

**PORT OF SEATTLE**  
**MEMORANDUM**

**AUDIT COMMITTEE AGENDA**

**Item No.** \_\_\_\_\_

**Date of Meeting** June 17, 2021

**DATE:** June 3, 2021

**TO:** Audit Committee Members – Commissioner Stephanie Bowman,  
Commissioner Sam Cho and Public Member Christina Gehrke, CPA

**FROM:** Lisa Lam, Assistant Director, Accounting & Financial Reporting  
Rudy Caluza, Director, Accounting & Financial Reporting

**CC:** Dan Thomas, Chief Financial Officer

**SUBJECT:** Solicitation of External Audit Services for the Port's 2022 to 2026  
Operating Periods

**Amount of This Request:** Not-to-Exceed \$3,000,000

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

**ACTION REQUESTED:**

Review the solicitation for external audit services and recommend to the full Commission authorization for the Executive Director to initiate the procurement of external audit services.

**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 auditors 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. The audits covered under the existing external audit services contract (P-00318441) are expiring in May 2022 once the audit services for the Port's 2021 Financial Period 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 Port’s Fiduciary Fund
- Independent Audit and Opinion – Net Revenues Available for Revenue Bond Debt Service
- “Single Audit”(Federal grants regulatory compliance) and Report of Federal Grants Awarded
- Passenger Facility Charge (PFC) Program Audit and Report
- Agreed Upon Procedures Report for Washington State Department of Ecology
- Agreed Upon Procedures Report for Environmental Protection Agency

Per Port policy, staff intends to openly and competitively select the external auditor. The solicitation process from drafting, advertising, to evaluation will be led by the Central Procurement Office (CPO) with the guidance of a member of the Internal Audit Department, who will also participate on the evaluation panel. The solicitation timeline is scheduled to begin around mid July 2021 and have an external auditor selected by the end of 2021. As outlined in the solicitation, the evaluation process will include the evaluation of proposing firms’ written proposals and interviews using pre-determined evaluation criteria.

**SOURCE OF FUNDS:**

The total audit fee estimated for all five years is expected to be under \$3,000,000. The audit services fee for the 2022 financial period, which is conducted during latter 2022 and the first half of 2023, will be included in the AFR department’s 2022 and 2023 proposed operating budgets, and in non-operating budgets as appropriate. The funding sources are approximately split 55% and 45% between operating and non-operating expense, respectively. For audit services related to each of the financial periods following, 2023 through 2026, the requirements will be similarly split and included in the Port’s proposed annual budgets.

**STRATEGIC OBJECTIVES:**

**Be a highly effective public agency:** 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 and position.

**PREVIOUS AUDIT COMMITTEE ACTION:**

12/10/2020 – External Audit Services Contract Extension for the Port’s 2021 Financial Period