

100 THAT
years COUNTS
1913-2013

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Multnomah County Board Meeting Presentation of Audit Results

December 12, 2013

Jim Lanzarotta, Partner

Steve Sharpe & Micah Clinger,
Managers

Samantha McClanahan, Staff

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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WHAT WE WILL COVER

- Audit team
- Nature of services provided
- Auditor's opinion and reports
- AU-C 260 (SAS 114) required communications
- Best practices observations and recommendations
- New accounting and auditing standards
- Comments

AUDIT TEAM



James Lanzarotta
Partner
 Responsible for Overall Engagement,
 Technical Review of CAFR

Greg Gibson
Senior
 Financial Statement and A-133
 Procedures



Debbie Gregg
Senior Manager
 A-133 Review, Technical Assistance

Samantha McClanahan
Staff
 Financial Statement and A-133
 Procedures



Steve Sharpe
Manager
 On-site Direction of Fieldwork

Meagan Rammell
Staff
 Financial Statement and A-133
 Procedures



Micah Clinger
Manager
 On-site Direction of Fieldwork

Brain Burns
Staff
 Financial Statement and A-133
 Procedures



NATURE OF SERVICES PROVIDED

- Audit of the financial statements
- Testing the County's internal controls
- Testing for Oregon Legal Compliance
- Testing County compliance with Federal Grant requirements
- Technical review of the County's Comprehensive Annual Financial Report
- Assessment of the County's technology environment

AUDIT OPINION & REPORTS

- Un-modified (clean) opinion, pages 14-16
- Report on State Legal Compliance, pages 180-181
 - Two instances of State noncompliance to report

AUDIT OPINION & REPORTS

- Report on compliance and internal controls required by Government Audit Standards
 - Two significant deficiencies in internal control over financial reporting – capitalization of software and cutoff

AUDIT OPINION & REPORTS

- Report on compliance and internal controls over Major Federal Grant Programs
 - Clean opinion on Federal grant compliance
 - Two significant deficiencies in internal control over compliance related to federal awards – personal expenses charged to the award, time and attendance report missing supervisory review and approval

AU-C 260 (SAS 114) REQUIRED COMMUNICATIONS

- Significant difficulties encountered in the audit - none
- Corrected and uncorrected misstatements – none
- Disagreements with management - none

BEST PRACTICES / RECOMMENDATIONS

- Prior year observations addressed by management
 - Consistent application of Federal award time and effort reporting requirements – particularly in smaller departments (resolved)
 - Accounting period cutoff for grants (resolved)
 - Use of negative confirmations as a compliance control (resolved)
 - Timely and appropriate accounting entries (resolved)
 - Assumptions within actuarial valuation reports (resolved)
 - Individual entering and approving their own time in the payroll system (resolved)

BEST PRACTICES / RECOMMENDATIONS

- Current year observations and recommendations
 - Capitalized labor rates – use of FY 2012 labor rates on bridge projects
 - Publication of budget meeting notice (OMS Finding)
 - Budgetary over expenditure (OMS Finding)
 - Notification to State Treasurer of bank account changes (OMS Finding for FY 2014)
 - Authorized signers on County bank accounts
 - Deployment of County Asset Tags

THE ACCOUNTING STANDARDS

- New accounting standards – effective for fiscal year 2013
 - GASB 65 – Items previously recognized as Assets and Liabilities
(effective FYE 6/30/14 – early implemented as of 6/30/ 2013)

THE ACCOUNTING STANDARDS

- New accounting standards – released but not yet effective
 - GASB 67 – Financial Reporting for Pension Plans – an amendment to GASB Statement No. 25
(effective FYE 6/30/14)
 - GASB 68 – Accounting and Financial Reporting for Pensions
(effective FYE 6/30/15)
 - GASB 69 – Government Combinations and Disposals of Government Operations
(effective FYE 6/30/15)
 - GASB 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees
(effective FYE 6/30/14)

THE ACCOUNTING STANDARDS

- Standards in the works:
 - Pension implementation guidance
 - OPEB liability recognition
 - Sustainability reporting
 - Fair value measurements
 - Conceptual framework – recognition & measurement
 - GAAP hierarchy
 - Research phase – financial reporting model

CHANGES IN AUDITING STANDARDS

- Recently issued Audit Standards
 - Clarified Statement on Auditing Standards Nos. 122 – 125 are now effective.
- Clarity Project – standard now issued
 - Revises codification of all audit standards
 - Governmental audit impact - group audits
- Government Auditing Standard – 2011 Revision effective for the 6/30/2013 audit

COMMENTS

Questions?



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ACKNOWLEDGEMENTS

- Thanks to Mark Campbell for his leadership; Cara Fitzpatrick & Susan Luce and their technical accounting team for their excellent facilitation of our audit procedures; and Steve March, Judith Devilliers and members of the Audit Committee for their guidance and oversight

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