



**THE PORT**  
OF LOS ANGELES 

A M E R I C A ' S P O R T ®

# *Internal Audit Report*

## *Audit Committee Meeting*

Presented by:

*Barbara Steelman, Director of Internal Audit  
Leonard Hyman, Internal Auditor*

Presented to:

*Board of Harbor Commissioners,  
Audit Committee*

*April 24, 2025*



An aerial photograph of the Port of Los Angeles, showing the harbor, shipping lanes, and surrounding urban areas. The image is used as a background for the slide.

## Topics Covered

- Status of the Internal Audit Division
- Status of Projects & Audit Requests
- Miscellaneous Consulting Work Performed
- Audit – The Clean Truck Fund Rate
- Consulting Report – Truck Operator Compensation

## *Status of the Division*

- Staffing Changes – Personnel Committee Requests
- New Professional Student Worker (Amy Nguyen)
- Promotion of Leonard Hyman to Internal Auditor III
- Ongoing Succession Planning – Director

## Status of Projects

- Seven Projects Completed & Software Implementation
- Audits/Reviews in Progress:
  - ✓ C & M Staffing (outsourced)
  - ✓ Evergreen Permit Audit (outsourced)
  - ✓ Lane Victory Audit (internal)
  - ✓ IEA Controller's Survey – not involved, just funding
- Risk Assessment with a Revised Audit Plan
  - Input from Audit Committee commissioners
  - Input from management
- Request for Qualifications – Audit Consulting Pool



# Miscellaneous Consulting Work

## *International Seafarer's Center*

- Jointly supports seafarers from both Ports
- Site Visit & Meeting – Originated due to a grant request and the Audit Committee request
  - Joined Commissioner Williams & Cecilia Moreno
  - Met with management & staff
  - Made recommendations:
    - ✓ Internal controls – remediated by association mgmt
    - ✓ Board requirements
    - ✓ Strategic plan

## *Alameda Corridor Transportation Authority (ACTA)*

- Port of Los Angeles' history of providing expertise
- Auditor discussions – Originated due to a request from Audit Commission for Internal Audit support
- Spoke with their CFO on two occasions providing guidance on internal controls and the internal audit function, sent documents to support his efforts
- Agreed to serve on their panel for internal auditor



# Audit of Clean Truck Fund Rate

(Report Provided)

# Summary of Audit Report

Introduction to CTF Rate

Why we did this audit/objectives

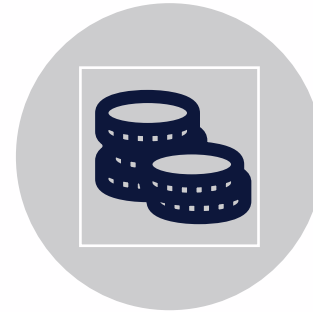
What we learned – Findings & Recommendations

Current situation

# Clean Truck Fund Rate



Established in 2020 to support clean truck adoption.



Funded by cargo owners paying fees per container.



Revenue supports zero-emission truck vouchers and infrastructure.



Generates \$3.4M/month in gross revenue for the Port.

# Why We Did This Audit



Ensuring transparency and accuracy in revenue collection.



Evaluating contract compliance and expense appropriateness.



Assessing oversight and internal controls.



Review period:  
April 2022 –  
October 2024.

# Audit Objectives

- Verify PortCheck's revenue recording and reporting.
- Assess PortCheck's expense deductions.
- Review internal controls ensuring proper CTF Rate payments.
- Evaluate Harbor Department's oversight of contracts with PortCheck and CALSTART.

# What We Learned – Key Findings

The Port lacks data to verify the accuracy of PortCheck's self-reported revenue.

PortCheck's management fees include excessive passthrough charges.

PortCheck's internal controls are effective but undocumented.

CALSTART needs to adjust voucher processes for leased trucks.

# Finding #1 – Lack of Data to Verify PortCheck’s Revenue

- PortCheck collects and reports revenue without external validation.
- No independent data sources exist to verify reported revenue.

**Recommendation:** Environmental Management should develop policies and procedures, including how to validate revenue data.

## Finding #2 – Excessive Passthrough Charges by PortCheck

- PortCheck charges a 10% management fee on subcontractor services it does not oversee.
- The Port has been overcharged \$155,421 in unnecessary fees.

**Recommendations:** Request a refund of \$155,421. Amend contract to prevent passthrough charges without added value.

## Finding #3 – Lack of Documentation for PortCheck’s Internal Controls

- PortCheck has effectively designed but lacks documented internal controls.
- The lack of documentation increases risk of inconsistencies and vulnerabilities.

