Joseph Simmons, Program Manager; Sonia Khokhar, Assistant State Auditor; and Sophia Sullam, Assistant Audit Manager

Updates and Approval *(Glenn Fernandes, Director, Internal Audit)* (Presentation – Items #4-10) **(p.26)**

4. Approval of 2026 Audit Plan Update
5. Approval of Proposed 2027 Budget
6. Internal Audit Charter Updates and Approval (Internal Audit Charter) **(p.51)**

Performance Audits (*Glenn Fernandes, Director, Internal Audit; Spencer Bright, Manager, Internal Audit)*

7. Primary Fire Station Continuing Operations Preservation Project – MC/CM Cost-of-Record (Report) **(p.55)**

Limited Contract Compliance Audits *(Glenn Fernandes, Director, Internal Audit, Dan Chase, Manager, Internal Audit)*

8. Sixt Rent A Car, LLC (Report) **(p.72)**
9. Marmot Mountain, LLC DBA ExOfficio (Report) **(p.75)**

Concluding Business

10. Committee Comments
11. Adjournment

P.O. Box 1209
Seattle, Washington 98111
www.portseattle.org; 206.787.3000

APPROVED MINUTES
AUDIT COMMITTEE SPECIAL MEETING
June 4, 2026

The Port of Seattle Commission Audit Committee met in a special meeting June 4, 2026. 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 Fred Felleman; Commissioner Hamdi Mohamed, and Public Member Sarah Holmstrom (non-voting).

1. Call to Order:

The Audit Committee special meeting was called to order at 10:00 a.m. by Commissioner Felleman. The agenda was approved without objection.

**Internal Audit Department presentation contains information for Agenda Items 5 through 10.*

2. Approval of Audit Committee Meeting Minutes of March 19, 2026.

The minutes of the Audit Committee special meeting of March 19, 2026, were approved without objection.

EXTERNAL AUDITS

3. Baker Tilly – 2025 Financial Statement Audit Results

Presenters:
Anna Waldren, Senior Manager

The presentation addressed 2025 audit reports results:

- an unmodified opinion on financial statements for the Enterprise Fund and the Warehousemen's Pension Trust Fund, which are presented fairly and in accordance with US GAAP;
- Auditors' reports on Internal Control Over Financial Reporting and on Compliance, and other matters – no control findings, no compliance findings;
- reporting on compliance for the major federal program chosen and on internal control over compliance;
- reporting on schedule of expenditures of federal awards required by the uniform guidance (single audit) – no control findings, no findings of noncompliance;
- reporting on the schedules of Passenger Facility Charge (PFC) receipts and expenditures and

related internal controls - no internal control or compliance findings;

- reporting on the Schedule of Net Revenues available for revenue bond debt service – no compliance findings noted;
- areas of audit emphasis;
    - internal control environment
    - management estimates
    - Northwest Seaport Alliance Joint Venture
    - capital assets
    - debt transactions
    - fiduciary activities
    - single audit (federal grant awards); and
- auditor responsibilities.

Anna Waldren, Auditor, spoke regarding no fraud findings, no disagreements with management, and no findings issued. She noted there was one uncorrected misstatement, which was corrected. Ms. Waldren further spoke regarding upcoming new accounting standards.

Members of the Committee thanked Baker Tilly for their time and report.

Discussion ensued regarding:

- ecology procedure review;
- the Environmental Protection Agency habitat credit program; and
- auditing of the Northwest Seaport Alliance (NWSA) Joint Venture with respect to specific audit of the NWSA and Port of Tacoma portions of the venture.

4. <u>Fort Hill – Baggage Optimization Phase III</u>

Presenters:
Doug Plyler, Principal

The presentation addressed inconsistencies in billing and lack of supporting documentation identified resulting from a monthly audit of the payment application for the Baggage Optimization Project Phase 3 project. Project dashboard trends and data were overviewed.

Discussion ensued regarding labor rates for General Contractor/Construction Manager contracts.

Members of the Committee thanked Mr. Plyler and Fort Hill for their time and report.

UPDATES AND APPROVALS

5. <u>Open Issue Status</u>

Presenters:
Glenn Fernandes, Internal Audit Director

Internal Audit Director, Glenn Fernandes, reported there were four issues outstanding from the target date; and one contract compliance audit will be deferred to 2027 due to staff turnover. Discussion ensued regarding a water leak at the SEA facility resulting from a burst pipe, which has since been fixed.

6. 2026 Audit Plan

Presenters:
Glenn Fernandes, Internal Audit Director

Internal Audit Director Glenn Fernandes provided a status update regarding the 2026 Audit Plan and overviewed capital General Contractor/Construction Manager (GC/CM) continuous audits with an independent auditor providing the Audit Committee with annual updates and final reports upon completion of each project. He noted that large GC/CM projects in process receive pay application reviews. Director Fernandes spoke further regarding the one limited contract compliance audit being deferred to 2027 due to staff turnover.

The motion, made by Commissioner Mohamed to approve the update to the 2026 Internal Audit Plan, carried by the following vote:
In favor: Mohamed and Felleman (2)
Opposed: (0)

7. Adoption of Global Internal Audit Standards

Director Fernandes overviewed the differences between the yellow and red governmental auditing standards books, advising that the Port's Internal Audit Department uses both books. Director Fernandes further advised that the Yellow Book recommends that internal audit departments that follow the Yellow Book and are structured similar to the Port's Internal Audit Department, should use the Red Book, as using both causes complications and creates extra work. Noting that majority of airport operators in the United States use only the Red Book, Director Fernandes requested approval for making the Institute of Internal Auditors' Global Internal Audit Standards the primary guidelines that will be followed effective for audits beginning in the third quarter 2026.

The motion, made by Commissioner Mohamed, to adopt these standards as recommended, carried by the following vote:
In favor: Mohamed and Felleman (2)
Opposed: (0)

PERFORMANCE AUDITS

8. Time Approval Controls – Marine Maintenance

Presenters:
Glenn Fernandes, Director, Internal Audit
Dan Chase, Manager, Internal Audit

The presentation addressed:
- scope of the audit – January 2025 – February 2026;
- the audit objective – to evaluate the time approval process, segregation of duties, and compliance with policies and procedures;
- payroll costs, representing the largest operating costs at 62 percent;
- 919 adjustments made after being reviewed and approved;

- employee time entered in Maximo and then uploaded into PeopleSoft HCM;
- the most common checks performed - each employee has at least 40 regular straight time hours for each week and each employee has at least 8 or 10 regular straight time hours a day;
- a 'high' audit rating as a result of the approval process to validate the accuracy of time submitted not being adequately designed or operating effectively with the absence of automated tools, such as a formal timekeeping or time clock system, limits management's ability to independently verify hours worked and assess the accuracy of reported time;
- recommendations made for the rating and Management's response that:
    - Marine Maintenance (MM) will develop and implement a standardized time review and approval process.
    - Management partially concurs with the recommendation and MM agrees that automation opportunities should continue to be evaluated to improve payroll accuracy and efficiency.
    - MM recognizes that outdated preventative maintenance work estimates and inconsistent overtime documentation contribute to operational inefficiencies and reduce management visibility into labor utilization.
    - Post-approval payroll changes should include documented justification and appropriate crew chief and management visibility.
    - MM will reinforce compliance with collective bargaining agreement requirements and applicable port policies.
- a 'medium' rating as a result of managers being largely absent from payroll review and approval and the recommendation that redesign of the payroll process take place so that responsibility for payroll oversight and execution resides not only with crew chiefs, but also with non-represented managers; and
- management's response with agreement that additional oversight opportunities should be evaluated to strengthen payroll governance and reduce potential perception concerns; however, implementation of structural changes involving represented workforce may require broader coordination with labor relations, Human Resources, legal, and union leadership, as well as evaluation of operational impacts, staffing levels, and bargaining obligations.

Discussion ensued regarding:

- the number of Family Medical Leave Act requests resulting in changes to the system;
- the time approval process;
- standard operating procedures and staff training;
- input into two separate systems, with detail existing in Maximo work order system and pay approvals taking place in the HCM system;
- integrating the senior manager review process into the HCM system;
- potential available timekeeping and approvals enterprisewide systems; and
- the need to implement time change controls when changes to payroll are requested.

Members of the Committee thanked the Internal Audit Department for their audit report and management for their responses. Commissioner Felleman requested an update in 2027 with respect to implemented changes. Commissioner Mohamed requested the Port consider an enterprisewide system change for Human Resources.

9. Capital Project Prioritization Process

Presenters:
Glenn Fernandes, Director, Internal Audit

The presentation addressed:

- the capital project prioritization process;
- objective of the audit - to evaluate how the Port prioritizes capital projects by assessing the adequacy and effectiveness of capital project evaluation and planning processes;
- the Capital Improvement Programs (CIP) for Aviation and Maritime;
- no findings in the Aviation area;
- the intake process for inclusion of CIP projects;
- the ‘low’ rating that Maritime does not have a formal documented process for project intake, prioritization, or approval within the CIP, making it more susceptible to inconsistent decision-making, undocumented or poorly supported capital planning decisions, and misalignment with strategic priorities;
- the audit’s recommendation to enhance transparency and accountability through Maritime’s development of a formalized CIP governance framework, including: a documented project intake process; a standardized scoring methodology; formal approval requirements, and end-to-end policies and standard operating procedures (SOPs) outlining roles, responsibilities, scoring criteria, and documentation standards; and
- management’s response acknowledging the low audit finding and the strengthening of Maritime’s CIP governance structure and documentation, including SOPs for planning and CIP development; a formal intake process used for small projects since 2018 and large projects since 2022, but the need to create documentation of the process; the need to improve prioritization processes; and acknowledgement that a scoring system may not fit the diverse seaport needs due to multiple business lines.

Discussion ensued regarding every CIP Maritime project going through an intake process, and the need to formalize that process and standard operating procedures.

Members of the committee thanked the Audit Department for the report and Management for their response and actions to address recommendations made.

10. Procurement

Presenters:
Glenn Fernandes, Director, Internal Audit

Director Fernandes advised that information regarding the audit is provided in the meeting materials and that there is nothing to specifically report at this time.

INFORMATION TECHNOLOGY AUDITS

11. Data Centers Audit

Commissioner Felleman advised that Item No. 11 is a security-sensitive audit and the Committee would recess into non-public session to be briefed on the matter.

12. Committee Comments

Director Fernandes thanked everyone for the meeting.

Public Member Sarah Holmstrom requested 'due by' dates for the payroll audits.

13. Adjournment

There being no further public business, the meeting recessed to non-public session at 11:48 a.m. The non-public session lasted approximately 30 minutes, and the meeting adjourned at approximately 12:30 p.m. with no further action taken.

Prepared:	Attest:
Michelle M. Hart, MMC, Commission Clerk	Fred Felleman, Audit Committee Chair

Minutes approved: September 3, 2026.

Entrance Conference: Port of Seattle

The Office of the Washington State Auditor's vision is increased trust in government. Our mission is to provide citizens with independent and transparent examinations of how state and local governments use public funds, and develop strategies that make government more efficient and effective.

The purpose of this meeting is to share our planned audit scope so that we are focused on the areas of highest risk. We value and appreciate your input.

Audit Scope

Based on our planning, we will perform the following audit:

Accountability audit for January 1, 2025 through December 31, 2025

We will examine the management, use and safeguarding of public resources to ensure there is protection from misuse and misappropriation. In addition, we will evaluate whether there is reasonable assurance for adherence to applicable state laws, regulations and policies and procedures.

We will share the specific areas we plan to evaluate after we complete our planning procedures

Engagement Letter

We have provided an engagement letter that confirms both management and auditor responsibilities, and other engagement terms and limitations. Additionally, the letter identifies the cost of the audit, estimated timeline for completion and expected communications.

Work of Other Auditors

A financial statement and single audit of the Port was performed by Baker Tilly.

In accordance with professional standards, we considered the audit report and audit work performed by the other auditors in the planning of our audits. This includes communicating with the other auditors, evaluating the quality and results of the other auditor's work, and identifying areas that could affect our audits, including those in which we could leverage the work already performed.

Accountability audits differ in scope from financial statement and single audits. Financial statement audits determine if amounts reported in the financial statements are fairly stated, while single audits determine compliance with specific federal grant requirements. In contrast, accountability audits determine compliance with laws, regulations and the government's policies in areas selected for testing, as well as determine if public assets are safeguarded against loss or misuse.

The accountability audit may examine some of the same areas covered in the financial statement and/or single audit. However, due to the objective for accountability audits, the audit will approach and test these differently and not duplicate work already performed.

Levels of Reporting

Findings

Findings formally address issues in an audit report. Findings report significant results of the audit, such as significant deficiencies and material weaknesses in internal controls; misappropriation; and material abuse or non-compliance with laws, regulations or policies. You will be given the opportunity to respond to a finding and this response will be published in the audit report.

Management Letters

Management letters communicate control deficiencies, non-compliance, misappropriation, or abuse that are less significant than a finding, but still important enough to be formally communicated to the governing body. Management letters are referenced, but not included, in the audit report.

Exit Items

Exit items address control deficiencies, non-compliance with laws or regulations, or errors that have an insignificant effect on the audit objectives. These issues are informally communicated to management.

Important Information

Confidential Information

Our Office is committed to protecting your confidential or sensitive information. Please notify us when you give us any documents, records, files, or data containing information that is covered by confidentiality or privacy laws.

Audit Costs

The cost of the audit is estimated to be approximately $141,000

Expected Communications

During the course of the audit, we will communicate with Lisa Lam, CPA, Director of Accounting & Financial Reporting, and Diana Benson, CPA, Assistant Director of General Accounting on the audit status, any significant changes in our planned audit scope or schedule and preliminary results or recommendations as they are developed.

Please let us know if, during the audit, any events or concerns come to your attention of which we should be aware. We will expect Lisa and Diana to keep us informed of any such matters.

Audit Dispute Process

Please contact the Audit Manager or Assistant Director to discuss any unresolved disagreements or concerns you have during the performance of our audit. At the conclusion of the audit, we will summarize the results at the exit conference. We will also discuss any significant difficulties or disagreements encountered during the audit and their resolution.

Loss Reporting

Washington state law requires all state agencies and local governments to immediately notify SAO if staff know or suspect loss of public resources, or of other illegal activity including a cyber-attack if it resulted in a loss of public resources or potentially impacted financial records or systems. State and local government employees should alert us to suspected fraud through the online Report a Suspected Fraud or Loss form below. These notifications can be made on our website at www.sao.wa.gov/report-a-concern/how-to-report-a-concern/fraud-program.

Peer Reviews of the Washington State Auditor's Office

To ensure that our audits satisfy Government Auditing Standards, our Office receives external peer reviews every three years by the National State Auditors Association (NSAA). The most recent peer review results are available online at www.sao.wa.gov/about-sao/who-audits-the-auditor. Our Office received a "pass" rating, which is the highest level of assurance that an external review team can give on a system of audit quality control.

Working Together to Improve Government

Audit Survey

When your report is released, you will receive an audit survey from us. We value your opinions on our audit services and hope you provide us feedback.

