

## AUDIT COMMITTEE REPORT

**Informational Report:** Internal Audit Activities July 1 to December 31, 2019

**MEETING DATE:** 1/30/2020

**SUBMITTED BY:** Rebecca Haggerty, Chief Audit Officer

**APPROVED BY:** Rebecca Haggerty, Chief Audit Officer

### **Fiscal Year 2020 Internal Audit Activities through December 31, 2019**

#### **Audits of Revenue Concessions**

Eleven Revenue Concession audits were carried over from FY19 and twelve are planned to begin in FY20. Of these 23 audits, seventeen audits have been worked on, and six have not been started. Results through December 31, 2019, for the 17 audits worked on are:

- ✓ Five are done with the tenant letter, draft report and final report all completed.
- ✓ Five audits are partially complete with only the tenant letter and draft report completed.
- ✓ One is partially complete with only the Tenant Letter issued.
- ✓ Six are audits in progress.

#### **Audits of Internal Port Operations and Contracted expenses**

One internal audit was carried over from FY19, and three are planned to begin in FY20. Results through December 31, 2019, are:

- The Follow-up on Employee Expenses/PCard Use is done with both a draft and final report being completed.
- Audits of Shorepower Billings and South Airport Landing Fees are in progress.
- Passenger Facility Charges is currently paused.

**Audits of Advertising on Billboards** – None have been started.

#### **Audits of Capital Projects**

- The audit of Compliance with Internal Controls has been started.
- The audit of Project Costs has not been started.

#### **Audit Findings Amount**

Audit findings have resulted in a net amount due to the Port of \$485,654, which has been billed by the Port. The Port has collected \$18,401 of this amount.

## **Whistleblower Hotline Cases**

Three cases rolled over from FY19, and nine cases have been reported this year. In one instance the same scenario was reported split out between four cases, and in another instance the scenario was reported over two cases.

### Closed Cases

- Cases 87, 90, 92 and 98 were closed with completion of draft and final reports.
- Cases 93-96 reported the same scenario over four cases and were closed upon transfer to another agency.

### Open Cases

Four cases are in progress: 89, 97, 99 and 100.

### Retaliation

No complaints of retaliation against whistleblowers have been received.

### Note:

Port Administrative Policy AP18 ("Whistleblower Protection Policy") and AP19 ("Whistleblower Hotline Policy") address whistleblower protection and whistleblower complaints, respectively, and along with Government Code Section 53087.6(e)(2), they provide for the confidentiality of the whistleblower complainant, the sources of information, and the investigative audit or report except under very limited circumstances. One such circumstance is the provision of the substantiated audit report to the appropriate appointing authority for disciplinary purposes. (Govt. Code Section 53087.6(e)(3)). Another exception is the provision of a written report indicating the final results of the investigation to the Executive Director, Port Attorney and President of the Board of Port Commissioners. (AP 19, Section III(B)(6).) Both APs require the Chief Audit Officer to provide the Executive Director and the Board with a quarterly summary of all complaints received, including the status of each complaint. (AP 18, Section III(F); AP 19, Section III(C)).