



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting July 13, 2021

DATE: June 21, 2021
TO: Stephen P. Metruck, Executive Director
FROM: Lisa Lam, Assistant Director, Accounting & Financial Reporting
Rudy Caluza, Director, Accounting & Financial Reporting
SUBJECT: **Solicitation of External Audit Services for the Port's 2022 to 2026 Financial Periods**

Amount of this request: Not-to-Exceed \$3,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a contract for external audit services for the financial periods 2022 to 2026 in an estimated amount not-to-exceed \$3,000,000 for the full contract term. The base contract is three years with the option to extend for two additional one-year terms.

JUSTIFICATION:

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. 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

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- Agreed Upon Procedures Report for Washington State Department of Ecology
- Agreed Upon Procedures Report for Environmental Protection Agency

Per Port policy, this contract will be openly and competitively procured. The solicitation process from drafting, advertising, to evaluation will be led by the Central Procurement Office (CPO) with the guidance from a member of the Internal Audit Department, who will also participate on the evaluation panel. Diversity in Contracting Program is also incorporated in this solicitation.

The solicitation timeline is scheduled to begin around mid July 2021 and have an external auditor selected by the end of 2021.

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 Accounting & Financial Reporting (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.

ATTACHMENTS:

None

PREVIOUS COMMISSION ACTIONS OR BRIEFING:

6/17/2021 – Audit Committee approved proceeding with the external audit services solicitation

12/10/2020 – External audit services contract extension for the Port's 2021 financial period