

NWSA– Management Follow-up to Risk Assessment Analysis Report

Background

In 2016, the NWSA Audit Committee recommended to the Managing Member that the NWSA retain an independent audit firm to conduct a high-level risk assessment. Through a public procurement process RSM was selected to conduct the work. The results of their analysis were presented to the audit committee during the December 2017 meeting.

The Risk Assessment Analysis report included seven potential areas that the audit committee might consider engaging in internal audit activities. [1]

The table below has been compiled by staff from the NWSA and both homeports to provide the committee with information about current management actions and other audit activities related to the enterprise risk areas that were identified in the Risk Assessment Analysis report.

Enterprise Risk Areas	Current Management Reporting/Controls	Current – Audit Related Activities
Review of NWSA’s strategic business plan to assess progress against stated objectives and help identify a prioritized roadmap to success.	<ul style="list-style-type: none"> • Managing Members approve the annual CEO goals and expectations which are aligned with the Strategic business plan. • The CEO reports the progress against the goals quarterly in public session. 	<ul style="list-style-type: none"> • Generally, not included in the scope of work performed by the State Auditor’s Office (SAO) annual accountability audit or the independent financial statement audit.
Conduct a road and rail infrastructure capacity planning audit to help ensure processes are in place to address projected infrastructure gaps.	<ul style="list-style-type: none"> • The NWSA planning team has coordinated a master road and rail infrastructure long range plan with the homeports. • The NWSA has developed a grants steering committee which includes the evaluation grant opportunities and their potential match with infrastructure improvements. 	<ul style="list-style-type: none"> • Generally, not included in the scope of work performed by the SAO or the independent financial statement audit, unless federal grant funding is secured. • The NWSA Charter identifies the homeports as the accountable entities for road and rail infrastructure outside the terminal operations.

[1] Internal audit activities generally include a scope of work beyond or in addition what the SAO or the independent financial auditor would require to adequately perform their work. These services can be effectively purchased by external firms on an as needed basis.

Enterprise Risk Areas	Current Management Reporting/Controls	Current – Audit Related Activities
<p>Review of operations and administration against The Northwest Seaport Alliance Charter to determine compliance.</p>	<ul style="list-style-type: none"> • Resolutions such as the Master Delegation of Authority have been developed to ensure compliance with administrative activities associated with the NWSA. • Staff has developed policies and procedures where necessary to ensure organizational clarity and compliance. • Transition activities have been periodically reviewed in public session with the Managing Members to ensure compliance with the intent of the charter. 	<ul style="list-style-type: none"> • Limited sections of the Charter that have an impact on internal controls or financial statements have been included in the scope of work performed by the SAO and/or the independent financial statement audit. • An independent firm was retained to review the reasonableness of the final valuation of the membership interest. • Other sections of the Charter have not undergone any type of internal auditing review.
<p>Assessment of technology current state to evaluate future infrastructure needs and assess the process for setting strategic vision to ensure organizational needs are met.</p>	<ul style="list-style-type: none"> • Effort underway to map fiber plant around the South Harbor Tide Flats. • Strategically moving portions of the environment to the cloud including, and/or transitioning to software as a service model. • Implemented a IT Opportunity Assessment process to support submittal of IT related projects into the yearly budget cycle. • IT Steering Committee membership is comprised of the NWSA/POT Leadership. The structure assures alignment with strategic plans and priorities. 	<ul style="list-style-type: none"> • Generally, not included in the scope of work performed by the SAO annual accountability audit or the independent financial statement audit.

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<p>Leverage current cyber security assessment and roadmap to ensure adequate controls are in place to reduce the potential of a data breach.</p>	<ul style="list-style-type: none"> • In 2017 IT entered into a 3-year contract with Moss Adams to assist in developing Cybersecurity plans, policies, and procedures. These documents will position the Port to be better aligned with the Cybersecurity Framework and enhance the Port’s overall cybersecurity posture. The vendor will lead in the creation and development of the following list of documents in the order indicated below. <ol style="list-style-type: none"> 1. IT Security Policy 2. Incident Response Plan 3. Vulnerability Management Plan 4. IT Systems Disaster Recover/Continuity Plan 5. Governance and Risk Management Procedures 	<ul style="list-style-type: none"> • Independent Cybersecurity Vulnerability Assessment conducted in 2016 resulted in the development of POT IT Cybersecurity Project Roadmap. • Moss Adams will perform an annual vulnerability and penetration test of the Port’s networks and present the results to the Cybersecurity Steering Committee. In addition, they will complete an annual information security performance audit and present the results to the Cybersecurity Steering Committee. The following regulatory requirements must be considered: DHS/Coast Guard guidelines and the NIST Cybersecurity Framework.
<p>Conduct a human resources strategic assessment to evaluate the current resource constraints and the process for budgeting and setting hiring goals.</p>	<ul style="list-style-type: none"> • A project is currently underway to develop a Total Rewards program. This project includes gathering feedback from Managing Members and non-represented staff, benchmarking compensation and benefits, reviewing job classification practices and recommending potential modifications to the overall compensation and benefits to ensure that the NWSA attracts and retains a high performing workforce. 	<ul style="list-style-type: none"> • The SAO has included a review of the compensation policy including testing the organizations recognition programs. • Periodically, the NWSA’s benefits broker will conduct audits to validate accuracy of employee and family member participation.

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Conduct an assessment of the Operations Service Center to determine progress against stated objectives.	<ul style="list-style-type: none"> • Staff has developed and reports KPIs quarterly as part of the update to the CEO goals and objectives. 	<ul style="list-style-type: none"> • Generally, not included in the scope of work performed by the SAO annual accountability audit or the independent financial statement audit.

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