

# Multnomah County Board Meeting Presentation of Audit Results

February 10, 2011

Jim Lanzarotta, Partner

Kevin Mullerleile, Senior Manager

Debbie Gregg, Senior Manager

**MOSS ADAMS**<sub>LLP</sub>  
Certified Public Accountants | Business Consultants

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# WHAT WE WILL COVER

- Nature of services provided
- Auditor's opinion and reports
- SAS 114 required communications
- Best practices observations and recommendations
- New accounting and auditing standards
- Comments



# NATURE OF SERVICES PROVIDED

- Audit of the financial statements
- 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 174-175
  - No instances of State noncompliance to report



# AUDIT OPINION & REPORTS

- Report on compliance and internal controls required by Government Audit Standards
  - Significant control deficiency for depreciation expense previously reported for right-of-ways



# AUDIT OPINION & REPORTS

- Report on compliance and internal controls over Major Federal Grant Programs
  - Clean opinion on Federal grant compliance
  - Significant control deficiency and noncompliance finding for :
    - Payroll reporting for the Social Services Block grant and Weatherization Assistance for Low-Income Persons
    - Eligibility documentation lacking for ARRA Grants to Health Center Programs
  - Noncompliance finding over internal service costs charged to the Consolidated Health Centers grant. Questioned costs of approximately \$120,000.



# 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
  - Review of SAP user access for inappropriate roles
  - Improve controls over approved vendor contract prices
  - Improve communication of non-routine capital asset transactions with finance management staff
  - Improve internal communications controls over possible pollution remediation projects
  - Continued emphasis on improving 'time and effort' studies over payroll charged to federal grants
  - Improve reporting of federal CFDA#'s to grant subrecipients





# BEST PRACTICES / RECOMMENDATIONS

- Current year observations and recommendations
  - Improve external reporting of interfund loans
  - Improve capitalization policies and procedures for internally developed software
  - Exclude distorting items in the indirect cost base
  - Provide supervisory review and approval of federal award cash draws
  - Improve supervisory review and timely submission of federal grant reports
  - Improve supervisory review of payroll timecards
  - Formalize policies and procedures to adequately implement GASB Statement No. 54.

# THE ACCOUNTING STANDARDS

- New accounting standards
  - GASB 54 – Fund balance accounting, effective FYE 6/30/11
  - GASB 61 – Re-examination of component unit reporting
- New auditing standards
  - Group audits – primary auditor responsibility, effective FYE 6/30/12

# COMMENTS

## Questions?



**MOSS-ADAMS** LLP

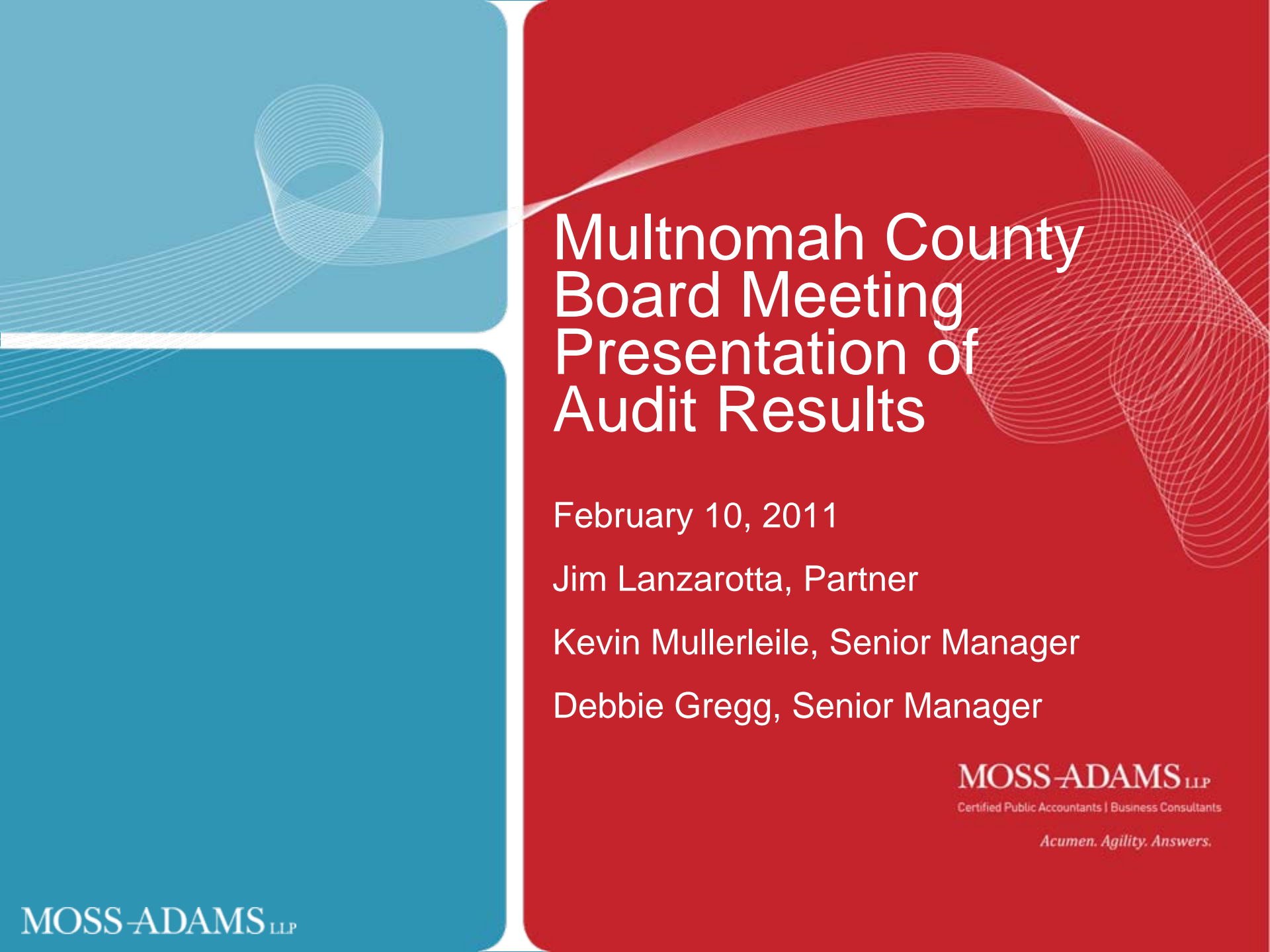
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# ACKNOWLEDGEMENTS

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