Local Government Support Team

This team provides support services to local governments through the Budget, Accounting, and Reporting System (BARS) and annual online filing technical assistance, provides accounting, reporting and BARS training. Our website and client portal offers many resources, including a client Help Desk that answers auditing and accounting questions, updated BARS manuals, access to resources and recorded trainings, and additional accounting and reporting resources. Additionally this team assists with the online filing of your financial statements.

Stay informed on current and upcoming accounting implementations at https://sao.wa.gov/sites/default/files/bars--files/GASB_Accounting_Changes.pdf

The Center for Government Innovation

The Center for Government Innovation of the Office of the Washington State Auditor offers services designed to help you, help the residents you serve at no additional cost to your government. What does this mean? They provide expert advice in areas like building a Lean culture to help local governments find ways to be more efficient, effective and transparent. The Center also provides financial management technical advice and best practices and resources. These can be accessed from the "Improving Government" tab of our SAO website and help you act on accounting standard changes, comply with regulations, protect public resources, minimize your cybersecurity risk and respond to recommendations in your audit. The Center also offers the Financial Intelligence Tool, better known as FIT, to help you assess and monitor your finances and compare your financial operations to other local governments like you. You can email the Center for a personal training session to learn all the benefits using the FIT tool can provide. The Center understands that time is your most precious commodity as a public servant, and wants to help you do more with the limited hours you have. Learn more about how the Center can help you maximize your effect in government at https://sao.wa.gov/improving-government/center-government-innovation.

Explore the latest resources in our Resource Library at https://sao.wa.gov/improving-government/resource-library.

Audit Team Qualifications

Tina M. Watkins, CPA, Director of Local Audit – Tina has been with the Washington State Auditor's Office since 1994. In her role, she oversees the audit teams that perform the audits for over 2,200 local governments. She serves on the Washington Finance Officers Association Board. She served as Assistant Director of Local Audit for 8 years prior to becoming the Director of Local Audit. Phone: (360) 260-6411 or Tina.Watkins@sao.wa.gov

Wendy Choy, CFE, Assistant Director of Local Audit - Wendy has been with the Washington State Auditor's Office since 2002. In her role as Assistant Director, she assists with statewide oversight and management of all the audits for local government. She is also the program manager for public hospital districts, fire districts and miscellaneous special purpose districts. She served as an Audit Manager for six years prior to becoming an Assistant Director of Local Audit. Phone: (425) 502-7067 or Wendy.Choy@sao.wa.gov

Joe Simmons, CPA, Program Manager – Joe has been with the State Auditor's Office since 1987 and became Audit Manager of Team Central King County in 2015. In his prior role as Assistant Audit Manager on two different teams he worked on audits of state and local governments throughout Pierce, Kitsap, Mason, Clallam, and Jefferson counties. He also serves as the Office's statewide Program Manager for CPA Reviews, Public Facilities Districts, Public Development Authorities, and Air Pollution Control Authorities. Phone: (206) 613-7628 or Joseph.Simmons@sao.wa.gov

Sophia Sullam, Assistant Audit Manager – Sophia joined the Washington State Auditor's Office in 2016. Sophia has supervised and worked on financial statement, federal grant compliance, and accountability audits for local governments such as King County, the City of Seattle, Seattle School District, Sound Transit, and several public development authorities. Phone: (206) 613-7629 or Sophia.Sullam@sao.wa.gov

Sonia Khokhar, Audit Lead – Sonia has been with the Washington State Auditor's Office since 2020. In her role as an Assistant State Auditor, she has worked on financial statements, federal grant compliance and accountability audits for a variety of governments in the Seattle area, including King County, the City of Seattle, Seattle School District, the Port of Seattle, and other local governments. Sonia also serves as one of the team's fraud specialists. Phone (206) 613-7639 or Sonia.Khokhar@sao.wa.gov

Entrance Conference

Port of Seattle

Joe Simmons
Program Manager

Sophia Sullam
Audit Supervisor

Sonia Khokhar
Audit Lead

September 3, 2026

This presentation is intended to be viewed in conjunction with the complete packet of entrance materials provided. A copy of those materials may be requested by contacting the presenters listed or by emailing PublicRecords@sao.wa.gov.

About SAO

- Established in State Constitution
- Led by State Auditor Pat McCarthy
- Auditor of all public accounts
- Audits more than 160 state agencies and 2,200 local governments
- Audits 43 different government types
- Staffed by nearly 500 employees

> *"Our mission is to promote accountability and transparency in government."*

State Auditor Pat McCarthy

Audits that matter

Accountability

Financial		**Federal**
Performance audits	**Cybersecurity audits**	**Energy compliance audits**
Citizen hotlines	**Special investigations**	**Other engagements**

2,501 audits conducted

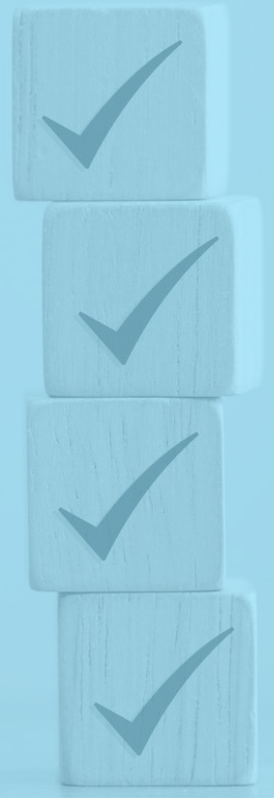
(July 1, 2024 – June 30, 2025)

Accountability audit

January 1, 2025 through December 31, 2025

Using a risk-based audit approach for the Port's accountability audit, we will examine the management, use and safeguarding of public resources to ensure there is protection from misuse and misappropriation. In addition, we will evaluate whether there is reasonable assurance for adherence to applicable state laws, regulations and policies and procedures.

After we have completed our planning procedures, we will share with management the specific audit areas we plan to further evaluate.



Work of other auditors

- A financial statement and federal single audit of the Port for the period January 1, 2025, through December 31, 2025 was performed by Baker Tilly.

- We will review their work and determine if anything causes concern about its quality.

- We will remain alert and report to you on whether any limitations restricted our analysis of the other audits.

- We will notify you if we notice any instance in which a material misstatement of the financial statements has or may have resulted from fraud or suspected fraud.

Staying connected

Pre-audit meeting

Engagement letter

Risk assessment

Entrance conference

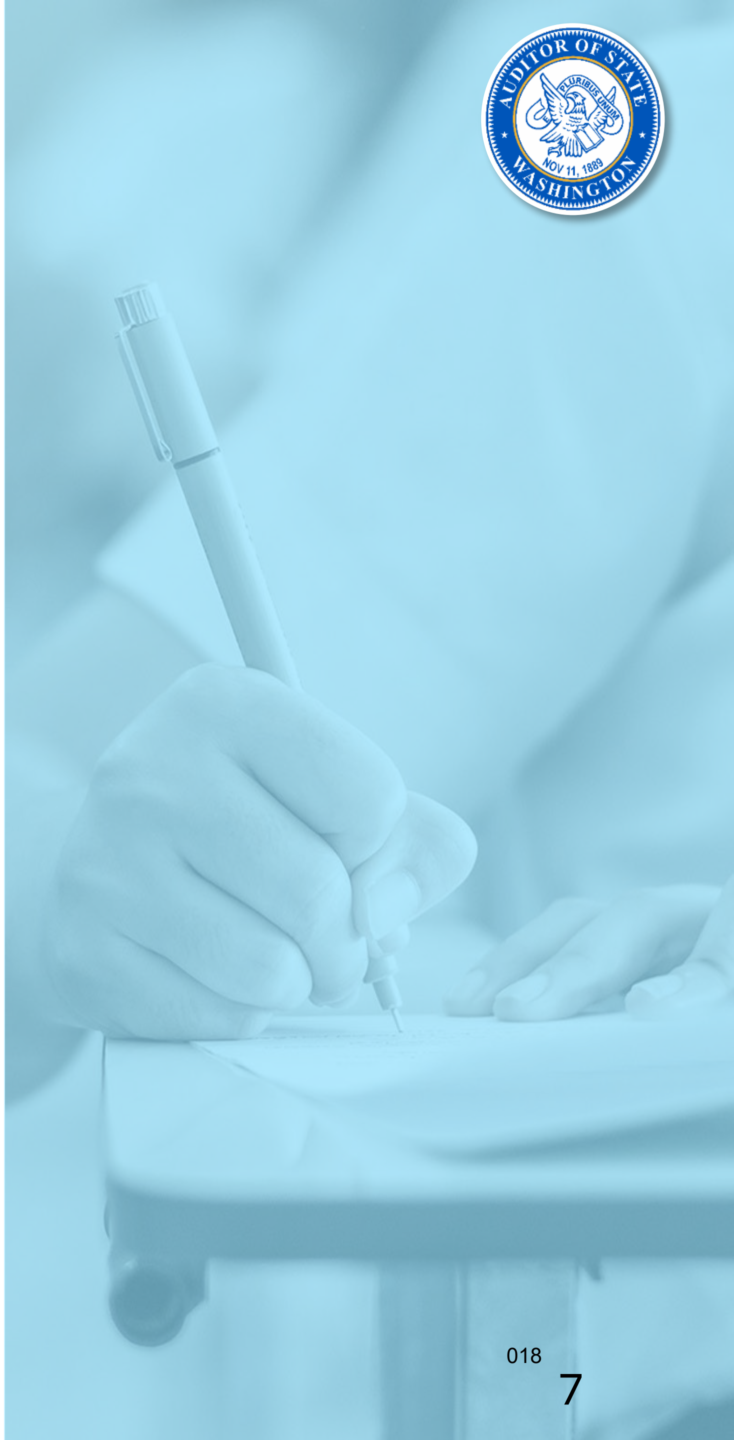
Weekly status meetings

Management rep. letter

Exit conference

Levels of reporting

Findings	Included in audit report
Management letters	Referenced in audit report
Exit items	Communicated to management

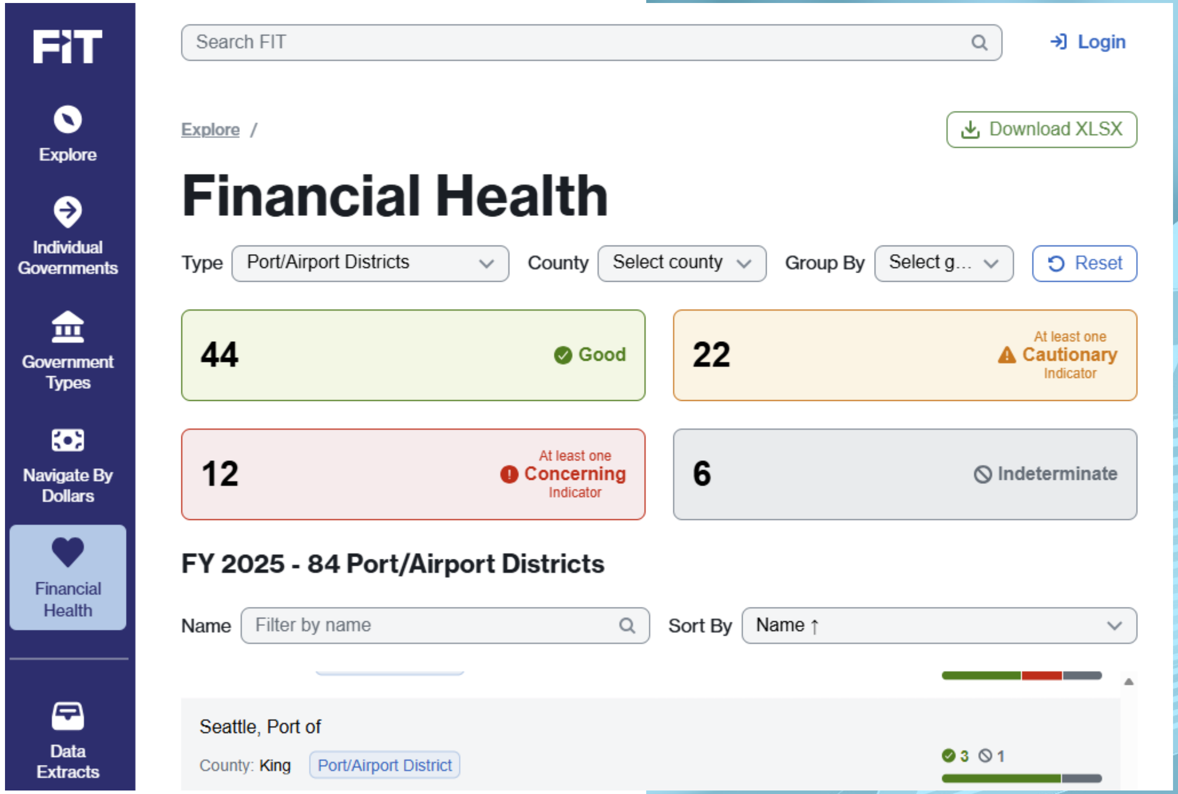


Important information

- Confidential information
- Audit costs
- Audit dispute process
- Loss reporting

FIT provides data and information

- Clear picture of your government's overall financial health
- Indicators highlight strengths and areas needing attention
- Data that helps guide budgeting and planning decisions



Who audits the State Auditor?

Peer reviews of the Office of the Washington State Auditor

Our Office receives external peer reviews every three years by the National State Auditors Association.

2025 rating received: “**Pass**” – the highest level of assurance that an external review team can provide.

“I’ve done 25 of these and by far, this was the best one I’ve done.”

- Scott Owens, Director at the Georgia Department of Audits and Accounts and a peer review leader

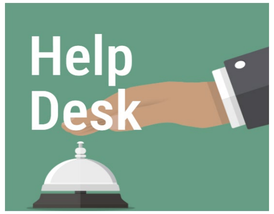
021

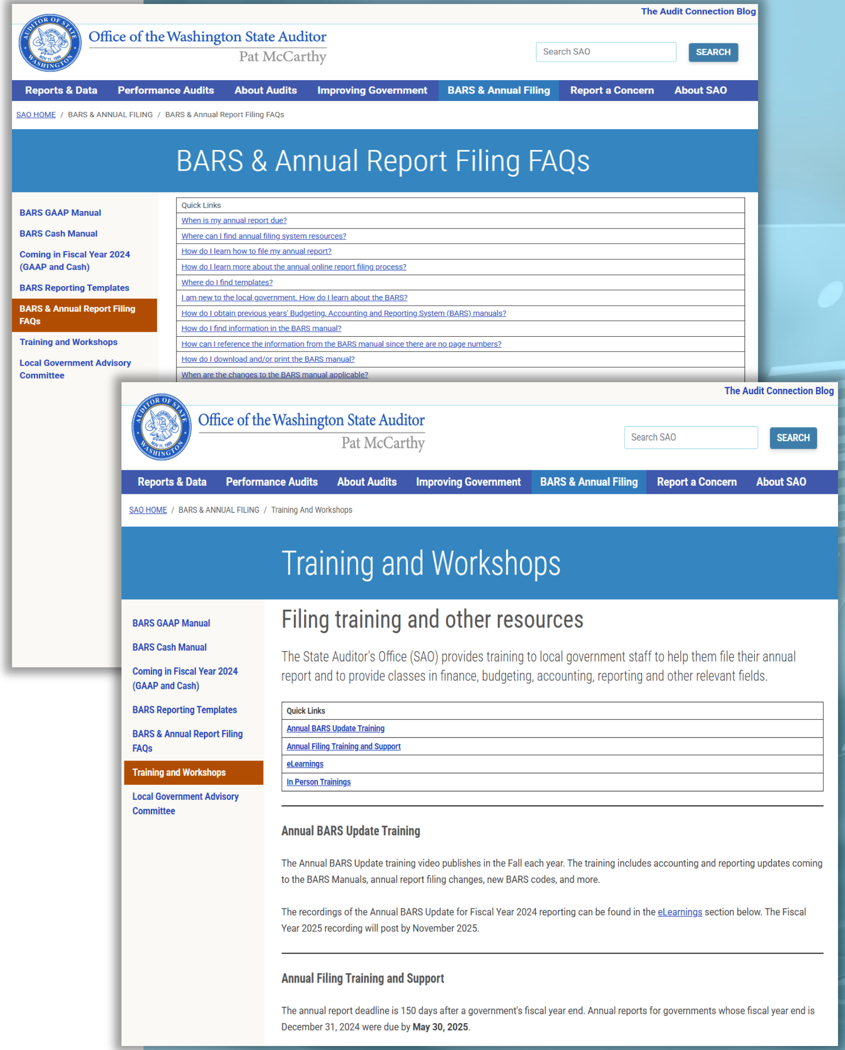
Local Government Support services

- BARS Manual annual updates
- Online filing system for local government annual reporting requirements
- On-time filing is the law – and we can help!