**Recommendation:** Require PortCheck to provide written internal control policies.

# Finding #4 – CALSTART’s Process for Leased Trucks Needs Adjustment

- CALSTART allows lessees, rather than truck purchasers, to sign voucher forms.
- Creates risk in cases of truck repossession.

**Recommendations:** Require both lessor and lessee signatures.  
Review past vouchers for missing signatures.



# Truck Operator Compensation Analysis (Report Provided)

# Purpose of Study



To compare truck driver wages with overall median wages in the Los Angeles metro area.



To assess wage trends since the Clean Truck Fund (CTF) Rate implementation.



To determine if the CTF Rate impacted truck driver wages.

# Methodology & Data Sources



## Data Sources:

California Department of Labor –  
Median wage data (2018–2024)

Bureau of Labor Statistics –  
Consumer Price Index (CPI) for  
inflation adjustments



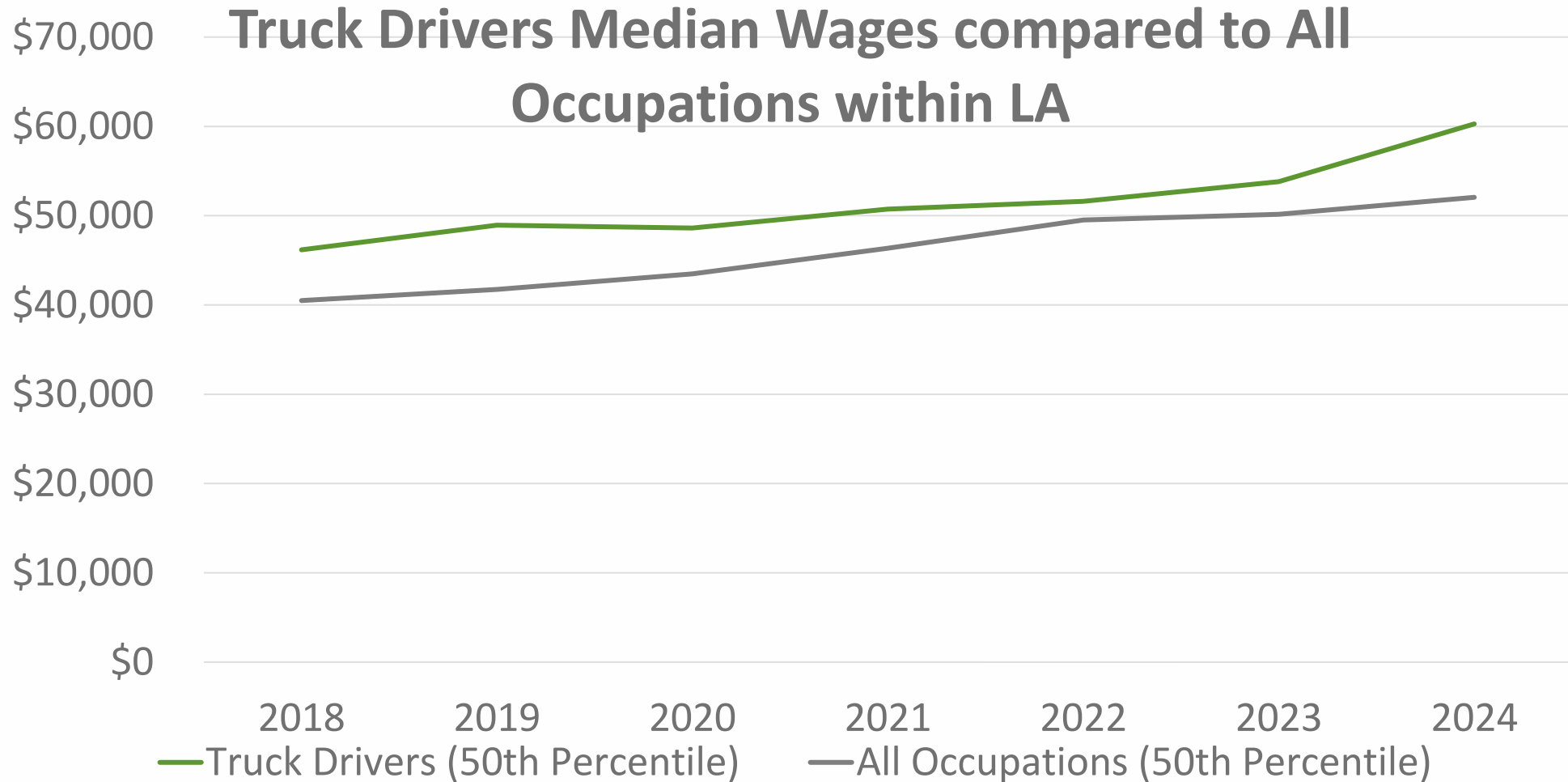
## Analysis Approach:

