



City of Tacoma GPFC and Audit Advisory



2018 Audit Service Plan
Presented December 11, 2018

Olga A. Darlington, Partner

Your 2018 Service Team Leads

Our service philosophy is to bring together a team of professionals with relevant industry experience. Your service team leaders have significant experience working with utilities and the depth of knowledge that's necessary to be responsive to your needs.



Team Member	Role	Contact Information
Olga A. Darlington, Partner <i>Energy & Utilities Industry Group</i> Over 18 years of public accounting experience, serving energy and utility clients	 Lead Client Engagement Partner	Phone: 425-551-5712 Email: olga.darlington@mossadams.com
Laurie Tish, Partner <i>Government Services National Practice Leader</i> Over 30 years of public accounting experience, serving government and utility clients	 QC Partner	Phone: 206-302-6466 Email: laurie.tish@mossadams.com

Your 2018 Service Team

- The following individuals will also serve on the Engagement Team:
 - *Kimberly Koch*, IT Consulting Partner
 - *Jared James*, IT Manger
 - *Joe Culp*, Audit In-charge
 - *Dan Roberts*, Audit Senior
 - *Alyssa Conger*, Audit Staff
 - *Harleen Sran*, IT Staff



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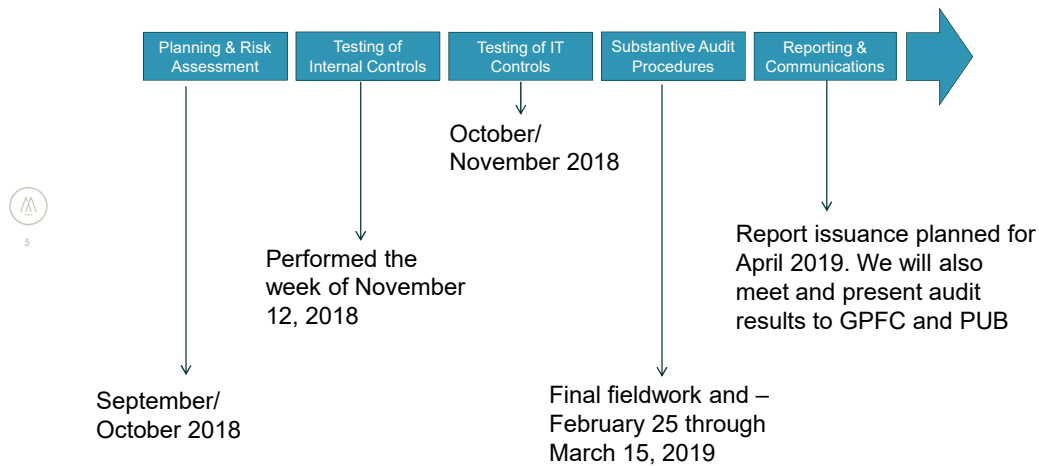
Communication with Those Charged with Governance

- Direct access to the Committee
 - Establish two-way communication
 - Address questions/concerns
- Audit entrance presentation – during planning stage of the audit
- Audit exit and final report presentation – upon completion of the audit



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Phases of the audit and timeline



Scope of Services

- We have been engaged to audit the City of Tacoma - Power (Light) Division, Water Division, and Rail (Beltline) Division, and Environmental Service's – Solid Waste Management Division, and Wastewater/Surface Water Management Division financial statements and related notes as of and for the year ending December 31, 2018 in accordance with *Government Auditing Standards*.
- We have not been engaged to report on whether specific supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.
- Certain procedures will be performed on required supplementary information, but this information will not be subject to audit

Our Responsibilities



Audit – GAAS & GAGAS



Read Other Information



Report Fraud or Non-Compliance



Express Opinion / Issue Reports



Communicate – GPFC & PUB



Communicate – Management

Management's Responsibilities



Prepare Accurate Reports



Internal Controls



Compliance



Report Fraud



Make Available



Representation Letter

Planning and Risk Assessment

- Audit risk involves the risk of material misstatement in the financial statements:
 - Inherent risk,
 - control risk, and
 - detection risk;
- Audit is designed to provide reasonable:
 - Not absolute – assurance that the financial statements are free of material misstatements;
- Audit scope and approach is determined based upon results of risk assessment;



Evaluation of Internal Controls

- Evaluate components of internal controls
- Top-down approach
- Significant Accounts and Processes considered
 - Billings and accounts receivable, capital assets and projects, procurement, cash disbursements, payroll, debt, treasury, and financial close and reporting
- IT Controls
 - Application controls
 - General computing controls



Substantive Audit Procedures

- Tests of Details
 - Directed testing and audit sampling;
 - Random and judgmental sampling methods are used;
- Analytical Procedures
 - Comparison of current and prior year results, and actual to budgeted amounts;
 - Analysis of detailed changes within certain accounts such as capital assets, long term debt and investments;
 - Predictive analytics for income statement accounts, based upon history, data independent of accounting department, and industry expectations;
 - Holistic review of overall financial statements;



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Areas of Audit Emphasis



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