Trainings and client support

- Accounting and Reporting Training (recorded regularly and live)
- Opportunities to learn about the required components of the annual report
- Client portal, including HelpDesk



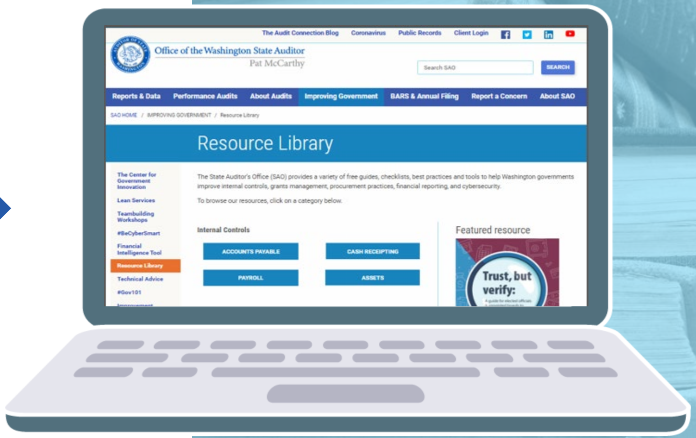


SAO’s Center for Government Innovation offers free:

- **Cyber checkups** to assess your government’s vulnerability to common cybersecurity threats
- **Resource Library** with tools, checklists and other resources that provide you ways to improve internal controls, compliance and other areas
- **Customized Lean facilitations & trainings** to help you improve how work gets done
- **Teambuilding workshops** to help you strengthen your team, increase trust, and promote workplace harmony

Contact the Center today! 564-999-0818 ▪ Center@sao.wa.gov

Fraud prevention resource



Available in our resource library, SAO's latest fraud prevention resource shows government officials how a 30-minute bank statement review can spot the red flags of fraud.

Questions

Joe Simmons, CPA, Program Manager

Joseph.Simmons@sao.wa.gov

(206) 613-7628

Financial Stewardship Accountability Transparency

Port of Seattle Audit Committee

Internal Audit Update

Glenn Fernandes - Director, Internal Audit

September 3, 2026

P69 Commission Chambers

11:00 AM – 12:30 PM

Operational Excellence Governance

Internal Audit Organization Structure

- **Glenn Fernandes** — Director
  - **Saylor Nygaard** — Sr. Administrative Assistant
  - **Dan Chase** — Manager, Internal Audit
    - **Nikita Goyal** — Sr. Internal Auditor
    - **Nicole Uy** — Sr. Internal Auditor
    - **Jarrett Perkins** — Internal Auditor
  - **Spencer Bright** — Manager, Internal Audit - Capital
    - **Darcey Axon** — Sr. Internal Auditor
    - **Jenilee Finley** — Sr. Internal Auditor
  - **Ritika Marwaha** — Manager, Internal Audit - IT
    - **Brent Layman** — Sr. IT Auditor

Item #4

2026 AUDIT PLAN STATUS

Report Title	Type	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Public Art Program	Performance												
Timekeeping – Maritime	Performance												
Accounts Receivable Management – Fisherman's Terminal	Performance												
Airport Dining & Retail - Street Pricing[1]	Performance												
Procurement - Personal Service Agreements	Performance												
~~FMLA 3rd Party Administration~~[2]	Performance												
South King County and Port Communities Fund	Performance												
C Concourse Expansion	Performance - Capital												
Main Terminal Low Voltage	Performance - Capital												
Post IAF Airline Realignment	Performance - Capital												
Planewear Tenant Reimbursement Agreement (CT-09)	Performance - Capital												
Capital Project Prioritization Process	Performance - Capital												
Data Centers & Supporting Technology Facilities	IT												
Baggage Conveyor Systems	IT												
Payment Card Industry (PCI) Assessment	IT												
Sixt Rent A Car, LLC	Limited Contract Compliance												
HIS HCL SEA FB, LLC	Limited Contract Compliance												
Marmot Mountain, LLC DBA Exofficio	Limited Contract Compliance												

1. Airport Dining & Retail ACDBE program was renamed to focus on Street Pricing
2. This audit will be removed from the 2026 Audit Plan as the identified risk was deemed mitigated

KEY	
	Complete
	In Process
	On Hold
	Not Started

Item #4

Internal Audit Capital GC/CM Continuous Audits

- RCW 39.10.385 requires an independent audit
- Auditor provides the Audit Committee with annual updates and final reports upon completion of each project

Capital GC/CM Continuous Audits	Auditor
Main Terminal Low Voltage System Upgrade	*R.L. Townsend*
Post IAF Airline Realignment	*R.L. Townsend*
C Concourse Expansion Project	*R.L. Townsend*
Primary Fire Station Continuing Operations Preservation Project – MC/CM Cost-of-Record	*Port Internal Audit*
Baggage Optimization Phase 3	*Fort Hill*
Concourse Low Voltage Upgrade	*Port Internal Audit*
South Concourse Evolution	*Talson*
Main Terminal Improvement Program	*Contract Anticipated in 2026*
Concourse HVAC Improvement/Renewal Program	*Contract Anticipated in 2026*

Updated 2026 Audit Plan

Item #4

Limited Contract Compliance	Performance	Performance - Capital	Information Technology
• Sixt Rent A Car, LLC • HIS HCL SEA FB, LLC • Marmot Mountain, LLC DBA ExOfficio	• Public Art Program • Timekeeping - Maritime • Accounts Receivable Management – Fishermen's Terminal • Procurement – Personal Service Agreements • South King County and Port Communities Fund • Airport Dining & Retail - Street Pricing[1] • ~~FMLA 3rd Party Administration~~[2]	• C Concourse Expansion • Main Terminal Low Voltage • Post IAF Airline Realignment • Planewear Tenant Reimbursement Agreement (CT-09) • Capital Project Prioritization Process	• Data Centers & Supporting Technology Facilities • Baggage Conveyor Systems • Payment Card Industry (PCI) Assessment

1. Airport Dining & Retail ACDBE program was renamed to focus on Street Pricing
2. This audit will be removed from the 2026 Audit Plan as the identified risk was deemed mitigated

Item #5

2027 Baseline Budget Overview

	Org/Node Name	2025	2026	2027	26 Bud to 27	26 Bud to 27
Line	Account Description	Budget	Budget	Budget	Bud Change	Bud Var
1	Salaries and Benefits	$2,193,568	$2,374,793	$2,525,032	$150,239	6.33%
2	Equipment Expense	563	0	0	0	0.00%
3	Supplies & Stock	1,000	1,035	1,035	0	0.04%
4	Outside Services	2,095	2,265	14,585	12,320	543.93%
5	Travel & Other Employee Exp	60,812	60,511	47,860	(12,651)	(20.91%)
6	Promotional Expenses	0	0	0	0	0.00%
7	General Expenses	505	825	755	(70)	(8.48%)
8	Other Expenses	**8,004**	**8,343**	**8,813**	**470**	**5.63%**
9	Total Charges To Capital	0	0	0	0	0.00%
	Non Payroll Subtotal	**$72,979**	**$72,979**	**$73,048**	**$69**	**0.1%**
	Total	**$2,266,547**	**$2,447,772**	**$2,598,080**	**$150,308**	**6.1%**

Item #5

2026 YTD Actuals

Line	Org/Node Name Account Description	2025 Budget	2025 Actuals	1H 2026 Budget	1H 2026 Actuals	1H 26 Bud to 1H 26 Act Bud Change	1H 26 Bud to 1H 26 Act Bud Change
1	Salaries and Benefits	$2,193,568	$2,089,639	$1,173,291	$1,140,790	$32,501	2.8%
2	Equipment Expense	563	5,273	0	767	(767)	
3	Supplies & Stock	1,000	1,007	527	532	(5)	(0.9%)
4	Outside Services	2,095	1,435	2,265	580	1,685	74.4%
5	Travel & Other Employee Exp	60,812	58,802	52,959	26,335	26,624	50.3%
6	Promotional Expenses	0	0	0	0	0	
7	General Expenses	505	(98,235)	825	0	825	100.0%
8	Other Expenses	8,004	8,526	4,172	3,667	504	12.1%
9	Total Charges To Capital	0	0	0	0	0	
	Non Payroll Subtotal	**$72,979**	**$(23,192)**	**$60,748**	**$31,881**	**$28,866**	**47.5%**
	Total	**$2,266,547**	**$2,066,447**	**$1,234,038**	**$1,172,671**	**$61,367**	**5.0%**

Item #5

(Capitalized) 2027 Outside Services

GC/CM Audit Costs (Outside Services) are directly capitalized to each project and are not reflected in the expense budget. Below is a summary of GC/CM spending for informational purposes.

Project	Firm	Construction Cost Estimate	Project Lifecycle Audit Estimate	Audit Work
Post IAF Airline Realignment	RL Townsend	$45MM	$82K	In Process expected completion 2027
South Concourse Evolution	Talson Solutions	1B	634K	In Process expected completion 2032
Industrial Wastewater Treatment Plant (Heavy Civil GC/CM)	Not Selected	150MM	118K	Expected timeline 2027 – 2030
Baggage Optimization 3	Fort Hill & Associates	300MM	217K	In Process expected completion 2027
Concourse HVAC Improvement Renewal/Replacement Program (CHIRRP)	Not Selected	200MM	140K	Expected timeline 2027 – 2033
Terminal 25 South Restoration (Heavy Civil GC/CM)	Not Selected	-	-	Pending Acquisition Plan; budgets not established
Main Terminal Improvement Program	Not Selected	520MM	499K	Expected timeline 2027 - 2034
Total		**$2.2B**	**$1.69MM**	

Internal Audit Charter Updates

- The Internal Audit Charter was last updated in September 2020
- Global Internal Audit Standards (GIAS) require that we review the charter annually
- As approved by the Audit Committee, the Internal Audit Charter has been updated to reflect:
  - Use of the GIAS as the professional standards followed
  - Changes / updates to the GIAS from the 2024 refresh
  - Updates due to the 2026 Topical Requirements
- The Audit Committee Charter will be updated to reflect adoption of GIAS

Audits Completed in Third Quarter – 2026

1) Primary Fire Station Continuing Operations Preservation Project – MC/CM Cost-of-Record (Primary Fire Station Project – MC/CM Cost-of-Record)
2) Sixt Rent A Car, LLC
3) Marmot Mountain, LLC DBA ExOfficio

Primary Fire Station Project – MC/CM Cost-of-Record

- Project Objective: Deliver improvements at Fire Station 1 using GC/CM delivery
- Scope: November 2024 through March 2026
- Hoffman General Contractor/Construction Manager (GC/CM) final contract: $15.8MM
- State law permits alternative subcontractor selection for subcontracts more than $3MM under the GC/CM project delivery method
- Independent audit is required to confirm proper cost accrual

Primary Fire Station Project – MC/CM Cost-of-Record

- Hermanson Company, LLC selected as the Mechanical Contractor/Construction Manager (MC/CM): Guaranteed Maximum Price (GMP) of $4.6MM; $4.1MM billed to date
- External consultant originally contracted to perform monthly review of MC/CM's documentation; Internal Audit (IA) took over cost review for compliance and accuracy
- Port Construction Management's team reviewed GC/CM's costs monthly

Item #7

Primary Fire Station Project – MC/CM Cost-of-Record

Cost Category	Billed	Tested JCL[1]	Difference	Questioned
Labor	$1,139,978	$1,144,752	$4,774	$132,495
Specified General Conditions	970,687	970,687	-	-
MC/CM Fee	258,146	258,146	-	-
Other	29,672	29,672	-	22,255
Equipment	662,000	662,000	-	-
Subcontractors	840,608	855,608	15,000	-
Material	179,108	179,254	146	16,475
Total	**$4,080,199**	**$4,100,119**	**$19,920**	**$171,225**

[1] The MC/CM Fee is not included in the Job Cost Ledger (JCL), instead our testing recalculated it to the Continuation Sheet without exception.

Primary Fire Station Project – MC/CM Cost-of-Record

Labor

- MC/CM reimbursed for direct labor and burden; labor rates set at project start and updated semiannually
- Port required labor rate updates for state unemployment and worker's comp, but did not obtain them; IA obtained tax rate notices directly from MC/CM
- Agreement requires wage rates paid to laborers/mechanics to meet or exceed applicable wage determinations

Item #7

Primary Fire Station Project – MC/CM Cost-of-Record

Labor (cont.)

