



MOSSADAMS

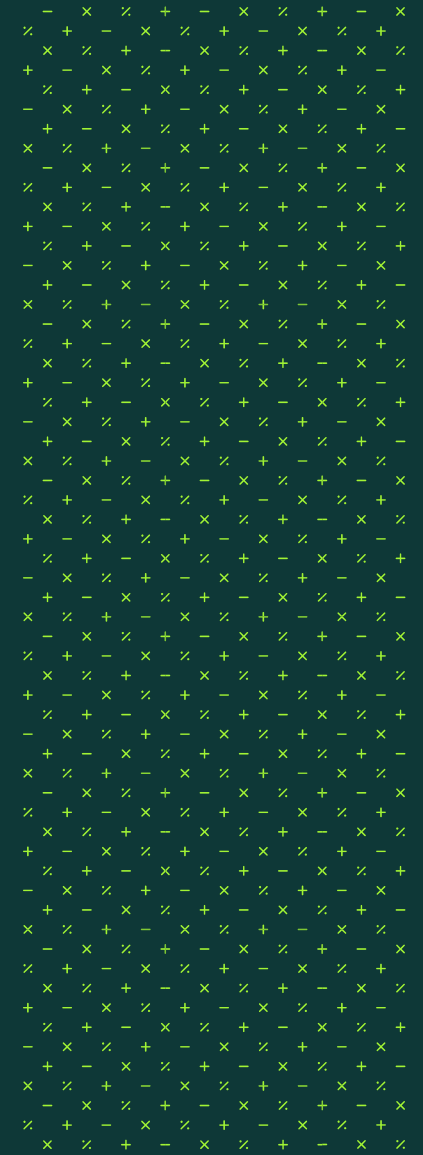
# Port of Seattle

## Discussion with the Audit Committee

### **2021 AUDIT PLANNING**

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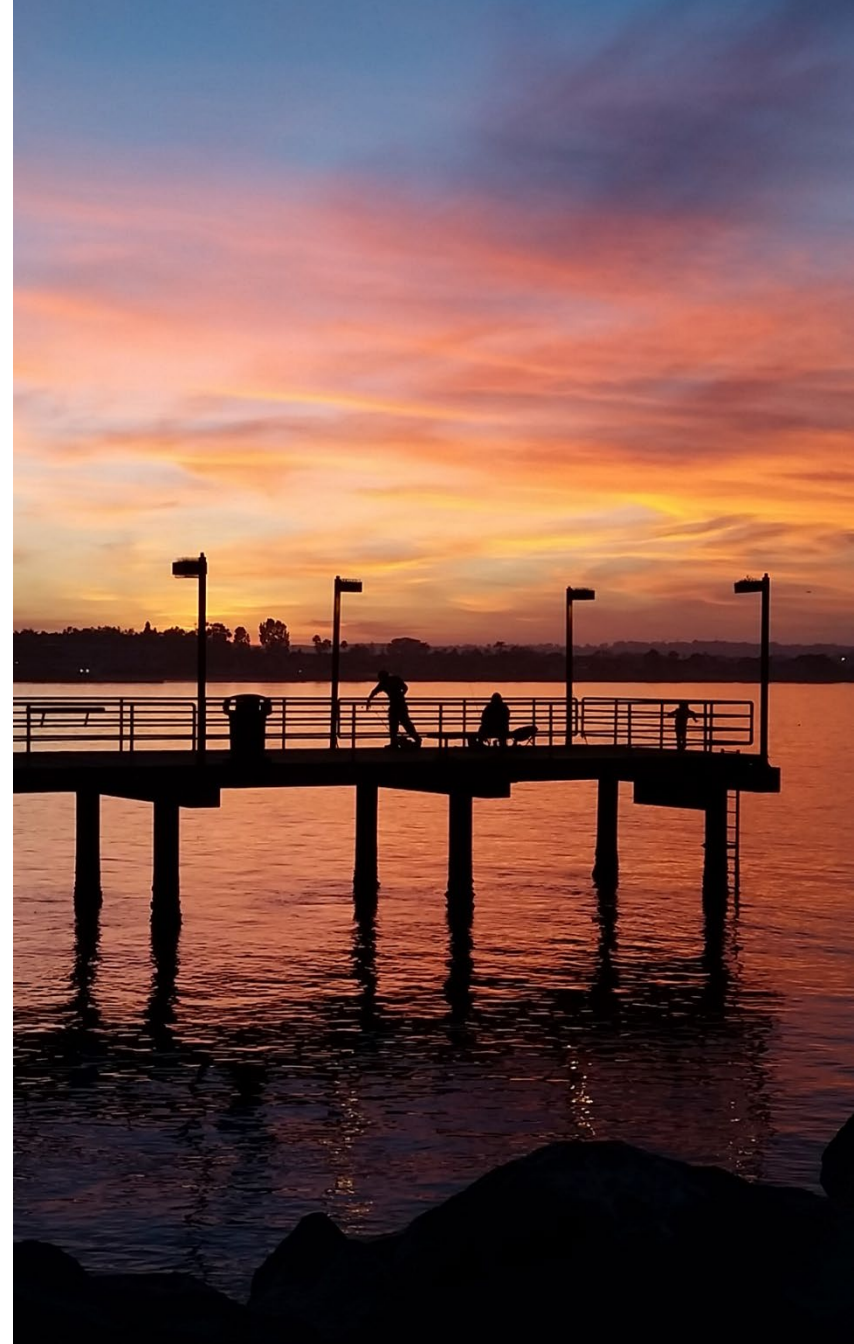
Presented by: Olga A. Darlington, Partner  
Anna Waldren, Senior Manager



