

**THE PORT
OF LOS ANGELES** LA

America's Port

Report of the Internal Auditor

Audit Committee Meeting

December 1, 2022



Internal Audit Presentation Objectives

- Introduction
- Vision
- Mission Statement
- Goals
- Next Steps

Introduction – Internal Audit Division

Looking Back – No active internal audit function since December 2021, when the former director retired



Barbara Steelman, new Director of Internal Audit

- 10 years with the City, including 7 years in the Controller's Office
- Audit and consulting experience with KPMG, Jefferson Wells, et al
- BBA in Accountancy, MBA from University of Southern California
- Credentials include the Certified Internal Auditor (CIA) and Certified Management Accountant (CMA)

Introduction – Internal Audit Division (cont.)

Looking Forward – Audit Services at the Port

- Use of technology and tools – data entered once
- Electronic work papers
- Professional audit staff
- Qualified audit consultants
- Adding future-looking consulting engagements
- Risk-based audits
- Focusing on the Port’s initiatives and value-added activities



Vision



The vision of the Internal Audit Division is to be considered a collaborative, innovative, strategic and trusted resource promoting the Port of Los Angeles' strategic initiatives, demonstrating excellence and integrity and to be identified as champions identifying revenue and ensuring permit compliance.

Mission Statement



The mission of the Internal Audit Division is to enhance and protect organizational value by providing independent, high-quality and objective risk-based audit and consulting services

Through performance, compliance and financial-related audits and consulting services...

Mission Statement (cont.)

Internal Audit will assist the Port of LA to:

- Achieve strategic priorities, goals, and objectives;
- Promote a culture of ethics and transparency, and strengthen public accountability;
- Help prevent fraud, waste and abuse;
- Provide value-added insights;
- Evaluate the design and operation of internal controls over financial reporting, compliance and operations;
- And assess the completeness of Port revenues.



Goals

1. Promote ***ethical culture*** and importance of employees' roles in identifying and ***preventing fraud***.
2. Identify **risk** and assess ***control deficiencies*** in financial and operating functions.
3. Perform ***audits and consulting engagements*** that help meet the Port's objectives.
4. Ensure ***revenues*** are accurately assessed and collected and tenants are in compliance with permits.
5. ***Train*** and develop audit staff.

Next Steps

- Risk Assessment

| | | Consequences | | | | |
|------------|---|--------------|--------------|----------------|-------------|-------------|
| | | 1 | 2 | 3 | 4 | 5 |
| Likelihood | 5 | Disturbance | Turmoil | Horror | Panic | Hysteria |
| | 4 | Order | Turbulence | Agitation | Frenzy | Terror |
| | 3 | Peace | Harmony | Confusion | Pandemonium | Madness |
| | 2 | Security | Tranquillity | False Security | Chaos | Trepidation |
| | 1 | Serenity | Calm | Ataraxia | Entropy | Disarray |

- Audit Plan



Next Steps (cont.)

- Hiring (based on approvals)
- Contracting audit consultants (based on approvals)



Next Steps (cont.)

- Follow up on outstanding recommendations & audits



- Conduct Audit & Consulting Work

Questions / Requests / Comments

Discussion



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