

Multnomah County Board Meeting Presentation of Audit Results

January 12, 2012

Jim Lanzarotta, Partner

Kevin Mullerleile, Senior Manager

Stephen Sharpe, Manager

MOSS ADAMS_{LLP}
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 173-174
 - One instance of State noncompliance to report



AUDIT OPINION & REPORTS

- Report on compliance and internal controls required by Government Audit Standards
 - No significant control deficiencies or material weaknesses identified



AUDIT OPINION & REPORTS

- Report on compliance and internal controls over Major Federal Grant Programs
 - Clean opinion on Federal grant compliance
 - No significant control deficiencies or material weaknesses identified



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
 - Improved external reporting of interfund loans
 - Improved capitalization policies and procedures for internally developed software
 - Exclusion of distorting items in the indirect cost base for Federal awards
 - Improved supervisory review and approval of Federal award cash draws
 - Improved supervisory review and timely submission of federal grant reports
 - Implementation of policies and procedures for new accounting pronouncements (GASB 54)



BEST PRACTICES / RECOMMENDATIONS

- Current year observations and recommendations
 - Consistent application of Federal award time and effort reporting requirements – particularly in smaller departments
 - Consistent support documentation for P-Card acquisitions – particularly meals
 - Timely and appropriate accounting entries for non-routine transactions
 - Consistent treatment of restricted resources by all departments in accordance with GASB 54 requirements
 - Timing for issuance and related spending of County incurred debt

THE ACCOUNTING STANDARDS

- New accounting standards – released but not yet effective
 - GASB 60 – Accounting and Financial Reporting for Service Concession Arrangements
(effective FYE 6/30/13)
 - GASB 61 – The Financial Reporting Entity
(effective FYE 6/30/13)
 - GASB 62 – Codification of Applicable FASB Stds
(effective FYE 6/30/13)
 - GASB 63 – Stmt of Net Position, Deferred Inflows/Outflows
(effective FYE 6/30/13)
 - GASB 64 – Amendment to GASB 53 - Derivatives
(effective FYE 6/30/12)

ACCOUNTING STANDARDS

- Standards in the works:
 - Pension liability recognition
 - OPEB liability recognition
 - Sustainability reporting
 - Fair value measurements
 - Financial guarantees
 - Conceptual framework – recognition & measurement
 - Deferred inflows/outflows
 - Government combinations

CHANGES IN AUDITING STANDARDS

- Recently issued Audit Standards
 - 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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ACKNOWLEDGEMENTS

- Thanks to Mindy Harris and Mark Campbell for their 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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