

COMMISSION AGENDA

Item No.: 7F

Meeting: 10/21/21

DATE: October 21, 2021

TO: Port Commission

FROM: Darren Arakaki, Director, Accounting
Sponsor: Deanna Keller, Audit Committee Chairperson
Project Manager: Darren Arakaki, Director, Accounting

SUBJECT: Request authorization to enter into a five-year contract for financial audit services for the Port of Tacoma.

A. ACTION REQUESTED

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

B. BACKGROUND

Audited financial statements for the Port of Tacoma are required by state law and must be published by April 30th 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 request for proposal (RFP) solicitation and the selection process are outlined below and was overseen by Audit Committee Chair Keller.

C. RFP SOLICITATION AND SELECTION

On June 7, 2021 the Port solicited 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, Chief Financial Officer from the Northwest Seaport Alliance, Director, Accounting and Manager, Financial Accounting from the Port of Tacoma.

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

D. FINANCIAL SUMMARY

The fee for the five-year period is \$579,500. The fee for the two-year extension option is \$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. CONCLUSION

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