- Tradespersons were paid standard base rates; Port billed at "occupied space" premium rates
- Federal Unemployment Tax Act (FUTA) Rate billed on average \$0.46/hr. vs. correct \$0.03/hr.
- State Unemployment Tax Act (SUTA) calculation did not apply annual maximum thresholds
- Total questioned costs: \$131K (including fee)

Name	Trade (Fieldwork)	Classification	Reported Hours	Total Billed	Expected Amount Using Labor Rates Paid	Questioned Costs
A.B.	Sheet Metal	Foreman	24.50	\$3,614.73	\$3,154.20	\$460.53
J.B.G.	Plumbers & Pipe Fitters	Apprentice 3	378.00	34,535.12	30,933.16	3,601.96
I.B.	Sheet Metal	Journeyman	16.00	2,113.44	1,841.60	271.84
W.A.D.	Sheet Metal	Apprentice 2	12.00	1,064.88	849.48	215.40
A.M.D.	Sheet Metal	Lead Foreman	3.00	469.77	379.65	90.12
A.M.D.	Sheet Metal	Lead Foreman	3.00	469.77	379.65	90.12
G.I.E.	Plumbers & Pipe Fitters	Apprentice 3	346.00	1,554.20	28,306.44	3,247.76
T.L.E.	Sheet Metal	Journeyman	510.00	68,926.50	60,072.90	8,853.60
A.G.	Sheet Metal	Foreman	674.00	99,228.12	84,783.78	14,444.34
B.E.H.	Plumbers & Pipe Fitters	Apprentice 2	10.00	1,083.92	814.50	269.42
S.P.K.	Plumbers & Pipe Fitters	Foreman	8.00	1,190.96	1,028.08	162.88
E.P.K.	Plumbers & Pipe Fitters	Journeyman	350.00	48,923.00	42,980.00	5,943.00
M.A.K.	Plumbers & Pipe Fitters	Foreman	785.00	119,575.15	102,606.99	16,968.16
A.L.	Plumbers & Pipe Fitters	Lead Foreman	86.00	13,394.50	11,589.36	1,805.14
Z.L.	Plumbers & Pipe Fitters	Foreman	102.00	15,546.84	13,338.54	2,208.30
T.L.L.	Sheet Metal	Foreman	44.00	6,491.76	5,688.32	803.44
E.A.L.	Plumbers & Pipe Fitters	Journeyman	714.00	99,775.56	87,662.00	12,113.56
M.M.	Sheet Metal	Foreman	1,243.00	180,947.46	154,620.94	26,326.52
J.M.M	Plumbers & Pipe Fitters	Gen Foreman	507.00	81,648.15	70,341.18	11,306.97
M.R.N.	Sheet Metal	Apprentice 6	810.00	79,446.46	69,144.04	10,302.42
Q.A.S.	Plumbers & Pipe Fitters	Lead Foreman	36.00	5,607.00	4,851.36	755.64
		Totals	**6,658.50**	**\$895,137.52**	**\$774,986.52**	**\$120,151.00**

10,813.59	Fee (9%)
\$130,964.59	**Total Questioned Costs**

Item #7

Primary Fire Station Project – MC/CM Cost-of-Record

Labor (cont.)

- Two SHOP workers billed at higher rates than approved; questioned costs: $1.5K (including fee)

Name	Trade (Fieldwork)	Classification	Reported Hours	Rate Billed	Total Billed	Approved Rate	Expected Amount	Questioned Costs
M.F.N.	SHOP Detailer Plumbers & PipeFitters	Foreman	51.00	$154.44	$7,876.44	$131.44	$6,703.44	$1,173.00
M.N.	SHOP Sheet Metal	Material Handler	2.50	143.03	357.58	67.13	167.83	189.75
M.N.	SHOP Sheet Metal	Material Handler	5.00	75.43	377.15	67.13	335.65	41.50
		Totals	**58.50**		**$8,611.17**		**$7,206.92**	**$1,404.25**

126.38	Fee (9%)
$1,530.63	**Total Questioned Costs**

Item #7

Primary Fire Station Project – MC/CM Cost-of-Record

"Other"

- Costs outside standard categories totaled $29K
- Several unallowable costs reimbursed; should have been classified as SGCs or fee
- Warehouse storage fees lacked required supporting documentation
- Questioned costs: $22K (includes applicable sales tax and fee)

Cost Category-OTHER			
	Billed	Tested	Questioned
	-	$29,672	-
Small Tools, equipment, Truck Rental, etc. (includes sales tax):			12,863
Vehicle Monthly Rental:			1 ,423
Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax):			933
Warehouse Storage:			4,538
Returned Tool Billed but not credited (Includes sales tax):			660
Total	-	$29,672	$20,417

1,838 Fee: 9%

$22,255 **Total Questioned Costs**

Item #7

Primary Fire Station Project – MC/CM Cost-of-Record

Material

- Total material billed: $179K
- Unallowable items identified; should have been part of SGCs or part of the fee
- Items lacked adequate supporting documentation
- Total questioned costs: $16K (including fee)

Cost Category- MATERIAL			
	Billed	Tested	Questioned
	$179,254	$179,254	-
Small Tools, equipment (includes sales tax):			7,937
Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax):			4,469
Lack of Supporting Documentation:			2,709
Total	$179,254	$179,254	$15,115

1,360	Fee: 9%
$16,475	**Total Questioned Costs**

Recommendations

This was a cost-of-record review (not a formal internal controls assessment under professional audit standards). Most documentation was sufficient; specific recommendations provided for future projects.

- The Port approves billable labor rates using its Master Labor Rate Template, and when higher rates are requested, it must document the justification and add review steps during Pay Application processing to verify contractors are paying the increased wage.

Recommendations (cont.)

- Update SUTA and FUTA formulas on the Master Labor Rate Template.
- Obtain Tax Rate Notices and compare them to the rates listed on the Master Labor Rate Template to ensure accuracy.
- Obtain a detailed list of contractor Shop Burden items before approving billable rates.
- Pre-approve proposed rental and storage rates and review itemized documentation for components such as Shop Burden.

Item #7

Management Response

- Management to discuss in person.

Item #8

Sixt Rent A Car, LLC

- Limited Contract Compliance audit
- Review period - January 2023 to December 2025
- Assessed percentage fees and Customer Facility Charges (CFC)

Sixt Rent A Car, LLC

- Tested three months of CFC data, totaling over 10K transactions
- Identified over $4K not remitted to the Port
- Extrapolates to approximately $48K over a 36-month period

Item #9

Marmot Mountain, LLC dba ExOfficio

This is a Limited Contract Compliance audit. No issues were identified by Internal Audit and therefore, this audit is not being presented during this meeting. However, the final audit report (No. 2026-05) is made available on the Port's website.

Committee Comments

Item #10

Port of Seattle Internal Audit Department Charter

I. INTRODUCTION

The Port of Seattle maintains an internal audit function that has a dual reporting responsibility to the Audit Committee and the Executive Director. This Charter defines the Internal Audit Department's authority and accountability, mission, scope; responsibility, independence; objectivity; and commitment to quality.

II. AUTHORITY AND ACCOUNTABILITY

Internal Audit derives its authority from the Port of Seattle Commission. The Audit Committee, acting on behalf of the Commission provides oversight authority on matters relating to the Port's internal control environment. Two Port Commissioners serve as members of the Audit Committee and are complemented by an external member. In discharging their duty, the Internal Audit Director and his or her staff are accountable to the Audit Committee and to the Executive Director.

Internal Audit conducts audits of Port departments, programs, functions, systems, contracts, and activities based on the department's approved audit plan, or that have been discussed with the Audit Committee. Internal Audit also conducts specific management requests and advisory engagements based on resource availability.

Internal Audit is authorized to:

- Have full, free and unrestricted access to all Port functions, activities, personnel, records, property, systems, and other relevant materials necessary to accomplish their work
- Access information from contracted third parties in accordance with contractual terms
- Handle all documents with the same prudence of personnel normally accountable for them
- Have full access to the Audit Committee and to the Port Commission, as needed
- Allocate resources, set frequencies, select subjects, determine scope of work, and apply the techniques required to accomplish audit objectives
- Obtain required assistance from Port personnel and external specialists (Consultants)

III. MISSION AND SCOPE OF WORK

The Internal Audit Department's mission is to conduct independent and objective, risk-based audits, of the Port's operations, activities, and vendors. Our audits add value by helping advance the Port's mission and values.

Internal Audit evaluates whether the Port's network of controls, as designed and represented by management, are adequate and functioning effectively.

Internal Audit also provides advisory services (consulting), when they do not impair independence.

IV. RESPONSIBILITY

A. The Director and His or Her Staff will:

- Develop a flexible annual audit plan using an appropriate risk-based methodology and submit that plan to the Audit Committee for review and approval
- Implement the approved audit plan, including any special projects requested by management and the Audit Committee
- Maintain a professional staff with appropriate knowledge, skills, experience, and certifications
- Maintain a quality assurance and improvement program to evaluate and ensure the internal audit function conforms to the Global Internal Audit Standards
- Provide advisory services that support management objectives without impairing independence
- Evaluate new or changing services, processes, operations, and controls as needed
- Issue audit reports to the Audit Committee and present a summary of the reports at the quarterly Audit Committee meetings
- Keep the Audit Committee informed of emerging trends and practices in internal auditing
- Periodically report on progress of the annual audit plan and adequacy of department resources
- Investigate suspected fraudulent activities within the organization and notify management and the Audit Committee of the results
- Consider the scope of work of external auditors and regulators to promote efficient and coordinated audit coverage
- Follow up on audit issues, to assure agreed-upon corrective actions have been implemented
- Exercise due professional care in all engagements
- Provide an annual communication to the Audit Committee on organizational independence, charter review, and results of the quality assurance and improvement program

B. Port Management is Responsible To:

- Maintain an effective system of internal controls, document policies and procedures, and ensure information is accurate and reliable
- Comply with laws and regulations including Port policies and procedures
- Cooperate fully with auditors during the discharge of their duties, including making available, personnel and material, or information requested
- Provide a timely response to audit findings and recommendations

V. INDEPENDENCE & OBJECTIVITY

Independence is the freedom from conditions that may impair the ability of the internal audit function to carry out internal audit responsibilities in an unbiased manner.[1]

Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgments, fulfill their responsibilities, and achieve the Purpose of Internal Auditing without compromise. [1]

To safeguard independence and objectivity:

- Internal Auditors will not engage in operational activities they normally audit
- Internal Audit may participate in planning processes, committees, or special projects
- If the Chief Audit Executive (CAE) takes on non-audit roles that might impair or appear to impair Internal Audit's independence, the CAE will develop appropriate safeguards and discuss them with the Audit Committee
- Internal Audit will maintain organizational Independence by functionally reporting to the Audit Committee and administratively reporting to the Executive Director
- All internal audit activities shall remain free from interference relative to matters of audit selection, scope, procedures, frequency, timing, or report content
- The Audit Committee will regularly review the Internal Audit Department's staffing requirements, including its annual budget, and make recommendations for approval to the full Commission

VI. COMMITMENT TO QUALITY -- STANDARDS OF AUDIT PRACTICE

Internal Auditors will provide outstanding audit service through timely, unbiased, value-added audit and advisory services.

Internal Auditors will maintain and continually develop their competencies to improve the effectiveness and quality of their work.

Internal Audit will perform an annual self-assessment and will address instances of nonconformance in a timely manner.

[1] Global Internal Audit Standards 2024

The Internal Audit Staff Will Adhere to the Following Professional Standards and Codes:

- The Global Internal Audit Standards (the Standards) of the Institute of Internal Auditors (Red Book)
- ISACA Audit and Assurance Standards (IT Audit)
- The Port of Seattle Employee's Code of Conduct
- The Port of Seattle Internal Audit Handbook, including its protocols, policies, and procedures

The Internal Audit Department Charter may be modified by a written document executed by all the participating parties. This Charter will be effective upon execution and will continue indefinitely until it is modified.

IN WITNESS WHEREOF, the parties hereto have caused this Internal Audit Charter to be executed by their proper officers thereunto duly authorized, and their official seals to be affixed as of _____________, 2026.

___________________________________ Date: ______________________

Fred Felleman
Audit Committee Chair

___________________________________ Date: ______________________

Commissioner Ryan Calkins
Port Commission President / Audit Committee Member

___________________________________ Date: ______________________

Commissioner Hamdi Mohamed
Port Commissioner

___________________________________ Date: ______________________

Steve Metruck
Executive Director

___________________________________ Date: ______________________

Glenn Fernandes
Internal Audit Director

Primary Fire Station Continuing Operations Preservation Project – MC/CM Cost-of-Record Audit

November 2024 – March 2026

INTERNAL AUDIT

Issue Date: June 18, 2026

Report No. 2026-10

Table of Contents

Executive Summary

The Port entered a contract with Hoffman Construction Company of Washington to serve as the General Contractor/Construction Manager (GC/CM) for the Primary Fire Station Continuing Operations Preservation Project. This project was designed to implement improvements at Station 1, assuring the facility could continue to operate effectively until it is eventually displaced by future development. The scope of work focused on maintaining operational capability and supporting the ongoing use of the existing fire station during the interim period before redevelopment occurs.

Hoffman's original contract sum was a Guaranteed Maximum Price (GMP) $15,656,267, with $132,949 in changes. Hoffman's contract as of March 2026 was $15,789,216.

State law permits public agencies to use an alternative subcontractor selection process for subcontracts anticipated to exceed $3 million when operating under the GC/CM project delivery method. This process requires public agencies to conduct an independent audit to confirm that costs have been properly accrued.

For this project, Hermanson Company LLC (Hermanson) was chosen to serve as the Mechanical Contractor/Construction Manager (MC/CM). As of the March 2026 Pay Application, Hermanson's Guaranteed Maximum Price (GMP) totaled $4,602,214, with $4,080,199 billed to date. The MC/CM is entitled to receive payment for substantiated costs, the agreed-upon fee, and fixed-price Specified General Conditions (SGCs), up to the final GMP value.

The objective of this audit was to independently assess Hermanson's asserted MC/CM project costs for the Primary Fire Station Continuing Operations Preservation Project, confirming that billed amounts were properly supported, accurately recorded, and consistent with contract requirements.

During our review, we identified certain costs that raised concerns and may be classified as questioned costs. The Port should pursue these items, and Hermanson's substantiated project costs should be reduced by $171,225,[1] or the appropriate documentation should be obtained.

However, upon testing Hermanson's Job Cost Ledger financial report against the amounts billed, it was determined that Hermanson coded more costs than were billed, totaling $19,920. If these additional costs are allowed, the reduction would decrease to $152,569. This reduction would result in GMP savings and may require Hermanson to refund the Port, as outlined in the subsequent table.

Cost Category	Billed	Tested JCL	Diff:	Questioned
Labor	1,139,978	1,144,752	4,774	132,495
Specified General Condition	970,687	970,687	-	-
MC/CM Fee	258,146	258,146	-	-
Other	29,672	29,672	-	22,255
Equipment	662,000	662,000	-	-
Subcontractors	840,608	855,608	15,000	-
Material	179,108	179,254	146	16,475
	4,080,199	4,100,119	19,920	171,225

Note: The MC/CM Fee is not included in the JCL, instead our testing recalculated it to the Continuation Sheet without exception.

[1] This statement identifies audit concerns and offers Port management a potential business opportunity and decision point. We understand that Hermanson might dispute our findings and that business decisions and accommodations may result.

This engagement was not performed in accordance with professional audit standards, as we did not formally review internal controls. Our assessment was based solely on evidence obtained from tested documents. Our tests revealed that project cost details were generally well-documented and appropriately coded to their respective projects, timeframes, and phase codes.

Although most documentation was sufficient, we have provided specific recommendations that the Port can implement in future projects, to further strengthen process integrity and enhance project cost substantiation.

