

Multnomah County Board Meeting Presentation of Audit Results

January 17, 2013

Jim Lanzarotta, Partner

Kevin Mullerleile, Senior Manager

Debbie Gregg, Senior Manager

Steve Sharpe, Manager

Moss Adams Offices



WHAT WE WILL COVER

- Audit team
- Nature of services provided
- Auditor's opinion and reports
- 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

Micah Clinger

Manager

Internal Control, A-133 Procedures



Kevin Mullerleile

Senior Manager

Review of Audit Documentation,
Technical Assistance

Greg Gibson

Senior

Internal Control, A-133 Procedures



Debbie Gregg

Senior Manager

A-133 Review, Technical Assistance

Jonathan Gunther

Staff

Internal Control, CAFR, A-133
procedures



Steve Sharpe

Manager

On-site Direction of Fieldwork

Samantha McClanahan

Staff

CAFR, 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



AUDIT OPINION & REPORTS

- Unqualified (clean) opinion, pages 13-14
- Report on State Legal Compliance, pages 176-177
 - One instance of State noncompliance to report



AUDIT OPINION & REPORTS

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



AUDIT OPINION & REPORTS

- Report on compliance and internal controls over Major Federal Grant Programs
 - Clean opinion on Federal grant compliance
 - One significant deficiency in internal control over compliance related to federal awards



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 (not fully resolved)
 - Consistent support documentation for P-Card acquisitions – particularly meals (resolved)
 - Timely and appropriate accounting entries for non-routine transactions (not fully resolved)
 - Consistent treatment of restricted resources by all departments in accordance with GASB 54 requirements (resolved)
 - Timing for issuance and related spending of County incurred debt (resolved)



BEST PRACTICES / RECOMMENDATIONS

- Current year observations and recommendations
 - Consistent application of Federal award time and effort reporting requirements – particularly in smaller departments
 - Accounting period cutoff for grants
 - Use of negative confirmation as a compliance control
 - Timely / appropriate accounting entries
 - Assumptions with actuarial valuation reports
 - Individual entering and approving their own time in payroll system

THE ACCOUNTING STANDARDS

- New accounting standards – effective for fiscal year 2013
 - GASB 60 – Accounting and Financial Reporting for Service Concession Arrangements
(effective FYE 6/30/13 – early implemented as of 6/30/ 2012)
 - GASB 61 – The Financial Reporting Entity
(effective FYE 6/30/13 – early implemented as of 6/30/2012)
 - GASB 62 – Codification of Applicable FASB Stds
(effective FYE 6/30/13 – early implemented as of 6/30/2012)
 - GASB 63 – Stmt of Net Position, Deferred Inflows/Outflows
(effective FYE 6/30/13 – early implemented as of 6/30/2012)
 - GASB 64 – Amendment to GASB 53 - Derivatives
(effective FYE 6/30/12 – early implemented as of 6/30/2011)

THE ACCOUNTING STANDARDS

- New accounting standards – released but not yet effective
 - GASB 65 – Items Previously Reported as Assets and Liabilities
(effective FYE 6/30/14)
 - GASB 66 – Technical Corrections
(effective FYE 6/30/14 – early implemented as of 6/30/2012)
 - GASB 67 – Financial Reporting for Pension Plans
(effective FYE 6/30/14)
 - GASB 68 – Accounting and Financial Reporting for Pensions
(effective FYE 6/30/15)

ACCOUNTING STANDARDS

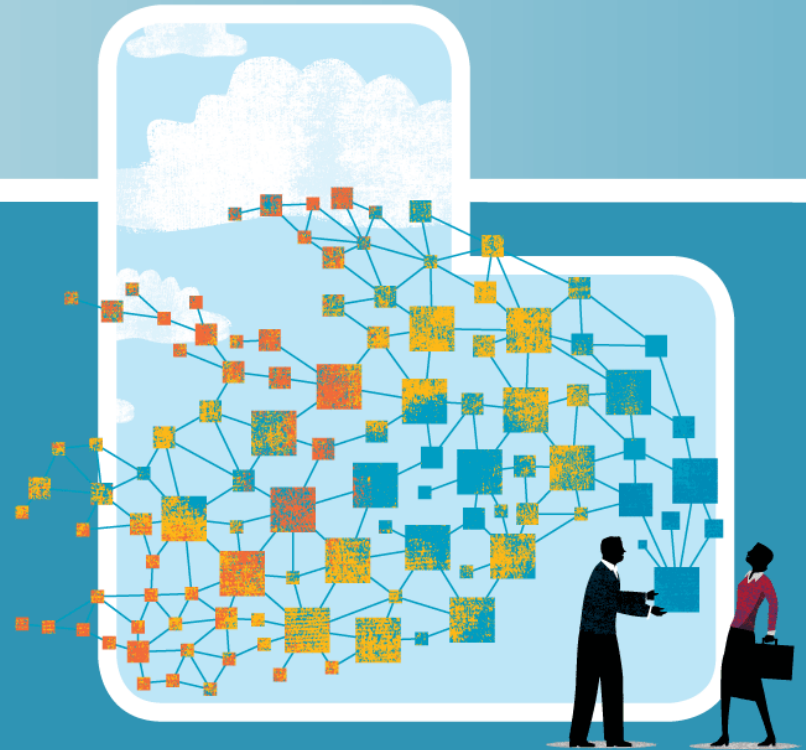
- Standards in the works:
 - OPEB liability recognition
 - Economic condition reporting – financial forecasts
 - Fair value measurements
 - Financial guarantees
 - Conceptual framework – recognition & measurement
 - Government combinations

CHANGES IN AUDITING STANDARDS

- Recently issued Audit Standards (effective for fiscal year 2012)
 - SAS 118 – 120 – Auditor requirements on:
 - Required Supplementary Information
 - Other Supplementary Information
 - Other Information Included in Annual Reports
- Clarity Project – standard now issued
 - Revises codification of all audit standards
 - Governmental audit impact - group audits

COMMENTS

Questions?



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Certified Public Accountants | Business Consultants

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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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