Compared truck driver wages to  
overall median wages

Adjusted all figures to 2024 dollars  
using CPI

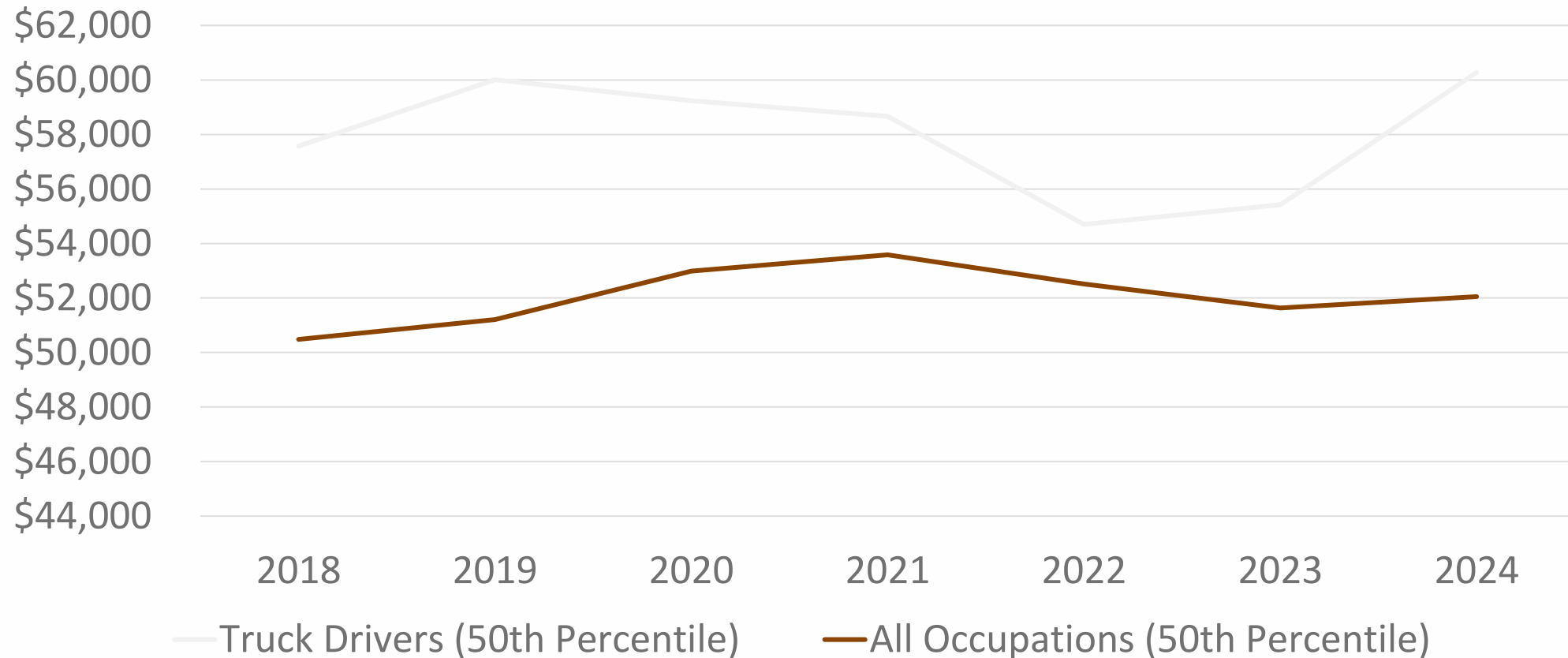
Avoided direct before-and-after  
CTF Rate comparisons to account  
for macroeconomic factors

# Key Findings – Wage Growth Trends



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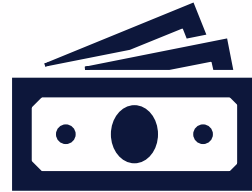
Truck Drivers Median Wages compared to All Occupations in LA  
(adjusted for inflation)



# Conclusions



Wage increases suggest a strong labor market for truck drivers.



No direct evidence that the CTF Rate depressed wages.



Recent strike activity has focused on other impacts to compensation (e.g., healthcare)



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# THANK YOU



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