

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

<b>Item No.</b>	<u>8D</u>
<b>Date of Meeting</b>	<u>December 7, 2021</u>

**DATE:** November 18, 2021

**TO:** Managing Members

**FROM:** John Wolfe, CEO

**Sponsor:** Audit Co-Chairs: Deanna Keller, Stephanie Bowman

**Project Manager:** Darren Arakaki, Director Accounting and Port Auditor

**SUBJECT:** Restrict Competitive Solicitation for Financial Audit Services

**A. ACTION REQUESTED**

Request authorization to restrict the competitive solicitation for financial audit services to the homeport financial auditors per RCW 53.19.020.

**B. SYNOPSIS**

This solicitation is for financial audit services for audit years 2022-2026. The Audit Committee approved the restricted procurement for financial audit services at the November 15, 2021 Audit Committee meeting.

**C. BACKGROUND**

The current contract with RSM US LLP ("RSM") ends after the audit of the current year. The contract with RSM was for five years including a two year extension option. Last year due to the COVID-19 pandemic the Audit Committee and the Managing Members authorized a one-year extension – so the contract ended up covering six years. This contract was procured through a restricted competitive solicitation between the homeport auditors per RCW 53.19.020 which provides an exemption from the competitive solicitation process if the commission determines that a competitive solicitation process is not appropriate or cost-effective.

With almost six years of experience to look back on, both homeport accounting teams are confident that engaging one of the homeport auditors is the most efficient approach. The homeport auditors have less to learn as each auditor is familiar with their respective homeport's financial and business operations, systems, management, internal controls, and will also be familiar with the NWSA's operations and joint venture

accounting, internal controls, and risk areas. Introducing a third audit firm that would have to gain this level of understanding would be inefficient and would not be cost effective.

#### **D. PROJECT DESCRIPTION AND DETAILS**

Solicit Request for Proposals (RFP) for financial audit services for a term of three years with two annual extension options at the Audit Committee's sole discretion. The scope of services require the auditors to: render an opinion on whether the NWSA's financial statements are presented fairly in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and any other applicable procedures for the audit of a government's financial statements prepared in accordance with Generally Accepted Accounting Principles; to satisfy requirements imposed by the Single Audit Act and Subpart F of Title 3 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.

##### ***Schedule***

Solicitation planned for early in the first quarter of 2022, followed by Audit Committee approval of the selection and contract amount in April 2022, followed by Managing Member authorization of the contract.

#### **E. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Restrict the competitive solicitation for financial audit services to the homeport financial auditors per RCW 53.19.020 is the most cost effective.

Alternative 2) Unrestricted competitive solicitation is an option but potentially introduces a third auditor (in addition to the homeport auditors) that must become familiar with the operations, internal controls, systems of the NWSA and both homeports – this option is less cost effective.

**Alternative 1 is the recommended course.**

#### **F. PREVIOUS ACTIONS OR BRIEFINGS**

None