

**THE PORT
OF LOS ANGELES** LA

America's Port

The Report of the Internal Auditor

Audit Committee
December 7, 2023



What's New in the Exciting World of INTERNAL AUDIT

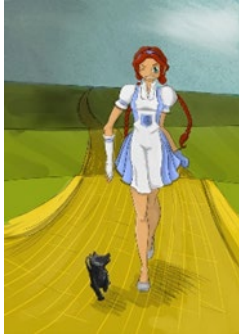
TOPICS COVERED

- Status of the Division
 - Staffing
 - Continuing Professional Education
 - Fraud Detection & Deterrence Program
 - Audit Engagements
- Plan Revisions Delayed Until Next Month

STATUS OF THE DIVISION



Staffing



Leonard Hyman starting in 2 weeks

- ✓ Credentials: Certified Internal Auditor, MPP from USC
- ✓ Experience: City of Long Beach, City of San Jose, previous experience at City of Los Angeles (different classification)

CONTINUING PROFESSIONAL EDUCATION (CPE)

Association of Local Government Auditors (ALGA)
Training - November 8-9 in Scottsdale, Arizona



- Provided Steelman and Howe with 14 hours each of Continuing Professional Education (CPE)
- Steelman and Howe have certifications that require up to 40 hours per calendar year to maintain certifications
- Compliance with Generally Accepted Government Audit Standards requires 80 hours of CPE every two years
- Networking with Governmental Auditors and Fraud Examiners – benefits included sharing tools, contract language, etc.

HIGHLIGHTS:

- Ethical Challenges Across the Enterprise
 - ✓ Fraud impact is financial, reputational & it affects morale
 - ✓ Review expense reports (fraudsters may start with small items in their expense reports)
 - ✓ Maintain strong internal controls
 - ✓ Monitor hotlines and policies
 - ✓ Address all and any abuse

HIGHLIGHTS, Cont.:

➤ Writing Simplified

- ✓ The best writing is to use plain language
- ✓ Don't assume readers are proficient in English, familiar with the topic, or know your acronyms
- ✓ "Smart brevity" scannable information & not assuming readers will read each word

HIGHLIGHTS, Cont.:

➤ Investigative Reporting

- ✓ There has been an over-reliance on law enforcement interview techniques
- ✓ Move away from confrontational interview techniques
- ✓ Successful interviewing requires proper preparation

Other areas covered were:

- Auditors' partnership with IT
- Don't take your job personally
- Leadership in the Metaverse

FRAUD DETECTION & DETERRENCE PROGRAM

EXISTING ELEMENTS

- TRAININGS & EDUCATION
- FRAUD RISK ASSESSMENTS
- INTERNAL CONTROLS (new ERP)



FUTURE ELEMENTS (still in development)



- REPORTING MECHANISMS
- TRAININGS & EDUCATION (new employees)
- INTERNAL CONTROLS
- FRAUD RISK ASSESSMENTS & AUDITS

ENGAGEMENTS IN PROGRESS

LEASE COMPLIANCE REVIEWS

- Lane Victory
- PBF Energy
- CRAFTED at the Port of LA

CONSULTING ENGAGEMENTS

- Warehouses
- Leasing Policy
- Internal Controls assessment (Controller)
- Credit / P-Card Policy
- Risk & Governance Controls (ERP)
- Wharfinger Process Documentation

AUDIT PLAN CHANGES

Revisions to the Audit Plan are in Progress; however, this will require more effort and consideration based on timing of new consultants to be added to the pool and coordination with the team.

Expected changes include:

- ✓ Assigning more audits to staff relieving the Director
- ✓ Adjusting timeline to prioritize certain items,
e.g., Community Investment Grants process
- ✓ Adding Internal Controls and Fraud audit work
- ✓ Updates for any new risk considerations

CONCLUSION

Any questions can always be addressed now by the Internal Audit team or by emailing or calling: Barb Steelman

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HAPPY HOLIDAYS!

