

# AUDIT COMMITTEE AGENDA

Item No. 3

**DATE:** 09/07/21 Meeting of 09/30/21  
**TO:** Audit Committee  
**FROM:** Darren Arakaki, Director, Accounting  
Sponsor: Deanna Keller, Audit Committee Chairperson  
Project Manager: Darren Arakaki, Director, Accounting  
**SUBJECT:** Selection of Independent Financial Auditor

## **A. ACTION REQUESTED OF AUDIT COMMITTEE**

Request approval of the independent financial auditor selected to provide financial audit services to the Port of Tacoma. The contract will be presented to the Port of Tacoma Commission for authorization.

## **B. BACKGROUND**

Audited financial statements for the Port of Tacoma are required by state law and must be published by April 30<sup>th</sup> each year to meet bond covenants. One of the Audit Committee's responsibilities is to provide oversight and direction in the selection and compensation of the independent financial auditor. The independent auditor's report will be reviewed with the Audit Committee annually and in turn, the Audit Committee Chair shares the results of the independent auditor's final report with the full Commission at a subsequent commission meeting.

## **C. RFP SOLICITATION AND SELECTION:**

On June 7, 2021 the Port solicited Request for Proposals (RFP) for financial audit services for a term of five years with an option, at the Port's discretion to extend the contract for up to two additional years.

The scope of services require the auditors to: render an opinion on whether the Port'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 (GAAP); 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; review the Port's

Comprehensive Annual Financial Report; and report on applying agreed-upon procedures related to financial assurance letters provided to the Washington State Department of Ecology and the U.S. Environmental Protection Agency.

The Port received proposals from two accounting firms. The RFP responses were evaluated based on the following criteria:

1. The firm's background and technical experience
2. The composition of the team and their ability to perform the scope of services, audit approach
3. The experience and technical competence of key team members and their role on the project
4. Fees
5. References
6. Interviews

The evaluation committee was comprised of the Audit Committee Chair, Chief Financial and Administrative Officer from Port of Tacoma and The Northwest Seaport Alliance, Director, Accounting and Manager, Financial Accounting.

The evaluation committee concluded that Moss Adams LLP submitted the best proposal and represented themselves as qualified to perform the work and was selected.

#### **D. FINANCIAL SUMMARY**

The fees for five years are \$579,500 and the fees for the two year extension option are \$271,700 for a total of \$851,200. The audit fees are included in the 2022 operating budget and the five year Plan of Finance.

#### **E. NEXT STEPS**

Request authorization from the Port commission to enter into a five-year contract with a two-year extension option for a not to exceed amount of \$851,200 with Moss Adams LLP for financial audit services.