# Agenda

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- Moss Adams Service Team
- Scope of Services
- Responsibilities (Auditor and Management)
- Audit Process
- Consideration of Fraud
- Risk Assessment
- Audit Timeline



# Your Service Team Leadership

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**Olga A. Darlington**  
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and Engagement  
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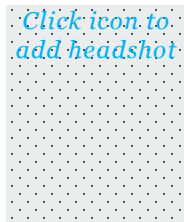
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# Summary of Our Services and Deliverables

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- Audit and report on financial statements for the Port's Enterprise Fund and Fiduciary Fund, comprised of the Warehousemen's Pension Trust Fund, included in the Port's Comprehensive Annual Financial Report;
- Report on internal control and compliance over financial reporting in accordance with *Government Auditing Standards*;
- Audit and report on compliance related to Major Federal Award Program(s), the Schedule of Expenditures of Federal Awards and related internal controls in accordance with the *Uniform Grant Guidance*;
- Audit and report on the schedule of Passenger Facility Charge (PFC) program receipts and expenditures, and related internal controls;
- Audit and report on the schedule of net revenues available for revenue bond debt service;
- Agreed Upon Procedures and report to State of Washington Department of Ecology relating to Terminal 91 Facility;
- Agreed Upon Procedures and report to the Environmental Protection Agency relating to East Waterway SRI/FS;



# Our Responsibility Under U.S. Generally Accepted Auditing Standards and *Government Auditing Standards*

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**1** To express our opinion on whether the consolidated financial statements prepared by management with your oversight are fairly presented, in all material respects, and in accordance with U.S. GAAP. However, our audit does not relieve you or management of your responsibilities.

**2** To perform an audit in accordance with generally accepted auditing standards issued by the AICPA and *Government Auditing Standards* issued by the Comptroller General of the United States, and design the audit to obtain reasonable, rather than absolute, assurance about whether the consolidated financial statements are free of material misstatement.

**3** To consider internal control over financial reporting and internal control over compliance as a basis for designing audit procedures but not for the purpose of expressing an opinion on its effectiveness or to provide assurance concerning such internal control.




**4** To communicate findings that, in our judgment, are relevant to your responsibilities in overseeing the financial reporting process and administering federal awards. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.



# Consideration of Fraud in a Financial Statement Audit

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Auditor's responsibility: Obtain reasonable assurance the financial statements as a whole are free from material misstatement – whether caused by fraud or error.

	<b>Procedures to address the risk of fraud</b>	Engagement team discussion
	<b>Identify the risks of material misstatement due to fraud</b>	<ul style="list-style-type: none"><li>• Perform procedures to address identified risks</li><li>• Inherent limitation of an audit</li></ul>
	<b>Unavoidable risk exists that some material misstatements may not be detected</b>	



# Significant Risks Identified

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During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
<b>Revenue Recognition</b>	We will substantively analytically test airport and real estate revenue based on current and prior year information of revenue benchmarks such as square footage, number of passengers, number of planes and landings, dock occupancy, and container counts. We will analyze significant leasing transactions and perform tests of internal controls surrounding the lease revenue determination and recognition process.
<b>Construction in Progress and Capital Assets</b>	We will perform tests of capitalized costs to determine that the charges are reasonable for the work project and meet the criteria for capitalization. We will also evaluate the newly established process by management to evaluate open work orders for timely closing and transfer to proper categories of capital asset for depreciation.



