



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4c

ACTION ITEM

Date of Meeting July 11, 2017

DATE: June 29, 2017

TO: Dave Soike, Interim Executive Director

FROM: Aaron Pritchard, Commission Issues and Policy Manager

SUBJECT: Audit Committee Charter Amendment

ACTION REQUESTED

Request Commission adoption of a technical amendment to the Audit Committee Charter contained in Exhibit A to Resolution No. 3613, previously amended on June 28, 2016, to revise Section II(D)(3) to read “Inform the Commission of the external auditing firms selected, based on an open competitive process, to review external audits conducted on Port of Seattle operations, programs, activities, and business processes.”

EXECUTIVE SUMMARY

On May 9, 2016, the Audit Committee agreed to recommend to the Port Commission a technical change to the Audit Committee Charter to clarify language concerning the competitive selection process for external auditing firms. On June 28, 2016, the Commission approved the change. This action would clarify a second reference to be consistent with the amended language already approved by the Commission.

DETAILS

The process for selecting external auditing firms includes a competitive procurement, approved by the Port Commission. The Audit Committee Charter provision appeared to require an extra, unnecessary second approval by the Commission.

The earlier amendment to Section II(A) of the Audit Committee Charter removed language about an Audit Committee duty to “review and recommend” an external auditing firm. It replaced this with a clarified reference that the Committee would “inform the Commission of the independent auditors selected, based on an open competitive process.”

The amendment proposed here would apply the same clarification to Section II(D)(3). This section addresses the Audit Committee role in selecting external auditors for review of Port programs and activities other than the audit of financial statements and federal grant and passenger facility charge programs, which are addressed in Section II(A).

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The amendment would delete the text “review and recommend the external auditing firms for approval by the Commission” and replace it with “inform the Commission of the external auditing firms selected, based on an open competitive process, to review external audits conducted on Port of Seattle operations, programs, activities, and business processes.”

FINANCIAL IMPLICATIONS

There are no financial implications to this clarifying text amendment.

ATTACHMENTS TO THIS REQUEST

- (1) Audit Committee Charter redline

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

June 27, 2017 – The Audit Committee considered the amendment proposed to Section II(D)(3) in public session and agreed to recommend the revised language to the Port Commission for authorization.

June 28, 2016 – The Commission authorized an amendment similar to that proposed above to the Audit Committee Charter for clarity in Section II(A).

March 31, 2009 – The Commission adopted Resolution No. 3613, creating a revised Audit Committee Charter.