

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

AUDIT COMMITTEE
ACTION ITEM

| | |
|------------------------|-----------------------|
| Item No. | <u>4C</u> |
| Date of Meeting | <u>April 19, 2019</u> |

DATE: March 25, 2019
TO: Audit Committee
FROM: Erin Galeno, CFAO
SUBJECT: Construction Audit – Terminal 4 Redevelopment Project
Objectives and Scope of Work

OBJECTIVE:

The primary objectives of this construction audit are to assess and confirm that internal policies, procedures and practices surrounding project delivery are in place and operating as designed. Apply the results of this construction audit to the T5 project planning process to improve the project delivery process to improve efficiency and reduce compliance risks (policies, procedures, state laws).

The audit committee has selected the Terminal 4 redevelopment project for this audit.

The audit will review major aspects of the Terminal 4 redevelopment project life cycle – from the procurement of goods and services, project tracking through project completion and, assess the efficiency and effectiveness of systems and controls in place to manage and communicate the results of the project.

Detailed scope:

1. Community and stakeholder outreach and communications
 - a. Review and assess community outreach and communication before and during construction
2. Managing project authorizations – compliance internal policies and procedures
 - a. Transparency and reporting, project updates to the Managing Members
 - b. Controls in place to prevent over spending
3. Contract management
 - a. Authorizations and compliance with policies and procedures
 - b. Procurement compliance – goods and services state law and internal policies
 - c. Contract compliance
Retainage, Prevailing wage, insurance bonding, etc.

4. Project cost tracking
 - a. Project budgeting and financial analysis
 - b. Capital budget, operating budget (asset depreciation)
 - i. Accounting – Budget vs. Actual – tracking and reporting
5. Project management
 - a. Project budget and actual tracking
 - b. Project reporting
 - c. Change orders – authorizations and tracking
6. Review of project actual performance versus the forecast model.
7. Present results to the Audit Committee