



## City of Tacoma GPFC and Audit Advisory

2019 Audit Service Plan  
Presented December 17, 2019



Olga A. Darlington, Partner

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## Your 2019 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
<b>Olga A. Darlington, Partner</b> <i>Energy &amp; Utilities Services Group</i> Over 20 years of public accounting experience, serving energy and utility clients		Lead Client Engagement Partner	Phone: 425-551-5712 Email: <a href="mailto:olga.darlington@mossadams.com">olga.darlington@mossadams.com</a>
<b>Julie Desimone, Partner, National Practice Leader</b> <i>Power &amp; Utilities Services Group</i> Over 20 years of public accounting experience, serving government and utility clients		QC Partner	Phone: 503-478-2101 Email: <a href="mailto:julie.desimone@mossadams.com">julie.desimone@mossadams.com</a>

## Your 2019 Service Team

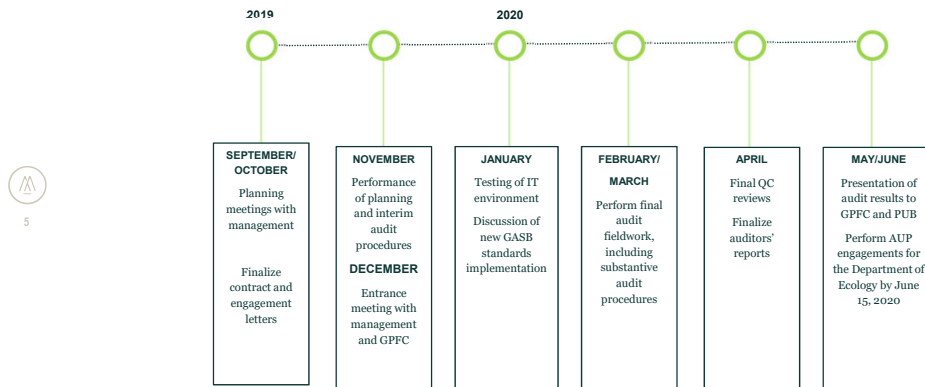
- The following individuals will also serve on the Engagement Team:
  - *Max Jasper*, IT Consulting Senior Manager
  - *Dan Roberts*, Audit Manager
  - *Jared James*, IT Manger
  - *Alyssa Conger*, Audit Senior
  - *Kelsey Costello*, Audit Staff
  - *Rory Knottnerus*, Audit Staff
  - *Harleen Sran*, IT Staff



## Required Communications to Those Charged with Governance



## Audit Timing



## Scope of Services and Deliverables

- 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 Division and Wastewater/Surface Water Management Division financial statements and related notes as of and for the year ending December 31, 2019 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

## 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;



## What is Materiality?

It's the amount of a misstatement that could influence the economic decisions of users, taken on the basis of the financial statements.

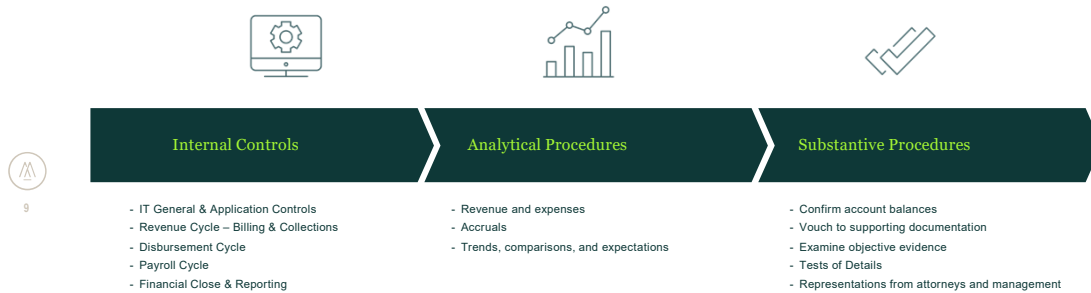
It's calculated using certain **quantitative** (total assets) and **qualitative** factors (covenants, expectations, or industry factors)

It identifies:

- 1 Significant risk areas
- 2 Nature, timing, extent, and scope of test work
- 3 Findings or misstatements



## Audit Process



## Areas of Audit Emphasis



## Consideration of Fraud



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To identify fraud-related risks of material misstatement, we:

- Brainstorm internally with team
- Conduct personnel interviews
- Document understanding of internal controls
- Consider unusual or unexpected relationships identified in planning and performing the audit



Auditors must consider fraud to "improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit."

Procedures we perform:

- Examine journal entries for nonstandard transactions
- Evaluate policies and accounting for revenue recognition
- Unpredictable procedures
- Test and analyze significant accounting estimates for biases
- Evaluate rationale for significant unusual transactions

## Communications

- What concerns, if any, does the Committee have regarding the audit this year?
- Are there any areas that the Committee feel present heightened risk this year?
- What expectations does the Committee have for on-going communications from the audit team prior to the exit conference?



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