#	Recommendations	Ref.
1	The Port typically approves billable labor rates according to its Master Labor Rate Template, which outlines rates by craft. If someone requests higher rates, the Port should maintain justification for approval and implement additional steps during Pay Application review to confirm contractors are paying employees the extra base hourly wage.	Pg. 9
2	Obtain Tax Rate Notices and compare them to the rates listed in the Master Labor Rate spreadsheet to ensure accuracy.	Pg. 9
3	Update SUTA and FUTA formulas on the Master Labor Rate Template.	Pg. 9
4	Obtain a detailed list of contractor Shop Burden items before approving billable rates.	Pg. 9
5	Pre-approve proposed rental and storage rates and review itemized documentation for components such as Shop Burden.	Pg. 12

Glenn C Fernandes

Glenn Fernandes, CPA
Director, Internal Audit

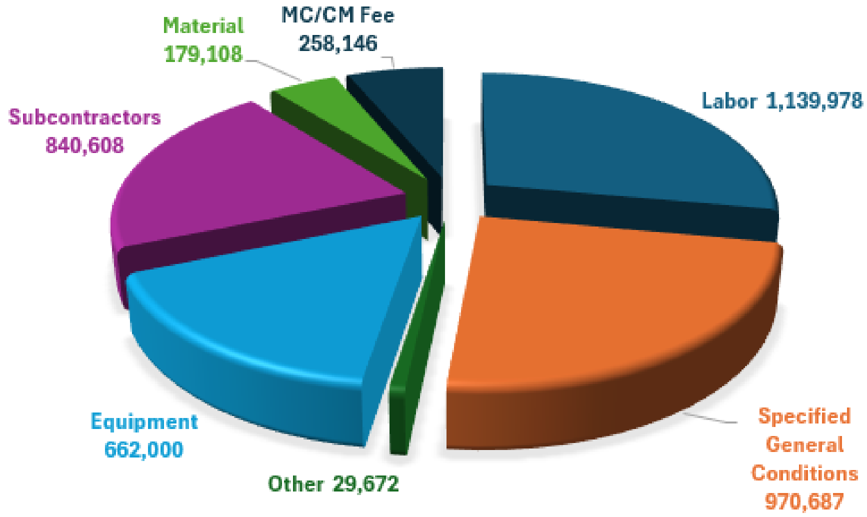
Responsible Management Team
Janice Zahn, Chief Engineer, Engineering General Services
Brian Sweet, Director, Engineering Construction Management

Audit Scope and Approach

The audit approach was primarily substantive, with a strong emphasis on comprehensive testing of project costs. The procedures were designed to cover the planned scope and were executed with careful attention to detail, assuring that the audit objectives were achieved as intended. The audit report presents the principal findings and observations derived from the review, accurately representing the results of the assessment.

The audit process began by electronically obtaining Hermanson's job cost report. Multiple tests were performed to confirm the accuracy of basic mathematical functions, such as the summation of amounts and the precise calculation of extended values. These foundational checks were supplemented by focused searches within the dataset to identify and scrutinize substantial dollar charges that required further investigation.

The subsequent section of this report concentrates on the total asserted project cost of $4,080,199, as discussed in the audit.



The audit identified that certain portions of Hermanson's asserted expenses were adequately documented and well-supported within the pay estimates submitted to the Port. However, other segments of the costs, primarily associated with labor billings, were not initially accompanied by sufficient supporting documentation for the Port's interim review and payment processing. To address these gaps, the audit team requested additional documentation from Hermanson for items that were, in their assessment, lacking proper substantiation. Upon receiving these requests, Hermanson subsequently provided further supporting materials, which were used to validate and substantiate specific amounts in question.

The scope of the audit encompassed comprehensive coverage due to the nature of Hermanson's cost assertions between November 2024, through March 2026. Our review tested 100% of billed costs. Three primary factors contributed to the high percentage of costs examined. First, a substantial portion of Hermanson's project costs originated from subcontractors operating under fixed-price agreements, which enabled extensive audit coverage of high-dollar items. Second, Hermanson received contractual payments for its Specialized General Conditions (SGCs) on a fixed-price basis. Third, we applied electronic auditing techniques to review all Hermanson's recorded craft labor, equipment, material, and "other" coded charges.

The audit objectives and testing procedures were carefully designed and implemented to assure that all costs remained within the boundaries defined by the Contract. For example, direct costs were reviewed to confirm they did not include elements already covered by fixed general conditions or seeking direct costs for amounts recoverable through markup.

Detailed Audit Methodologies, Observations, and Results

Labor

Division 00 70 01 - *General* Conditions covers a table of cost categories and markups that allows Hermanson to be reimbursed for direct labor and labor burden costs. Labor rates were set at project start and revised every six months per the Collective Bargaining Agreement. The Port provided Hermanson with a Master Labor Rates Template, requiring updates for state unemployment and worker's compensation rates. Our review found the Port lacked Hermanson's annual Tax Rate Notices needed to verify spreadsheet entries; we obtained these directly from Hermanson.

Division 00 83 00 §1.05 of the Agreement outlines the submission requirements for employee payroll and work hour records. According to the Agreement, contractors are required to submit Employee and Work Hour Records Electronic Payroll Information (EPI) to the Port. This obligation extends to the prime Contractor as well as every subcontractor and supplier who are required to pay prevailing wages. The submission must cover each week from the commencement of work on the project until its completion. Although the records are maintained in weekly increments, they are to be submitted monthly to the CPO Systems Administrator.

The Agreement further stipulates that all payroll information submitted for the specified period must be correct and complete. Specifically, it requires, "…that the wage rates paid to laborers or mechanics, as documented in these records, must not be less than the applicable wage rates established in any wage determination incorporated into the contract."[2]

We audited 100% of Hermanson's asserted labor hours and costs using electronic analysis and verification procedures, comparing the data to L&I certified payroll reports, payroll information submitted through the Port's Contractor Data System (CDS), and Hermanson's Job Cost Detail. All reported hours were confirmed to match those recorded in the Job Cost Detail. We then reviewed the base hourly wage paid to each worker to determine whether the wages paid were consistent with the rates approved by the Port.

Article VII (E)(2) of the United Association Local #32 Master Labor Agreement stipulates: "When special, or customer required occupied conditions exist, and none of the Sections regarding shift work can be applied, irregular shifts for a full calendar week may be established under the following conditions: (1) Prior agreement between the Employer and Local 32 is required before the commencement of shift work. (2) Employees shall receive twenty percent (20%) above the Straight Time Base Rate and Vacation for each hour worked." This stipulation does not apply to Commercial Plumbers which would

[2] General Conditions, GC/CM Contract No. MC-0320968, for General Contractor/Construction Manager Services, *Primary Fire Station Continuing Operations Preservation Project*, § 008300 1.05(B)(2)(a).

consist of those working on this project. Furthermore, the Sheetmetal Workers Union has a comparable provision: "4-10 Shift work on Occupied Premises Only: When the customer or general contractor mandates that work cannot occur during regular business hours due to occupancy, this shift must be compensated at twenty percent (20%) above the regular day shift rate. Shift work on occupied premises will be permitted provided three (3) consecutive days of shifts, excluding Saturday or Sunday."[3]

The Port did not maintain documentation as to the negotiation on approving labor rates. However, it appears that these Articles were referenced to justify the premium "occupied space" rates, raising three primary concerns. First, Article VII of the MLA pertains exclusively to Service Plumber Mechanic and Supermarket Plumbers, and not Commercial Plumbers who made up the workforce for this Project. Second, the tasks executed were carried out during standard shifts, not qualifying as "irregular shifts," which does not satisfy the requirements set forth. Finally, the Project site was cordoned off, thereby failing to meet the criteria for an occupied space. Concerning the Sheetmetal workers, a review of the L&I Certified Payroll reports indicates no evidence of 4 ten-hour shifts as required by its Collective Bargaining Agreement.

For both the Sheetmetal workers and the plumbers & pipefitters assigned to the Project site, Hermanson compensated the fieldwork staff at the standard labor rate applicable to their respective trades and classifications; none received the "occupied space" premium. Consequently, the Port's reimbursement should have been based on the billable rate defined in its Master Labor Template rather than the "occupied space" rate. Accordingly, we are questioning $130,965 in billed labor costs which includes the Fee portion.

Name	Trade (Fieldwork)	Classification	Reported Hours	Total Billed	Expected Amount Using Labor Rates Paid	Questioned Costs	
A.B.	Sheet Metal	Foreman	24.50	$ 3,614.73	$ 3,154.20	$ 460.53	
J.B.G.	Plumbers & Pipe Fitters	Apprentice 3	378.00	34,535.12	30,933.16	3,601.96	
I.B.	Sheet Metal	Journey man	16.00	2,113.44	1,841.60	271.84	
W.A.D.	Sheet Metal	Apprentice 2	12.00	1,064.88	849.48	215.40	
A.M.D.	Sheet Metal	Lead Foreman	3.00	469.77	379.65	90.12	
G.I.E.	Plumbers & Pipe Fitters	Apprentice 3	346.00	31,554.20	28,306.44	3,247.76	
T.L.E.	Sheet Metal	Journey man	510.00	68,926.50	60,072.90	8,853.60	
A.G.	Sheet Metal	Foreman	674.00	99,228.12	84,783.78	14,444.34	
B.E.H.	Plumbers & Pipe Fitters	Apprentice 2	10.00	1,083.92	814.50	269.42	
S.P.K.	Plumbers & Pipe Fitters	Foreman	8.00	1,190.96	1,028.08	162.88	
E.P.K.	Plumbers & Pipe Fitters	Journey man	350.00	48,923.00	42,980.00	5,943.00	
M.A.K.	Plumbers & Pipe Fitters	Foreman	785.00	119,575.15	102,606.99	16,968.16	
A.L.	Plumbers & Pipe Fitters	Lead Foreman	86.00	13,394.50	11,589.36	1,805.14	
Z.L.	Plumbers & Pipe Fitters	Foreman	102.00	15,546.84	13,338.54	2,208.30	
T.L.L.	Sheet Metal	Foreman	44.00	6,491.76	5,688.32	803.44	
E.A.L.	Plumbers & Pipe Fitters	Journey man	714.00	99,775.56	87,662.00	12,113.56	
M.M.	Sheet Metal	Foreman	1,243.00	180,947.46	154,620.94	26,326.52	
J.M.M	Plumbers & Pipe Fitters	Gen Foreman	507.00	81,648.15	70,341.18	11,306.97	
M.R.N.	Sheet Metal	Apprentice 6	810.00	79,446.46	69,144.04	10,302.42	
Q.A.S.	Plumbers & Pipe Fitters	Lead Foreman	36.00	5,607.00	4,851.36	755.64	
		Totals	6,658.50	$895,137.52	$ 774,986.52	$ 120,151.00	
						10,813.59	Fee (9%)
						130,964.59	Total Questioned Costs

We found multiple errors in Hermanson's certified payroll to L&I and its submissions to the Port's Contractor Data System, mainly regarding shop workers totaling $235,718. Hermanson acknowledged the mistakes and is correcting them. The Port's contract administrator confirmed that the closeout process includes reconciling CDS with L&I, which should catch these reporting errors.

[3] *Standard Form of Union Agreement Between SMACNA Western Washington and Local Union No. 66 of the International Association of Sheet Metal, Air, Rail, and Transportation Workers*, art. XVII(G), at 30 (June 1, 2024).

We confirmed that shop workers received the appropriate base labor rates. Except for two individuals who were billed above the approved rates, all others were charged correctly. We are questioning $1,531 as detailed in the table below, which includes the Fee.

Name	Trade (Fieldwork)	Classification	Pay code ID	Reported Hours	Rate Billed	Total Billed	Approved Rate	Expected Amount	Questioned Costs	
M.F.N.	SHOP Detailer Plumbers & PipeFitters	Foreman	REG	51.00	154.44	7,876.44	131.44	6,703.44	1,173.00	
M.N.	SHOP Sheet Metal	Material Handler	REG	2.50	143.03	357.58	67.13	167.83	189.75	
M.N.	SHOP Sheet Metal	Material Handler	REG	5.00	75.43	377.15	67.13	335.65	41.50	
		Totals		58.50		$ 8,611.17		$ 7,206.92	$ 1,404.25	
									126.38	Fee (9%)
									1,530.63	Total Questioned Costs

Beyond the standard labor burden, covering taxes and benefits, Hermanson applied an additional "Shop Burden" of 24.60% to SHOP-Plumbers and Pipefitters, as well as Sheetmetal workers. Typically, such a Shop Burden is intended to account for indirect costs associated with the operation of a shop, including expenses like rent, utilities, insurance, clerical support, and small tools. To validate the appropriateness of this Shop Burden, we examined the Project documentation and requested Port staff provide a detailed breakdown of the Shop Burden components. Despite these efforts, Port staff did not supply the requested information. This indicates that the Port may not have obtained or reviewed the Shop Burden components before authorizing the billable rates.

The absence of detailed documentation regarding the Shop Burden composition introduces a significant risk. Without transparency, it is highly probable that certain cost elements included in the Shop Burden percentage may also be billed separately as direct cost-of-work line items. Additionally, these elements may have already been captured within specified general conditions, regular general conditions, or the contractor fee, resulting in potential duplication and overbilling.

During our review of the Master Labor Template in addition to the questioned costs, we identified several concerns related to the calculation of Federal Unemployment Tax Act (FUTA) costs. Employers are required to pay 0.6% of an employee's hourly wage, but only on the first $7,000 of annual income per employee, for a total maximum of $42.00 per employee. However, the formula used in the Master Labor Template does not recognize this maximum annual wage threshold. Instead, the template applies a flat 0.6% to the base labor hourly rate across all hours worked, regardless of the $7,000 threshold, which leads to an inflated billable rate and provides contractors with profit beyond the actual costs incurred.

This miscalculation is often based on the misconception that owners would need to track each worker's cumulative salary to avoid collecting FUTA after the threshold is reached. However, if the correct formula is used, pay application reviewers will not have to perform additional monitoring because contractors will automatically be reimbursed accurately when an employee spends their entire working time on a specific project.[4] This table shows an example of when the maximum threshold is ignored.

[4] As a rule, trades people work 1,500-1,550 hours per year. Using this range for the calculation, the actual burden rate increases to only $0.03 per hour. If 2,080 hours are used, the burden rate decreases to $0.02 per hour.

	Base Hourly Rate	FUTA %	Hr. Burden	Workable Hours	Total	
Current Formula	$100	0.60%	$ 0.60	2080	1,248.00	
Correct Formula	$100	0.60%	$ 0.02	2080	41.60	
					1,206.40	Contractor profit per employee, per year

Like the Federal Unemployment Tax Act (FUTA), the State Unemployment Tax Act (SUTA) formula applied within the Master Labor Template does not account for the maximum dollar threshold established by SUTA regulations. Rather than limiting the application of the SUTA tax rate to the designated annual wage cap per employee, the formula erroneously applies the rate to the base labor hourly rate for all hours worked throughout the year. This practice results in an inflated billable rate, leading to reimbursement amounts that exceed the contractor's actual SUTA liability. Consequently, contractors receive more payments than the true costs incurred for SUTA contributions, mirroring the miscalculation observed with FUTA.

Recommendations

1. The Port typically approves billable labor rates according to its Master Labor Rate Template, which outlines rates by craft. If someone requests higher rates, the Port should maintain justification for approval and implement additional steps during Pay Application review to confirm contractors are paying employees the extra base hourly wage.

2. Each year, the Port should collect Tax Rate Notices and compare them to the rates listed in the Master Labor Rate spreadsheet to ensure accuracy.

