

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

ACTION ITEM

Date of Meeting October 27, 2015

DATE: October 9, 2015

TO: Ted Fick, Chief Executive Officer

FROM: Lisa Lam, Assistant Director of Revenue Services and Financial Reporting
& Controls, Accounting & Financial Reporting
Rudy Caluza, Director, Accounting & Financial Reporting

CC: Dan Thomas, Chief Financial Officer

SUBJECT: External Audit Services for the Port's 2016 to 2020 Operating Periods

Amount of This Request: Not to exceed \$3,000,000

Source of Funds: AFR operating budget & Portwide non-operating budget

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a contract for external audit services for the financial periods 2016-2020 in an estimated amount of \$3,000,000 for the full contract term. The base contract is one year with four, one-year renewal options.

SYNOPSIS

Annual independent audits are required for the financial statements of the Port's Enterprise Fund and the Warehousemen's Pension Trust Fund for purposes of obtaining an independent auditor's opinion as to the fairness in presentation of the financial results and position. Independent audits are also required for the Port's administration of Federal grants and Passenger Facility Charge (PFC) revenues in accordance with applicable regulations. These audits have been covered under the existing external audit services contract. That contract is due to expire in April 2016 once the 2015 audit services are completed.

The annual external audit services include the following deliverables:

- Independent Audit and Opinion - Financial Statements of the Port's Enterprise Fund
- Independent Audit and Opinion - Financial Statements of the Warehousemen's Pension Trust Fund

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- Independent Audit and Opinion – Net Revenue Available for Revenue Bond Debt Service
- “Single Audit” and Report of Federal Grants Awarded
- PFC Program Audit and Report
- Agreed upon procedure of the Port’s compliance with financial assurance regulations for the Washington State Assurance Submission for the Port’s Terminal 91 Facility.

This contract will be competitively procured. Staff is working with Office of Social Responsibility to identify small business opportunities to be included in the procurement process as a goal or requirement.

FINANCIAL IMPLICATIONS

The total audit fee estimated for all five years is expected to be under \$3,000,000. The fee for the 2016 audit services, which is conducted during latter 2016 and the first half of 2017, is included in the AFR department’s 2016 proposed budget and will be included in the 2017 AFR proposed operating budgets, and in non-operating budgets as appropriate. The funding sources are approximately split 55% and 45% in operating and non-operating expense, respectively. For audit services in 2017 – 2020, the budget will be included in the Port’s annual budget.

STRATEGIES AND OBJECTIVES

Be a high performance organization: To be transparent and accountable over the stewardship of public funds/assets, to be in full compliance with prescribed industry accounting & financial reporting standards and Federal regulations, and to timely and accurately report on the Port’s financial results.

ATTACHMENTS TO THIS REQUEST

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

10/6/2015 – Audit Committee approved proceeding of External Independent Audit RFQ