



NWSA Audit Committee

MINUTES

Friday, April 14, 2023

3:00 PM

Held virtually via Teams.

Streamed live on the meetings page www.nwseaportalliance.com

Space for in-person attendance by the public in room 104 of the Fabulich Center
3600 Port of Tacoma Road., Tacoma, WA

Audit Committee members present:

Port of Seattle Commissioners Sam Cho and Hamdi Mohamed

Port of Tacoma Commissioners Deanna Keller and Dick Marzano

NWSA staff present:

Darren Arakaki, Director, Accounting and Port Auditor

Dana Henderson, General Counsel

David Morrison, CFO

Juliet Campbell, Clerk

Port of Seattle staff present:

Lisa Lam, Assistant Director, Revenue Services & Financial Reporting & Controls, Port of Seattle

1. CALL TO ORDER

Commissioner Cho called the meeting to order at 3:03 PM. Audit Committee members Commissioners Cho, Keller, Mohamed, and Marzano were all present.

2. FLAG SALUTE

The Pledge of Allegiance was recited.

3. ACTION AGENDA

A. Approval of Audit Committee Meeting Minutes

It was moved and seconded (Mohamed/Keller) to approve the Audit Committee meeting minutes of December 9, 2022

The motion carried unanimously.

4. PUBLIC COMMENT

None.

5. BRIEFINGS

A. 2022 Financial Audit Results

Presenter: Olga Darlington, Lead Client Service Partner Moss Adams

Ms. Darlington summarized the auditor reports issued including:

- Auditor Report on Financial Statements for Enterprise Fund
- Report on Internal Controls Over Financial Reporting and on Compliance and other Matters
- Report on Compliance for the Major Federal program and on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance ("Single Audit")

Clean scorecards were issued on all reports.

Areas of emphasis in the audit included internal controls, management estimates, capital assets and related party transactions, revenue recognition and the compliance audit on the Diesel Emission Reduction Act of 2010 program.

Ms. Darlington provided the required communications. She commented that this was a smooth, good, clean audit especially considering this was the first year this firm performed the audit of the NWSA. No audit adjustments were identified.

Commissioner Keller requested terminology be changed from “Managing Members” to “Homeports” where describing cash distributions and cash received.

B. Port of Seattle Internal Audit – Terminal 5 Unit Price Contract Results

Presenter: Darren Arakaki, NWSA Director, Accounting and Port of Tacoma (POT) Auditor

Mr. Arakaki informed the Committee on the results of a Port of Seattle’s internal audit authorized by the Port of Seattle’s Audit Committee. This was a limited scope audit related to unit price items. It was performed to determine if the Port of Seattle staff were complying with their internal policies and procedures surrounding unit price work and that proper documentation supported payments to the contractors. The audit questioned costs of \$125,000 out of \$23 million, primarily due to missing documentation from the contractor. The Port Internal Audit Department concluded that the Port procedures were functioning as intended and rated the non-compliance at low risk. This was overall a good audit. Port of Seattle staff will follow up on the missing documentation. If the contractor is unable to provide the supporting documentation the amounts will be deducted from the next payments to the contractor.

Commissioner Keller would like to see that with anything like this, a Homeport internal audit, which affects the NWSA is done in conjunction with the NWSA Audit Committee. Commissioner Cho generally agrees that NWSA projects should be audited by NWSA. There needs to be a conversation about what that looks like. Because the Port of Seattle has its own internal audit department, it allows audits to happen quicker. Commissioner Cho asked to what extent the NWSA outsources to the Homeports. Staff informed that generally, all projects in the North Harbor are managed by Port of Seattle staff through support services agreements. In the South Harbor, project management is generally through Port of Tacoma staff through the service agreements.

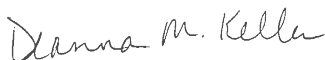
C. Audit Committee Calendar 2023

Darren Arakaki, NWSA Director, Accounting and Port Auditor (POT)

There is one more audit committee scheduled for October 6, 2023. Moss Adams will return to the Audit Committee to provide its 2023 Financial Audit Introduction and the State Auditor’s Office will provide its Accountability Audit Entrance Conference for 2021 and 2022. Staff will provide a 2024 Audit Committee calendar preview. Staff solicited additions to the 2023 Audit Calendar from the Committee. No topics were added.

6. ADJOURNMENT

With no further business, the meeting adjourned at 3:28 PM.



Deanna Keller
Audit Committee Co-Chair
The Northwest Seaport Alliance



Hamdi Mohamed
Audit Committee Acting Co-Chair
The Northwest Seaport Alliance