3. Update SUTA and FUTA formulas on the Master Labor Rate Template.

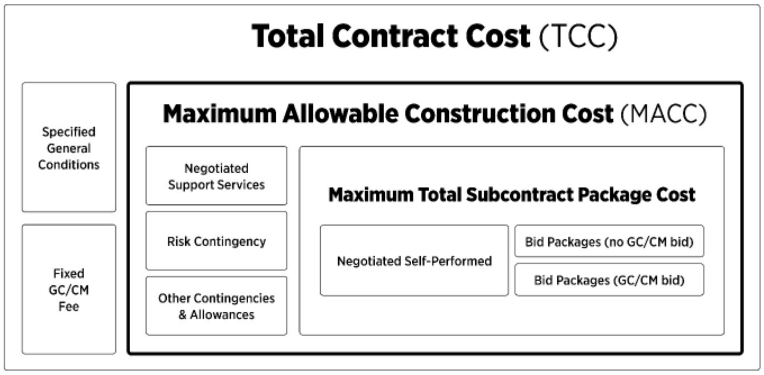
4. Obtain a detailed list of contractor Shop Burden items before approving billable rates.

Specified General Conditions

GC/CM contracts are divided into distinct subcategories as required by State Law.[5] The Total Contract Cost (TCC) is separated into three main components: Specified General Conditions (SGC), the Fixed Fee, and the Maximum Allowable Construction Cost (MACC).

SGCs encompass administrative functions necessary for the project. These include general conditions, subcontractor management, cost tracking, scheduling, meetings, safety, quality assurance and warranty management. SGCs may either be bid or negotiated, depending on the project requirements. The GC/CM fee is a fixed percentage applied exclusively to the MACC. This approach follows guidance outlined by the Capital Projects Advisory Review Board's Best Practices Manual.[6]
The following table represents how TCC is established.

[5] RCW § 39.10.370(4)
[6] Capital Projects Advisory Review Board, *General Contractor/Construction Manager Best Practices Manual* 11 (Apr. 2025).



Source: *CPARB General Contractor/Construction Manager Best Practices Manual* 11 (April 2025).

SGCs were approved at $1,034,876. Pay Application # 19 reports that Hermanson invoiced $970,687 against the SGC allocation. Since SGCs are defined as lump sum amounts, they fall outside the scope of audit procedures.

During our verification of costs charged under both the Material and "Other" categories, we identified certain line items that were considered unallowable. These items met the established criteria for inclusion as SGCs, which means they should not have been billed as cost of work items. A detailed discussion and analysis of these findings are presented in the following sections, outlining the rationale for their exclusion and the appropriate classification under SGCs.

The table below lists the items that qualify as SGCs and, consequently, should not be billed separately as cost of work. This distinction assures that all costs are categorized correctly in accordance with contract requirements and prevents duplicate billing for items already covered under the lump sum SGC allocation.

PORT OF SEATTLE PRIMARY FIRE STATION CONTINUING OPERATIONS
MCCM SPECIFIED GENERAL CONDITIONS - FROM RFP RESPONSIBILITY MATRIX

DESCRIPTION	UNIT	QTY.	DUR	RATE		
As-Built Drawings	LOT	1	5	$ 600.00		$ 3,000.00
Badging - Fitters	EACH	6	8	$ 133.05		$ 6,386.00
Badging - Plumbers	EACH	2	8	$ 133.05		$ 2,129.00
Badging - SM	EACH	6	8	$ 127.71		$ 6,130.00
Cell Phones	LOT	4190	1	$ 1.50		$ 6,285.00
Company Safety Director	MONTH	8	12.35	$ 88.54		$ 8,748.00
Company Superintendants	MONTH	16	1	$ 165.96		$ 2,655.00
Computers, Software and Internet	LOT	1	1	$ 33,534.00		$ 33,534.00
Delivery / Pickup of Site Trailer	EACH	1	1	$ 2,800.00		$ 2,800.00
Site Trailer Rental - 10x30	MONTH	1	12.35	$ 570.00		$ 7,040.00
Site Trailer Copier, Plotter, Furniture, Power Connect	LOT	1	1	$ 25,000.00		$ 25,000.00
Advertising and Coordinaging SBE outreach	Lot	1	4	$ 2,500.00		$ 10,000.00
Office Supplies	MONTH	1	12.35	$ 225.00		$ 2,779.00
Field Admin PLA, Cert payroll, Billing Audit Support	MONTH	40	16	$ 96.84		$ 61,978.00
Small Tools (Under $500)	HRS	4190	1	$ 3.00		$ 12,569.00
Trucks (Rental)	EACH	3	12.35	$ 1,730.00		$ 64,097.00
Trucks (Fuel)	MONTH	3	12.35	$ 850.00		$ 31,490.00
Warranty	LOT	1	1	$ 37,598.30		$ 37,600.00
				Total Cost		$ 324,220.00
				FEE Markup	9%	$ 29,179.80
				Total additional need for Specified GC's		**$ 353,400**

FROM MCCM BID	Name	Hourly Rate	Monthly Billing Rate	Total Cost	Total Months
Project Manager	David	$112.28	$19,537	$140,669	7.2
On-site Supervision (Super or GF) for Project	Bruce	$132.83	$23,112	$277,349	12.0
Engineer	TBD	$54.15	$9,423	$113,070	12.0
Safety Manager	Troy Harrell	$67.49	$11,744	$14,093	1.2

Total SGC Labor from Proposal and Preconstruction Form **$545,181**

Grand Total Needed for SPGC's Outlined in Responsibility Matrix **$ 898,581** [7]

[7] *MC-0320968 Primary Fire Station COPP GCCM Construction Contract MACC rev.*, at 2200.

MC/CM Fee

The MC/CM fee is a set percentage, covering profit and overhead. Overhead includes office expenses allocated to the project, costs for subcontractor bidding, B&O taxes, bonds, and insurance. The *Summary Matrix of Cost Allocation* in General Conditions lists additional factors affecting the fee percentage. The Fee applies only to the MACC, not SGCs; for this project, it was set at 9%. We validated the amounts by recalculating with the Schedule of Values and the Total Completed and Stored to Date on Pay Application #19 without exception.

Subcontractors

Herman's Job Cost Ledger shows fixed-price subcontractor costs totaled $855,608 as of PA #19 and were distributed among seven different subcontractors. However, only $840,608 was billed resulting in a potential that Hermanson is entitled to $15,000. To ensure accuracy and compliance, we verified Hermanson's reported payment amounts to each subcontractor by reviewing their Application and Certification for Payment, as well as their Conditional Waiver and Release Upon Progress Payment. Our testing confirmed that all costs were substantiated, and no exceptions were identified. This comprehensive review provides assurance that payments were correctly processed and documented.

Subcontractor	Job Cost Ledger	Amount Verified	Amount Billed (as of PA #19)	Questioned Costs
Diverse Contractors & Associates LLC	$ 86,480	$ 86,480		$ -
ISAT	$ 9,071	$ 9,071		-
NCES LLC	$ 4,285	$ 4,285		-
Neudorfer Engineers Inc.	$ 26,470	$ 26,470		-
Performance Contracting Inc.	$ 75,638	$ 75,638		-
Siemens	$ 82,144	$ 82,144		-
Siemens Industry Inc.	$ 534,715	$ 534,715		-
Snell Crane Service Inc.	$ 36,806	$ 36,806		-
Grand Total	$ 855,608	$ 855,608	$ 840,608	(15,000)

Equipment

Hermanson billed $662,000 for equipment, all confirmed by matching invoices in the pay applications with no discrepancies.

"Other"

Hermanson utilized the "Other" transaction category code to bill items that did not fit within the standard cost categories. A comprehensive verification was performed on all costs billed under this category. During this review, it was determined that several items billed as "Other" should instead be classified as SGCs, as outlined in the contract agreement. Other items should have been included as part of the Fee, according to the established General Conditions and the Table of Cost Categories & Markups.

Hermanson submitted $4,538 in warehouse storage fees as part of the Pay Application. However, General Conditions G-08-04(a) stipulates specific documentation requirements for progress payments related to materials delivered to the site but not yet incorporated into the work. The contractor must provide certified invoices from subcontractors or suppliers and proof of payment, either in the form of canceled checks or acknowledgments of receipt of full payment from those parties. In this instance, Hermanson only submitted summary documents describing the material, its location, and a charge rate of $4 per square foot. The required supporting documents, as detailed in G-08-04(a), were not provided in the Pay Applications.

Based on our verification and documentation review, we are questioning $22,255 which includes the applicable sales tax and MC/CM Fee.

Cost Category- OTHER	Billed	Tested	Questioned	
	29,672	29,672	-	
Small Tools, equipment, Truck Rental, etc. (includes sales tax):			12,863	
Vehicle Monthly Rental:			1,423	
Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax):			933	
Warehouse Storage:			4,538	
Returned Tool Billed but not credited (Includes sales tax):			660	
	29,672	29,672	20,417	
			1,838	Fee: 9%
			22,255	Total Questioned Costs

Recommendation:

5. Pre-approve proposed rental and storage rates and review itemized documentation for components such as Shop Burden.

Material – $179,254

We performed a thorough review on all costs billed under the “Material” category. This comprehensive verification process included an evaluation of documentation supporting each item submitted for payment. During our review, we identified certain items classified as “Material” that did not align with the Agreement’s definition. Specifically, several costs should have been categorized as SGCs, as stipulated in the Agreement. Additionally, some items were determined to fall under the Fee category, as outlined in the General Conditions and the Table of Cost Categories & Markups.

Hermanson submitted a total of $179,254 in material costs, all of which underwent detailed testing and verification. Among these, items requiring reclassification as SGCs or General Conditions were isolated for further review and found that $2,709 in material costs lacked adequate supporting documentation. Consequently, after our verification and review of supporting materials, we are questioning $16,475 which includes the applicable sales tax and the MC/CM Fee.

Cost Category- MATERIAL	Billed	Tested	Questioned	
	179,254	179,254	-	
Small Tools, equipment (includes sales tax):			7,937	
Office Supplies, PPE, Consumables, Incidentals etc. (includes sales tax):			4,469	
Lack of Supporting Documentation:			2,709	
	179,254	179,254	15,115	
			1,360	Fee: 9%
			16,475	Total Questioned Costs

Appendix A- "OTHER" Questioned Transactions

Date	Purchase order	Vendor name	Vendor invoice number	Description	Total cost amount	PA
3/14/2025	-	-	-	CH Tools - Vehicles February 2025	607.09	8
4/9/2025	-	-	-	CH Tools - Vehicles March 2025	815.88	8
4/30/2025	PO018576	National Safety Inc	0754268-IN	320-753237HERXLXL HD SURV LIM CLS 2 MESH VEST	37.50	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	DEWALT DCS380B 20V MAX RECIPROCATING SAW BARE	159.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	DEWALT DCF845B 1/4" IMPACT DRIVER BARE TOOL	318.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	DEWALT DCL079B 20V MAX CORDLESS TRIPOD LIGHT	498.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	DEWALT DCS491B 18 Gauge Swivel Metal Shears	498.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	LOUISVILLE FXP1706 6' FIBERGLASS PINNACLE PRO	498.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	DEWALT DCB205 DEWALT 20V MAX XR 5.0AH	654.00	9
4/3/2025	PO018573	Bigfoot Construction Supply	96141-1	LOUISVILLE FXP1708 8' 300 lb podium ladder	658.00	9
4/30/2025	PO018576	National Safety Inc	0754268-IN	170-LCT100LENS CLN TOWELETTES 100/BX	6.43	9
4/30/2025	PO018576	National Safety Inc	0754268-IN	628-A11101010' CROSS ARM STRAP	44.57	9
4/30/2025	PO018576	National Safety Inc	0754268-IN	628-H212004HERHERMANSON CUST XL 1D HARNESS W	113.60	9
4/30/2025	PO018576	National Safety Inc	0754268-IN	628-H212005HERHERMANSON CUST 2X 1D HARNESS W	113.60	9
5/30/2025	PO018574	Bill's Locksmith Service Inc.	128435	LOCKS	103.80	10
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	CORD 11-00225 VOLTEC POWER STRIP	47.32	11
7/1/2025	PO022740	Bigfoot Construction Supply	97770-1	41" X 17" X 35" NARROW SERVICE CART WITH 5" HEAVY DUT Y LOCKING CASTERS PLEASE ASSY	156.00	11
6/1/2025	PO022000	Bigfoot Construction Supply	97419-1	DUST EXTRACTOR ATTACHMENT FOR DCH273	215.00	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	WIRE SHELVING H294063 36 X 18 X 63" WIRE SHELVING	239.00	11
6/1/2025	PO022000	Bigfoot Construction Supply	97419-2	1/4" IMPACT DRIVER BARE TOOL 20V	318.00	11
6/1/2025	PO022000	Bigfoot Construction Supply	97419-1	DEWALT BARE TOOL ROTARY HAMMER	349.00	11
7/1/2025	PO022740	Bigfoot Construction Supply	97770-1	20V MAX XR BRUSHLESS CORDLESS 1/2" HAMMER DRILL TOOL ONLY (*2 @ $289 ea.*)	578.00	11
7/1/2025	PO022740	Bigfoot Construction Supply	97770-1	DEWALT 20V MAX XR 5.0AH SINGLE PACK BATTERY (*6 @ $109 ea.*)	654.00	11
6/1/2025	PO022000	Bigfoot Construction Supply	97419-1	20V MID SIZE BANDSAW (*2 @ $359 ea.*)	718.00	11
7/1/2025	PO022740	Bigfoot Construction Supply	97770-1	30 X 18 RED PIANO DOLLY WITH RUBBER END PADS 4 POLYOLEFIN CASTERS 1 PLEASE ASSY (*12 @ $174.99*)	2,099.88	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	SCOTT PAPER TOWELS KITCHEN PAPER TOWEL ROLL	16.50	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	COPY PAPER 841195 8-1/2 X 11 REAM	17.90	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	CHINET 1456507 80 CT COFFEE CUP WITH LIDS	24.99	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	BROTHER TN830 BLACK AND WHITE TONER	79.30	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	KEURIG K-SLIM SINGLE SERVE COFFEE MAKER	129.00	11
6/1/2025	PO021366	Bigfoot Construction Supply	97194-1	BROTHER DCP-L2640DW WIRELESS LASER PRINTER	269.00	11
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	MILWAUKEE 48-22-843010 BIN PACKOUT ORGANIZER MODULARSTORAGE SYSTEM CLEAR	53.81	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	MILWAUKEE 48-22-8432PACKOUT DEEP ORGANIZER	64.97	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	STANLEY 33-725FAT MAX 25' X 1-1/4" MEASURING TAPE	108.00	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	DEWALT DCL05020V MAX LED HAND HELD AREA LIGHT	218.00	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	TURBOTORCH STK-99SELF-IGNITING TORCH	279.96	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	LITTLE-GIANT 13906-071KING KOMBO INDUSTRIAL FIBERGLASS6' TO 10' COMBO LADDER	339.30	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	KNAACK CA-01 CART ARMOUR SKIN FITS RUBBERMAID 4520-88	358.88	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	LITTLE-GIANT 13908-071 KING KOMBO INDUSTRIAL FIBERGLASS 8' TO 14' COMBO LADDER (*2 @ $412.49 ea.*)	824.98	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	MAJESTIC 35-7465-XL CUT-LESS WATCHDOG GLOVES KORPLEX GRAY (PPE)	261.60	12
9/2/2025	PO023103	Bigfoot Construction Supply	97965-1	3/8X50' AIR HOSE	39.99	13
9/2/2025	PO023103	Bigfoot Construction Supply	97965-1	2.5 GAL AIR COMPRESSOR	349.00	13
9/24/2025	PO027991	Grainger	9600037270	OSCILTOOLBLADESET,3PCS,W:0.75";1.25"	96.39	14
9/24/2025	PO027991	Grainger	9600037270	OSCILLATING TOOL,11 1/8 IN L,20V DC	218.37	14
9/24/2025	PO027991	Grainger	9600037270	FIRST AID KIT W/HOUSE,63PCS,2 3/8X4",WHT	91.10	14
11/5/2025	PO033686	Home Depot	901415	20 VOLT MAX	338.00	15
10/22/2025	PO029946	Grainger	9637308009	MULTI-TOOL,SILVER,7 TOOLSMANUFACTURER # 830846 INV 9637308009	508.97	15
1/27/2026		Monaco, Michael		38331 amazon (*reimbursed tool*)	31.13	18
2/17/2025	-	-	-	CH Tools - Storage January 2025	72.00	7
3/14/2025	-	-	-	CH Tools - Storage February 2025	144.00	8
4/9/2025	-	-	-	Kent Warehouse Storage March 2025	36.00	9
5/14/2025	-	-	-	Kent Warehouse Storage April 2025	161.00	10
6/13/2025	-	-	-	Kent Warehouse Storage May 2025	1,802.00	10
7/15/2025	-	-	-	Kent Warehouse Storage June 2025	963.00	11
10/13/2025	-	-	-	Kent Warehouse Storage September 2025	480.00	14
11/7/2025	-	-	-	Kent Warehouse Storage October 2025	260.00	15
12/5/2025	-	-	-	Kent Warehouse Storage November 2025	152.00	16
2/13/2026	-	-	-	Kent Warehouse Storage January 2026	128.00	18
1/19/2026	-	-	-	Kent Warehouse Storage December 2025	340.00	18
2/1/2025	PO011947	Bigfoot Construction Supply	93237-2	DEWALT DW0825LG-K 12v CROSS HAIR / DOT LASER	(599.00)	
2/1/2025	PO011947	Bigfoot Construction Supply	93237-2	TAXOA 93237-0	(61.00)	

