

PORT OF TACOMA – AUDIT COMMITTEE  
THE FABULICH CENTER, ROOM 104  
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON

**PORT OF TACOMA AUDIT COMMITTEE:**

1. Don Johnson, Chair
2. Clare Petrich, Vice Chair

**STAFF PRESENT:**

1. Darren Arakaki, Director, Accounting
2. Erin Galeno, CFAO
3. John Wolfe, CEO
4. Judi Doremus, Executive Assistant
5. Juliet Campbell, Clerk of the Port

**10:30 AM – AUDIT COMMITTEE MEETING**

**1. CALL TO ORDER:**

Commissioner Johnson called the Audit Committee Meeting to order at approximately 10:40 am and Commissioner Johnson lead the Pledge of Allegiance.

**2. CONSENT AGENDA:**

A. April 17, 2018 Audit Committee Minutes

*Motion was made by Commissioner Petrich, seconded by Commissioner Johnson:*

**“Approve the April 17, 2018 Audit Committee Minutes.”**

**VOTE: 2-0**

**MOTION CARRIED**

**3. PUBLIC COMMENT: None.**

**4. GENERAL BUSINESS:**

A. Contract Amendment with RSM US LLP for the single audit engagement.

*Presented by Darren Arakaki, Dir. Accounting and Erin Galeno, CFAO*

*Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:*

**“Authorize to amend contract number 070171 for financial audit services with RSM US LLP, expanding the scope to include the single (federal grant) audit and increasing the contract value by a not to exceed amount of \$50,000 for fiscal years 2018-2020. The amendment increases the total contract value to a not to exceed amount of \$537,500 for fiscal years 2016-2020. The amendment will be filed with the Port of Tacoma Commission for authorization per Master Policy Resolution No. 2018-01-PT, section IV.E.(2).”**

**Discussion Included:**

- Director of Accounting Darren Arakaki provided an overview of the types of audits the Port of Tacoma incurs. The annual financial audit by RSM, the accountability audit by the State Auditor’s Office (SAO), and the single (grant) audit. The single audit was previously performed by the SAOs office. The SAO declined the single audit engagement because of a potential conflict of interest between one of the Port commissioners and the State Auditor. The request is to add this grant to the RSM contract.
- RSM is the Port’s current external auditors. The single audit and annual financial audits have similar requirements. Expanding the scope of RSMs contract to include the single audit would minimize incremental and staff costs.

**VOTE: 2-0**

**MOTION CARRIED**

B. State Auditor’s Office Fiscal 2017 Accountability and Compliance Audit Entrance.

*Presented by Joanne Klein, Audit Manager, State Auditor’s Office*

**Discussion Included:**

- Joanne Klein introduced the Tacoma team that will be conducting the audit. It includes Ms. Klein, Gus Ramos, Assistant Director of Local Audit, and Dave Smolko, Audit Lead.

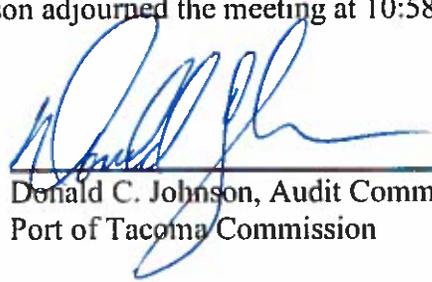
- A background of the SAO and its mission was provided.
- The specific areas for the Port's audit have not been confirmed as the planning process is not yet complete. Typical areas reviewed include cash receipting, risk management, payroll/overtime, purchase cards, contracts, and small and attractive assets. Once the planning process is complete, the Port will be notified of the specific areas to be audited.
- Audit reports are published on the SAO website and are estimated to be published late December 2018. The RSM portion of the Port's audit will also be published on the SAO website.
- The audit cost is estimated to be approximately \$40,000.
- From an audit scope the transition into The Northwest Seaport Alliance has not complicated the situation because all the activities are still being handled by the teams at the respective ports.

**6. COMMISSIONER COMMENT:**

Commissioner Johnson – Expressed his thanks for the relationship between the Ports accounting department and the auditors. Ongoing communication results in clean audits.

**7. ADJOURNMENT:**

There being no further business, Commissioner Johnson adjourned the meeting at 10:58 am.



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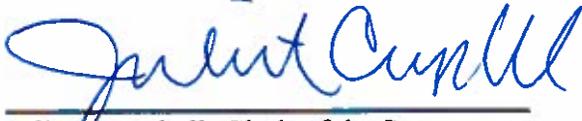
Donald C. Johnson, Audit Committee Chair  
Port of Tacoma Commission

ATTEST:



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Clare Petrich, Audit Committee Vice-chair  
Port of Tacoma Commission



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Juliet Campbell, Clerk of the Port  
Port of Tacoma