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years COUNTS  
1913-2013



# Port of Seattle

## Audit Status Update

April 2, 2013

**MOSS ADAMS** LLP

Certified Public Accountants | Business Consultants

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# SCOPE OF WORK SUMMARY OF SERVICES

- Audit and report on financial statements for both the Enterprise Fund and the Warehousemen's Pension Trust Fund to be included in the Port's Comprehensive Annual Financial Report
- Audit and report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*
  - Issue a management letter of recommendations and observations
- Audit and report on compliance related to the major Federal Award Programs (AIP and Port Security Grant), the Schedule of Expenditures of Federal Awards and related internal control in accordance with Federal Circular OMB A-133
- Audit and report on the schedule of Passenger Facility Charges (PFC's), receipts and expenditures and related internal controls
- Audit and report on the schedule of net revenue available for revenue bond debt service

# 2012 AUDIT STATUS UPDATE

- Audit is proceeding on schedule
  - On target to issue opinion and reports on or before April 30, 2013
- Phases of the Audit
  - Planning and risk assessment *√ Done*
    - Presentation made to audit committee in September 2012
  - Assessment of internal controls *√ Done*
  - Substantive audit procedures *In process*
  - Reporting and presentation of audit results
    - *Scheduled for June 2013 audit committee meeting*

# EVALUATION OF INTERNAL CONTROLS

- Internal control is a process designed to provide reasonable assurance regarding the achievement of defined objectives
  - Effectiveness and efficiency of operations
  - Reliability of financial reporting
  - Compliance with applicable laws and regulations
- Five components of internal control
  - Control Environment
  - Risk Assessment
  - Control Activities
  - Information and Communication
  - Monitoring

# SIGNIFICANT ACCOUNTS AND PROCESSES

- Billings, cash receipts, and receivables
- Signatory Lease and Operating Agreement
- Leases
- Procurement, cash disbursements, and payables
- Payroll
- Capital projects
- Treasury and Investments
- Debt and related accounts
- Pollution remediation obligation and contingencies
- Budget
- Financial close and reporting
- Information technology (general computer controls)
- Administration of federal awards and related administrative controls

# OUR APPROACH TO INTERNAL CONTROL TESTING

## Top-down approach

- Assess entity-level controls and information technology related (general computer) controls
- Identify significant accounts and processes
- Obtain documentation of significant accounts and processes
- Assess design and implementation and perform walkthroughs of significant controls
- Identify “key controls” for testing
- Perform tests of controls and compliance

# ADMINISTRATION OF FEDERAL AWARDS

## Major Programs identified

- Airport Improvement Program (Department of Transportation - FAA)
- Port Security Grant Program (Department of Homeland Security)

Internal controls and tests of compliance will be performed relative to the following administrative requirements

- Allowable costs
- Cash management
- Davis-Bacon Act
- Equipment management
- Matching
- Period of availability
- Procurement
- Real property acquisition
- Reporting
- Special tests and provisions

# CELEBRATING A CENTURY OF SERVICE

In 1913 an accountant opened a small practice in Seattle to serve the Pacific Northwest's booming timber industry. Today, that practice is one of the largest accounting and consulting firms in the nation, serving businesses and organizations around the globe.

Yet while we're pleased to celebrate our centennial, we remain focused on what's truly mattered all along: you. Because anniversaries are nice. But providing you with vital insights to help your organization succeed? That counts.