Appendix B- "MATERIAL" Questioned Transactions

Date	Purchase order	Vendor name	Vendor invoice number	Description	Total cost amount	PA
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	MALCO MSHXLC-6 6 x 1/4-5/16" REVERSABLE NUT	144.10	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	DIABLO DS0614BF5 DIABLO 6 STEEL DEMON 14/18 TPI	32.90	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	DIABLO DS1214BF5 DIABLO 12 STEEL DEMON 14/18	51.27	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	L-MSHL-9/16 QUAL 9/16 MAG NUT DRIVER	62.76	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	NUT 3/8 BULK 3/8 ZINC PLATED HEX NUT [3000	3.71	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	INTERCORP H1024 #10 X 1-1/2 UIHW HD DRILL SCRE	6.66	6
1/29/2025	PO011676	Bigfoot Construction Supply	93152-1	MALCO MSHC REVERSIBLE 1/4 & 5/16 NUT	49.90	6
3/3/2025	PO014446	Bigfoot Construction Supply	94523-2	KRAFT BURKE BAR FORM PRY BAR	199.00	8
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	DIABLO DS0614BF5 DIABLO 6 STEEL DEMON 14/18 TPI	32.90	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	DIABLO DS0914BF5 DIABLO 9 STEEL DEMON 14/18 TPI	44.52	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	DIABLO DSD0500S06 1/4" to 1/2" STEP IMPACT BIT	185.16	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	INTERCORP H1012H 10 X 3/4" HIGH HEAD TEK SCREW	231.60	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	KLENK MB78010 8 COMPARTMENT STACK-N-TOTE	176.00	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	MAGIC CHEF HMM770B2 0.7 CU. FT. 700-WATT COUNTER	98.12	9
4/10/2025	PO016234	Bigfoot Construction Supply	95189-1	DEWALT DW2542IR DEWALT IMPACT SOCKET ADAPTER	26.36	9
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	STEEL DUST PAN	12.14	10
6/16/2025	PO019790	Bigfoot Construction Supply	96631-2	TAXINV# 96631-2	3.58	10
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	2" DIA. 25 POND PULL ROUND MAGNET WITH HANDLE 3 PER PACK	56.97	11
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	2 HOLESAW BI METAL	53.79	11
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	UNIVERSAL C-TYPE BEAM CLAMP galv finish	78.63	11
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	LARGE HOLESAW ARBOR 1/2 SHANK 20L-96L	94.00	11
7/15/2025	PO025241	Uline	194565338	DRYWALL CART - 23 X 50" (*2 @ $290/ea*)	580.00	11
7/17/2025	PO025569	Bigfoot Construction Supply	99044-2	MILWAUKEE 3/16 HEX SHANK DRILL	50.85	11
7/17/2025	PO025569	Bigfoot Construction Supply	99044-2	16 OZ. GOOF OFF	51.66	11
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	TYVEK 141232/12HD	45.00	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	RIDGID HD1400- *14 GALLON HP VACUUM*	169.00	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	VISSANI HVAR43GSE	269.00	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	TAXOA - 99349-0	63.13	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-2	PC9C ORANGE CLOTH DUCT TAPE	119.04	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-2	MK BANDSAWE BLADE 32-7/8 14/18	50.54	12
7/18/2025	PO025569	Bigfoot Construction Supply	99044-1	SNAP OFF INSULATION KNIFE	31.25	11
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	UNISTRUT P2949-EGSILVER EG 2-WHEEL STRUT TROLLEY	126.87	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	MK-MORSE ZWEP35811MC35-3/8" 8/11 TPI BI-METAL PORT ABAND BLADE 3	89.20	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	MK-MORSE ZWEP44811MC44-7/8" 8/11 TPI BI-METAL PORT ABAND BLADE 3	84.70	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	REED 04434DEBO DEBURRING TOOL POCKET PENCIL	85.90	12
8/22/2025	PO026712	Acme Construction Supply	S4751791.004	PART FLANGED HEX	83.28	13
8/22/2025	PO026712	Acme Construction Supply	S4754389.001	MAGNETIC 9" TORPEDO LEVEL TRUE BLUE	59.94	13
8/22/2025	PO026712	Acme Construction Supply	S4754389.001	FASTBACK FOLDING UTILITY KNIFE	53.82	13
8/22/2025	PO026712	Acme Construction Supply	S4754389.001	FATMAX KNIFE BLADE [100 PK	23.95	13
8/22/2025	PO026712	Acme Construction Supply	S4754389.001	LED FOCUS FLASHLIGHT WITH RED LASERPOINTER; MAGNET & USB RECHA	243.00	13
8/22/2025	PO026712	Acme Construction Supply	S4754389.001	54PC. SHOCKWAVE DRIVER BIT SETMAGNETIC BIT HOLDER; BITS TIPS;& NU	57.82	13
8/22/2025	PO026231	Acme Construction Supply	S4754385.001	EXTENSION LADDER 16' FIBERGLASSORANGE TYPE 1A 300LB. DUTY RATING	245.78	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	3/8" SOCKET DRIVER FOR CONCRETE HANGER	59.04	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DRILTEC 1/4 X 6-1/4 SDS PLUS CARBIDE BIT / MAK 00876-25	10.50	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DRILTEC 3/8 X 6-1/4 SDS PLUS CARBIDE BIT / MAK D00929-25	14.54	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	12 X 1 TEK 3 HWH SELF DRILL	11.40	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DIABLO DSA0S00 1/4 HEX TO 1/2 SQUARE SOCKET	11.54	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	VISE GRIP 11R	34.03	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	GEARWRENCH 84S12N 1/2""DRIVE 1-1/8"" STANDARD	9.91	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	CRESCENT CCW12-0S COMBINATION WRENCH,15/16""	15.46	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DEWALT DD5116	28.32	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	DEWALT IMPACT SOCKET ADAPTER 1/4 HEX X 3/8"DR	26.36	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	PERFORMANCE 9/16' RATCHETING WRENCH / TITAN 12606	28.14	13

Appendix B – "MATERIAL" Questioned Transactions (Cont.)

Date	Purchase order	Vendor name	Vendor invoice number	Description	Total cost amount	PA
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DRILTEC 3/8 X 6-1/4 SDS PLUS CARBIDE BIT / MAK D00929-25	14.54	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	12 X 1 TEK 3 HWH SELF DRILL	11.40	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DIABLO DSA0S00 1/4 HEX TO 1/2 SQUARE SOCKET	11.54	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	VISE GRIP 11R	34.03	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	GEARWRENCH 84S12N 1/2""DRIVE 1-1/8"" STANDARD	9.91	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	CRESCENT CCW12-0S COMBINATION WRENCH,15/16""	15.46	13
8/29/2025	PO023816	Bigfoot Construction Supply	98343-1	DEWALT DD5116	28.32	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	DEWALT IMPACT SOCKET ADAPTER 1/4 HEX X 3/8"DR	26.36	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	PERFORMANCE 9/16' RATCHETING WRENCH / TITAN 12606	28.14	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-32-401054PC. SHOCKWAVE DRIVER BIT SET	86.73	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-1502FLIP UTILITY KNIFE WITH BLADES	59.88	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	IRWIN 2084300[D-MAN]BI-METAL UTILITY KNIFE BLADES	33.13	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-5107COMPACT 7" BILLET TORPEDO LEVEL	65.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-7214STRAIGHT 14" ALUMINUM PIPE WRENCH	99.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-7218STRAIGHT 18" ALUMINUM PIPE WRENCH	129.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	STANLEY 87-47312" ADJUSTABLE WRENCH CHROME	39.24	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 2163-21USB RECHARGEABLE HARD HAT HEADLAMP	139.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MAKITA B-433159/16" X 12" HOLLOW SHAFT NUT RUNNER	78.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MAKITA B-433653/4" X 12" HOLLOW SHAFT NUT RUNNER	86.22	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-94083/8DR 28PC. SAE SOCKET SET DEEP	104.97	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-3100FINE POINT BLACK INKZALL PERMANENT MARKER	43.20	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-8425PACKOUT LARGE TOOL BOX	179.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	MILWAUKEE 48-22-8432PACKOUT DEEP ORGANIZER	129.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	DEWALT DCS374B20V MAX DEEP-CUT FULL-SIZE LARGECORDLESS BANDS/	359.00	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	DEWALT DCS378B 20V MAX XR 3-1/4" CUT MID-SIZEDCORDLESS BANDSAW	349.00	13
9/2/2025	PO023816	Bigfoot Construction Supply	98844-1	PTW30254 PERFORMANCE 1/2' RATCHETING WRENCH	13.37	13
9/2/2025	PO023816	Bigfoot Construction Supply	98844-1	PTW30255 PERFORMANCE 9/16' RATCHETING WRENCH	14.07	13
9/8/2025	PO023816	Bigfoot Construction Supply	98343-2	SHOCKWAVE 5/16-18 IMPACT RATED DRILL TAP BIT	54.87	13
9/23/2025	PO024209	Bigfoot Construction Supply	98445-2	2-1/2 HOLESAW BI METAL	25.64	14
9/24/2025	PO027083	Bigfoot Construction Supply	99684-1	ALBION B1 10OZ CARTRIDGE GUN 7:1 NO DRIP	20.56	14
10/8/2025	PO028592	Bigfoot Construction Supply	100391-1	MK ZWEP3518W MK BANDSAWE BLADE 35-3/8 18 3PK	50.54	14
10/13/2025	PO028592	Bigfoot Construction Supply	100512-1	BATESS IN 1 5 IN 1 SCRAPER TOOL	35.85	14
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	FLIP UTILITY KNIFE WITH BLADES	63.88	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	50PC. UTILITY KNIFE BLADES	12.97	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	9/16" X 12" HOLLOW SHAFT NUT RUNNER	79.70	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	FINE POINT BLACK INKZALL PERMANENT	47.52	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	FILE 8" HALF ROUND BASTARD	259.20	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	DEBURRING TOOL POCKET PENCIL REAMER	179.40	15
1/12/2026	PO036872	Home Depot	956491	MAKITA 3/8" KEYLESS CHUCK DRIVER	40.97	17
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	NIAGRA BOTTLE WATER 16.9 FL OZ 24PK	17.97	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	3MIL BLACK CONTRACTOR BAGS 32PK	24.95	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	KITCHEN GARBAGE BAG 32/BX	30.03	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	KITCHEN PAPERT TOWEL ROLLL 30PK	5.31	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	PAPER PLATE I00PER PACK	39.90	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	PAPER BOWL 56 PACK	21.50	7
2/18/2025	PO012234	Bigfoot Construction Supply	93374-1	CUTLERY ASSORTED CUTLERY SET	17.99	7
4/1/2025	PO014446	Bigfoot Construction Supply	94523-1	BOTTLE WATER	17.34	8
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	FOLDING CHAIR FOLDING CHAIR STEEL FRAME	143.07	9
4/2/2025	PO018199	Bigfoot Construction Supply	96092-1	FOLDING TABLE 6 PLASTIC TABLE	179.96	9
4/10/2025	PO016234	Bigfoot Construction Supply	95189-1	BUCKET LID 2G 2 GALLON BUCKET LID ONLY	125.64	9
4/30/2025	PO016234	Bigfoot Construction Supply	95189-1	BUCKET 5G 5 GALLON PLASTIC BUCKET EMPTY	305.64	9
5/16/2025	PO018842	Bigfoot Construction Supply	96342-2	5 GALLON PLASTIC BUCKET	169.80	10
5/16/2025	PO018842	Bigfoot Construction Supply	96342-2	5 GALLON BUCKET LID	66.20	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	NIAGRA BOTTLE WATER 16.9 FL OZ	35.94	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	BLACK SHARPIE FINE POINT	20.05	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	IDEAL MARKER BLACK 12/CS	68.77	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	SOFT KNEES 5050 14X21" KNEEL	85.10	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	DRY ERASE KIT	10.35	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	7 GALLON TRASH CAN	25.58	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	KITCHEN GARBAGE BAG	30.03	10

Appendix B – "MATERIAL" Questioned Transactions (Cont.)