# Significant Risks Identified

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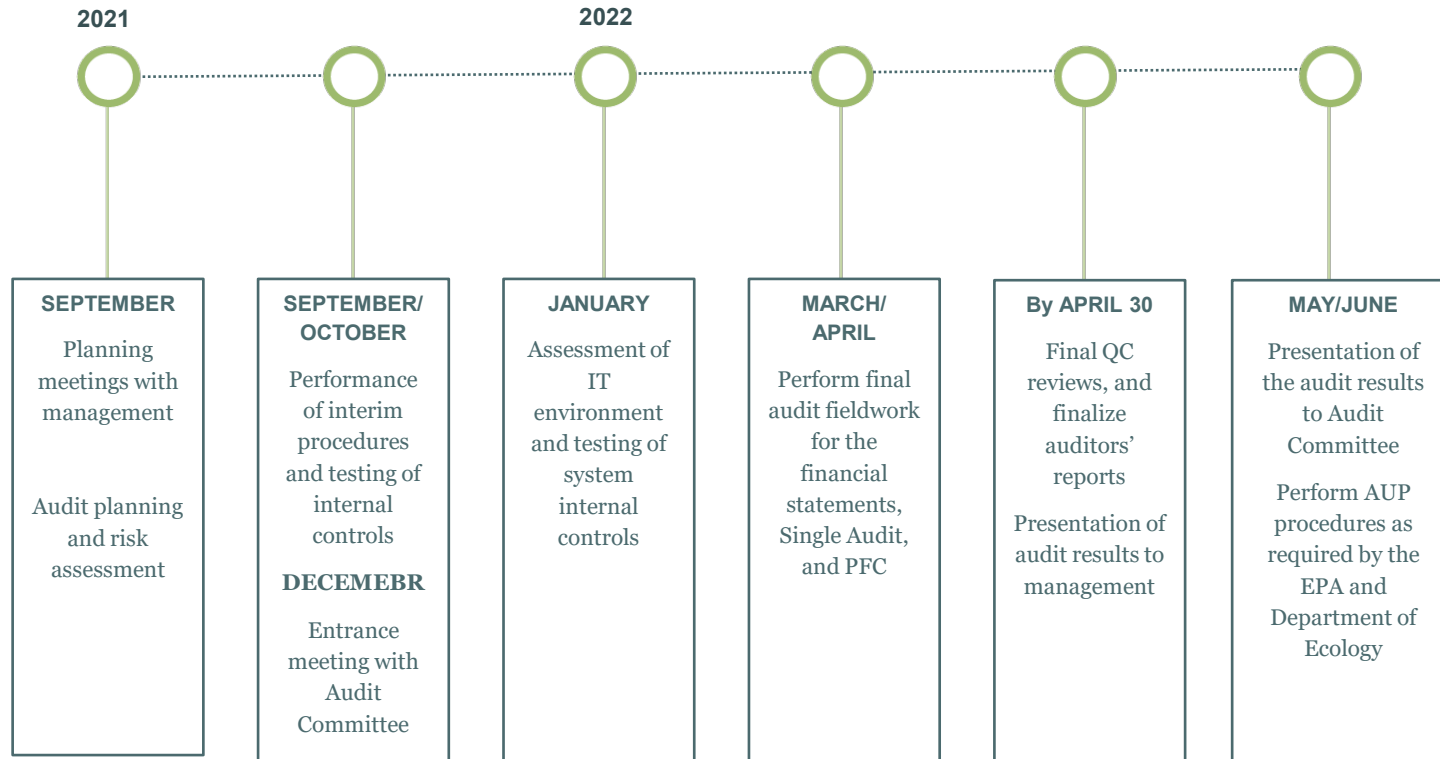
During the planning of the audit, we have identified the following significant risks:

Significant Risks	Procedures
<b>Management Estimates</b>	We will analyze management's assumptions in establishing allowance for uncollectible accounting, depreciable lives of capital assets, environmental and legal reserves as well as actuarial assumption in establishing pension and OPEB liabilities.
<b>Grant Compliance Audit – CARES funds</b>	We will perform compliance testing of expenditures of federal reserves following the requirements of Uniform Grant Guidance. Specific test will be designed to ensure allowability of expenditures of grant awards under CARES Act and CRSSAA.





# Audit Timeline



# Documents Containing Audited Financial Statements and Independent Auditor's Report

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Our responsibility under generally accepted auditing standards



Request for advance notification when Port intends to include audited financial statements and the independent auditor's report in a document



Arrangements to obtain the other information prior to report issuance





**THANK  
YOU**