Date	Purchase order	Vendor name	Vendor invoice number	Description	Total cost amount	PA
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	ANGLE HOUSE BROOM	15.37	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	HAND WIPE SCRUBS	41.90	10
6/3/2025	PO019790	Bigfoot Construction Supply	96631-1	3M N95 DUST MASK WITH VALVE	27.35	10
6/10/2025	PO020574	Johnstone Supply-Tacoma	S101090684.001	W69-752 RT600D DYNA WIPES WATERLESS	25.32	10
6/10/2025	PO020574	Johnstone Supply-Tacoma	S101090684.001	W69-514 2337X GLOVE NITRILE XL	18.72	10
6/16/2025	PO019790	Bigfoot Construction Supply	96631-2	24 X 36" WHITE BOARD	35.00	10
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	HARD HAT HEAD LAMP RECHARGABLE	316.00	11
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	MEDIUM ROAST ORGANIC K-CUP	49.00	11
7/1/2025	PO022806	Bigfoot Construction Supply	97794-1	NIAGRA BOTTLE WATER 16.9 FL OZ BOTTLES 24 PER CASE 84 CASES PER PAL	35.94	11
7/17/2025	PO025569	Bigfoot Construction Supply	99044-2	BUCKET WIPES	195.00	11
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	SWIFFER STARTER KIT	47.98	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	SWIFFER 003700077198	43.90	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	COFFEE MATE .38OZ	32.00	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-1	PENCIL SHARPENER	11.98	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-2	22 OZ. PLASTIC SPRAY BOTTLE	11.14	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-2	NIAGRA BOTTLE WATER 16.9 FL OZ	35.94	12
7/17/2025	PO026099	Bigfoot Construction Supply	99349-2	SUGAR IN THE RAW	21.98	12
7/18/2025	PO025569	Bigfoot Construction Supply	99044-1	72 WIPES PER BUCKET6 BUCKETS PER CASE	125.70	11
7/25/2025	PO022248	Acme Construction Supply	S4711341.006	ENERGIZER EN91-24AA (24-PACK) INDUSTRIAL ALKALINEBATTERIES	32.46	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	ENCORE 201859WHITE PLASTIC BUCKET 1-GALLON	10.78	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	KRAFT GG468WHITE PLASTIC BUCKET 5 GALLON PAIL	17.72	12
7/31/2025	PO022248	Acme Construction Supply	S4730925.001	ENERGIZER EN92-24AAA (24-PACK) INDUSTRIAL ALKALINEBATTERIES	97.38	12
8/22/2025	PO026231	Acme Construction Supply	S4754385.001	CLEANSING DISINFECTING WIPES LEMONSCENTED 75-COUNT CANISTER !	71.92	13
8/22/2025	PO026231	Acme Construction Supply	S4754385.001	WHITE TERRY CLOTH BAR WIPERS 5LB.BOX STRIPED 100% TURKISH TOWEL	83.40	13
8/22/2025	PO025118	Acme Construction Supply	S4737923.004	FIRST-AID-ONLY 91138	201.12	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	3MIL BLACK CONTRACTOR BAGS 32 BAGS PER BOX	24.95	13
8/29/2025	PO024209	Bigfoot Construction Supply	98445-1	NIAGRA BOTTLE WATER 16.9 FL OZ BOTTLES 24 PER CASE 84 CASES PER PAL	35.94	13
9/2/2025	PO024238	Acme Construction Supply	S4731411.001	ENERGIZER HDBIN32EBHEADLAMP LED FLASHLIGHT	39.38	13
9/24/2025	PO027083	Bigfoot Construction Supply	99684-1	GARBAGE BAGS RTP325030-32 3MIL BLACK CONTRACTOR BAGS 32/BOX	49.90	14
10/8/2025	PO028592	Bigfoot Construction Supply	100391-1	BOTTLE WATER NIAGRA BOTTLE WATER 16.9 FL OZ	35.94	14
10/8/2025	PO028592	Bigfoot Construction Supply	100391-1	BUFFALO RAG 25 BT 25# BOX BAR TOWEL RAGS 12054	118.00	14
10/8/2025	PO028592	Bigfoot Construction Supply	100391-1	COFFEE MATE .3802 .38 OZ. FRENCH VANILLA CREAMER	16.80	14
10/8/2025	PO028592	Bigfoot Construction Supply	100391-1	COFFEMATE CREAMER .380C IC IRISH CREAM COFFE CREAMER	16.80	14
10/13/2025	PO028592	Bigfoot Construction Supply	100512-1	SQWENCHER 060099-SL STRAWBERRY LEMONADE KWIKSTI	71.00	14
10/13/2025	PO028592	Bigfoot Construction Supply	100512-1	SQWENCHER 060100-OR ORANGE KWIK STI	71.00	14
10/15/2025	PO029949	Bigfoot Construction Supply	100750-1	NIAGRA BOTTLE WATER 16.9 FL OZ	35.94	14
10/15/2025	PO029949	Bigfoot Construction Supply	100778-1	MEDIUM ROAST ORGANIC	92.60	14
10/15/2025	PO029949	Bigfoot Construction Supply	100778-1	HOT CUP / SLEEVE	39.96	14
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	AA (24-PACK) INDUSTRIAL ALKALINE	64.92	15
10/17/2025	PO029548	Acme Construction Supply	S4778979.001	AAA (24-PACK) INDUSTRIAL ALKALINE	64.92	15
10/20/2025	PO030448	Acme Construction Supply	S4790751.001	SR5226 RESPIRATOR CLEANING WIPES[250/BX]Pn: 282442	189.04	15
10/21/2025	PO031693	Bigfoot Construction Supply	101664-1	BOTTLE WATER NIAGRA BOTTLE WATER 16.9 FL OZ	41.94	15
1/10/2025	-	-	-	GALVANIZED COIL 26GA X 5.394"W CSA G90	129.89	6
1/10/2025	-	-	-	24 GA (0236 MIN) X 60" GR33 G90 GALVANIZED COIL	131.02	6
1/10/2025	-	-	-	GALVANIZED COIL 26GA X 5.394"W CSA G90	17.77	6
1/10/2025	-	-	-	22 GA (0236 MIN) X 60" GR33 G90 GALVANIZED COIL	95.83	6
1/10/2025	-	-	-	WARD J-FLANGE HEAVY J-CONNECT	70.80	6
1/10/2025	-	-	-	WARD J-CORNER HEAVY 200/BOX	73.93	6
1/10/2025	-	-	-	WARD SUPERSEAL DUCT SEALER W/FIBER GRAY 1 GALLON	17.88	6
1/10/2025	-	-	-	DYMONIC FC GRAY SEALANT 10.1oz CARTRIDGE	236.10	6
1/10/2025	-	-	-	WARD GASKET TAPE BUTYL 30FT ROLL 25RL/CS	112.46	6
1/10/2025	-	-	-	GALVANIZED SHEET 20GA 48X120"	5.71	6
1/10/2025	-	-	-	GALVANIZED SHEET 24GA 48X120"	90.20	6
1/10/2025	-	-	-	HARD ROLLED SQUARE BAR 3/8" X 20'L	4.85	6
1/10/2025	-	-	-	WARD J-FLANGE HEAVY J-CONNECT	26.55	6
1/10/2025	-	-	-	WARD J-CORNER HEAVY 200/BOX	14.79	6
1/10/2025	-	-	-	DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX	25.56	6
1/10/2025	-	-	-	WARD CLEAT-STANDING S LOCK 22GA 1"X10LF	18.99	6
1/10/2025	-	-	-	WARD CLEAT-DRIVE- 24GA	6.30	6
1/10/2025	-	-	-	CONDUIT 1/2" EMT	4.85	6
1/10/2025	-	-	-	JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL	61.08	6

Appendix B – “MATERIAL” Questioned Transactions (Cont.)

Date	Purchase order	Vendor name	Vendor invoice number	Description	Total cost amount	PA
1/10/2025	-	-	-	H-102 FLT TWIST KNOB HANDLE BEARING COMBO 200/BX	2.83	6
1/10/2025	-	-	-	ROSSI B-SNAP SNAP-IN BEARING 3/8"	0.50	6
1/10/2025	-	-	-	DAMPER DISC 14" STACKABLE	8.88	6
1/10/2025	-	-	-	DYMONIC FC GRAY SEALANT 10.1oz CARTRIDGE	31.48	6
1/10/2025	-	-	-	GRIPNAIL WELD PINS #107 FOR 1" LINER	9.08	6
1/10/2025	-	-	-	GALVANIZED SHEET 22GA 48X120"	28.20	6
1/10/2025	-	-	-	GALVANIZED SHEET 24GA 48X120"	159.90	6
1/10/2025	-	-	-	WARD J-FLANGE HEAVY J-CONNECT	35.40	6
1/10/2025	-	-	-	WARD J-CORNER HEAVY 200/BOX	20.70	6
1/10/2025	-	-	-	DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX	51.11	6
1/10/2025	-	-	-	WARD CLEAT-STANDING S LOCK 22GA 1"X10LF	37.99	6
1/10/2025	-	-	-	WARD CLEAT-DRIVE- 24GA	12.60	6
1/10/2025	-	-	-	JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL	159.75	6
1/10/2025	-	-	-	GRIPNAIL WELD PINS #107 FOR 1" LINER	23.76	6
1/10/2025	-	-	-	GALVANIZED SHEET 22GA 48X120"	122.20	6
1/10/2025	-	-	-	DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX	8.52	6
1/10/2025	-	-	-	JM LINACOUSTIC DUCT LINER 1"X60"X100' - 500SF/RL	108.07	6
1/10/2025	-	-	-	GRIPNAIL WELD PINS #107 FOR 1" LINER	16.07	6
1/10/2025	-	-	-	GALVANIZED SHEET 18GA 48X120" SPECIALTY	56.58	6
1/17/2025	-	-	-	GALVANIZED SHEET 24GA 48X120"	24.60	6
1/17/2025	-	-	-	DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX	3.33	6
1/17/2025	-	-	-	GALVANIZED SHEET 20GA 48X120"	32.47	6
1/17/2025	-	-	-	WARD CLEAT-HEMMED/FLAT S-CLEAT 26GA	17.80	6
1/17/2025	-	-	-	GALVANIZED SHEET 12GA 48X120" SPECIALTY	3.03	6
1/17/2025	-	-	-	WARD PUNCHED FIRE DAMPER ANGLE 16GA X 1-1/2 X 1-1/2"	16.45	6
1/24/2025	-	-	-	GALVANIZED SHEET 24GA 48X120"	139.40	6
1/24/2025	-	-	-	WARD J-FLANGE HEAVY J-CONNECT	26.55	6
1/24/2025	-	-	-	WARD J-CORNER HEAVY 200/BOX	11.74	6
1/24/2025	-	-	-	DURO DYNE EZFS EZ CORNER TDF STACKABLE 250/BOX	54.06	6
1/24/2025	-	-	-	JM LINACOUSTIC DUCT LINER RC-IG W/ADHSV 1 X 59" X 100'- 491.	90.41	6

Limited Contract Compliance
Sixt Rent A Car, LLC

January 2023 – December 2025

Issue Date: August 24, 2026
Report No. 2026-11

This report is a matter of public record, and its distribution is not limited. Additionally, in accordance with the Americans with Disabilities Act, this document is available in alternative formats on our website.

Executive Summary

Internal Audit (IA) completed a limited scope audit of the Consolidated Rental Car Facility Lease Agreement (Agreement) between Sixt Rent A Car, LLC (Sixt) and the Port of Seattle (Port).

The period reviewed was January 1, 2023, through December 31, 2025.

The audit was conducted to determine whether concession fees and customer facility charges (CFC) were complete and properly calculated.

The following exception was identified:

Each Operator must collect the CFC at the time the first payment is made for a qualifying vehicle rental transaction, and must remit the full amount of the CFC to the Port regardless of whether or not the full amount of such CFC is actually collected by the Operator from the person who rented the automobile.

We tested three months of CFC data, totaling over 10,000 transactions, and identified approximately $4,000 that was not remitted to the Port. This would result in approximately $48,000 if extrapolated to the full 36-month period.

Internal Audit will partner with Aviation Commercial Management to have further discussions with Sixt and either collect or resolve these differences.

We extend our appreciation to management and staff of Aviation Commercial Management and the Accounting & Financial Reporting Departments for their assistance and cooperation.

Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team
Lisa Lam, Director, Accounting and Financial Reporting
Geoffrey Foster, Assistant Director, Aviation Business Development
Jeff Wolf, Director, Aviation Commercial Management

Background

In December of 2018, the Port entered into an Agreement with Sixt Rent A Car, LLC (Sixt). Under this agreement, Sixt pays a percentage fee equal to ten percent (10%) of gross revenue to the Port for each agreement year.

The Minimum Annual Guarantee (MAG) is 85% of the total paid by the concessionaire to the Port, for the previous calendar year. At the end of the lease year, a reconcilation is performed comparing the Percentage Fees due to the Port, to the Agreement Year's MAG. Any amount of the Percentage Fees that fall below the MAG is due to the Port.

In addition to the percentage fee, the Operator collects a customer facility charge (CFC) on all vehicle rental transactions with Airport Customers.

The table below reflects percentage fees and CFC paid to the Port in 2023 through 2025:

Year	Percentage Fee	Customer Facility Charge
2023	$2,486,740	$1,917,831
2024	2,719,370	2,420,395
2025	2,677,133	2,627,253

Approach

The period audited was January 2023, through December 2025 and included the following procedures:

- Validated that the percentage fees were calculated correctly and in accordance with the lease revenue thresholds
- Agreed Concessionaire's monthly general ledger sales data to what was provided to the AFR Department
- Obtained the independent auditors report, and verified that the opinion concluded that, gross receipts in all material respects, were presented fairly
- Traced revenue detail from the monthly summary report to the concession reporting form.
- Obtained and reviewed the Profit & Loss statements for variances
- Re-calculated the daily CFC, compared it to Sixt's raw data, and identified variances

Limited Contract Compliance Audit
Marmot Mountain, LLC DBA ExOfficio

January 2025 – December 2025

Issue Date: August 24, 2026
Report No. 2026-05

Executive Summary

Internal Audit (IA) completed a limited scope compliance audit of the Lease and Concession Agreement (Agreement) between Marmot Mountain, LLC DBA ExOfficio and the Port of Seattle (Port).

The period reviewed was January 1, 2025, through December 31, 2025.

The audit was performed to determine whether concession fees were complete, properly calculated, and remitted to the Port.

No exceptions were identified.

We extend our appreciation to management and staff of Aviation Commercial Management and the Accounting & Financial Reporting Departments for their assistance and cooperation.

Glenn C Fernandes

Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team
Lisa Lam, Director, Accounting and Financial Reporting
Khalia Moore, Assistant Director, Aviation Commercial Management
Jeff Wolf, Director, Aviation Commercial Management

Background

In June of 2018, the Port entered into a lease agreement (AIR002364) with Marmot Mountain, LLC DBA ExOfficio. Under this agreement, Marmot Mountain, LLC operates a retail store called ExOfficio, which sells various Marmot Mountain, Coleman, and ExOfficio related products.

The Minimum Annual Guarantee (MAG) is 85% of the total paid by the concessionaire to the Port, for the previous calendar year. The MAG for 2025 was $179,657.62. At the end of the lease year, a reconcilation is performed comparing the Percentage Fees due to the Port to the Agreement Year's MAG. Any amount of the Percentage Fees that fall below the MAG is due to the Port.

Percentage Fees:

Annual Gross Sales	Percentage of Gross Sales
Less than or equal to $4,500,000	13.5%
Greater than $4,500,000 and less than $5,000,000	14.0%
Greater than $5,000,000	14.5%

The table below reflects Marmot Mountain LLC DBA ExOfficio's Gross Sales:

Period	Gross Sales
2025 January - June	$806,705
2025 July - December	1,029,961
	$1,836,666

Approach

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

- Validated that the percentage fees were calculated correctly and in accordance with the lease revenue thresholds
- Agreed Concessionaire's monthly general ledger sales data to what was provided to the AFR Department
- Agreed point-of-sale summary reports to the general ledger
- Obtained the Annual Gross Sales Report and compared the report to year-end gross sales data reported to AFR
- Obtained and reviewed the Profit & Loss statements for variances