

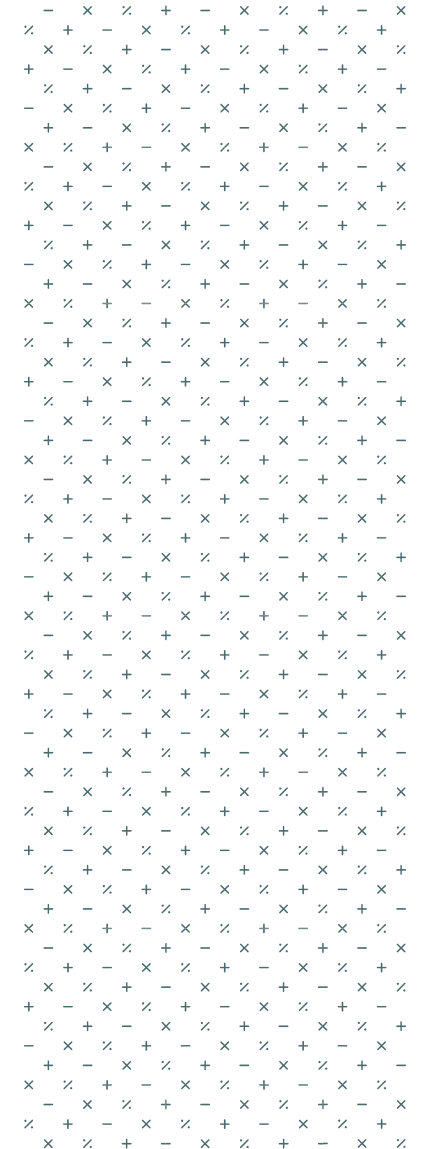


# 2018 Engagement Service Plan

Better Together: Moss Adams and Sound Transit

Presentation to Citizens Oversight Panel

January 3, 2019





# Your Dedicated Leadership Team

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**Laurie Tish**  
*Lead Client Service  
Partner*



**Olga Darlington**  
*Concurring Reviewer  
Partner*



**Amy Sutherland**  
*Senior Manager*



**Sasha Correnti**  
*Senior Manager*



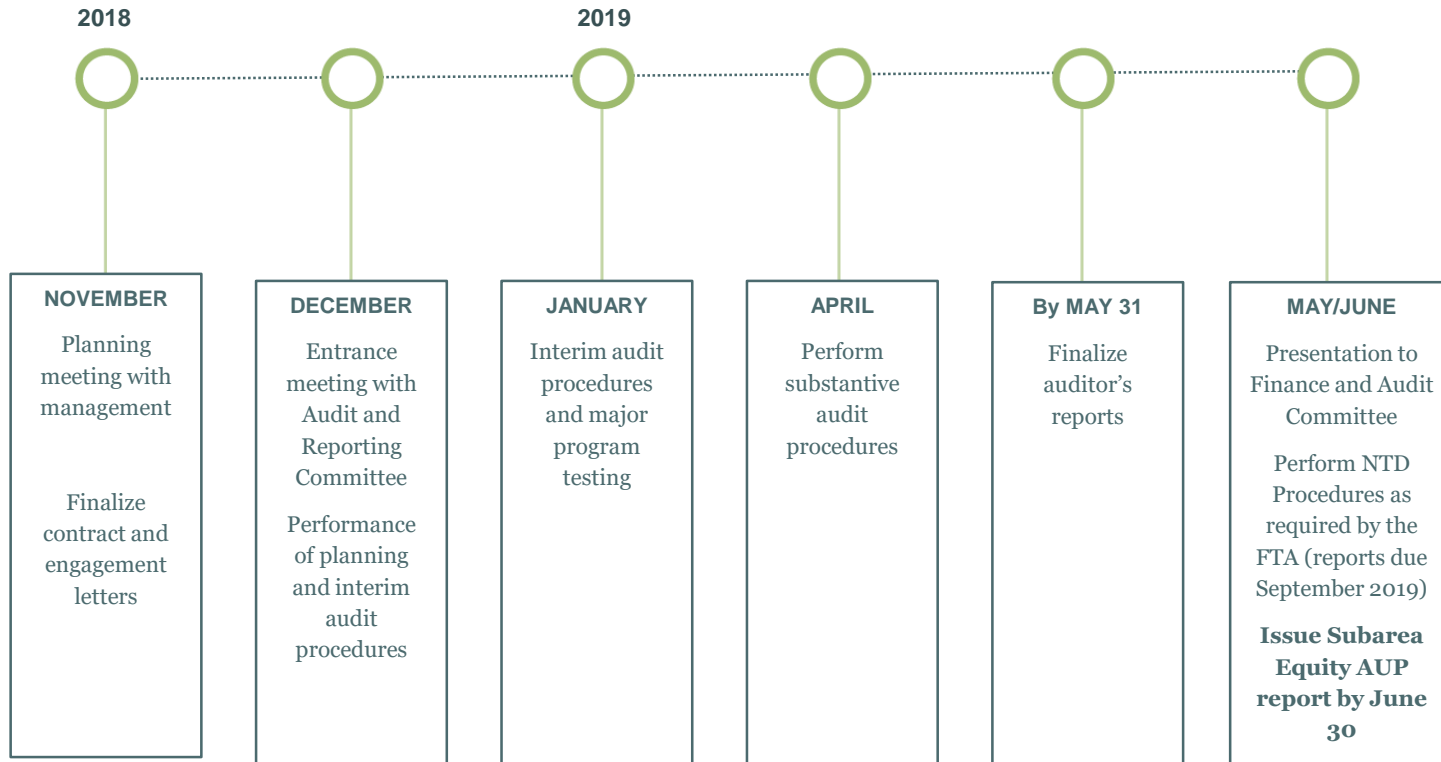
**Shawn Steinbarth**  
*Audit Manager*



# Audit Deliverables

- Report of Independent Auditors' on the basic financial statements
- Report of Independent Auditors' on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report of Independent Auditors' on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Uniform Grant Guidance
- Schedule of Findings and Questioned Costs
- Agreed-upon procedures reports associated with the Federal Transit Administration National Transit Database Report
- **Agreed-upon procedures report for Schedule of Sources and Uses of Funds by Subarea**

# Audit Timing



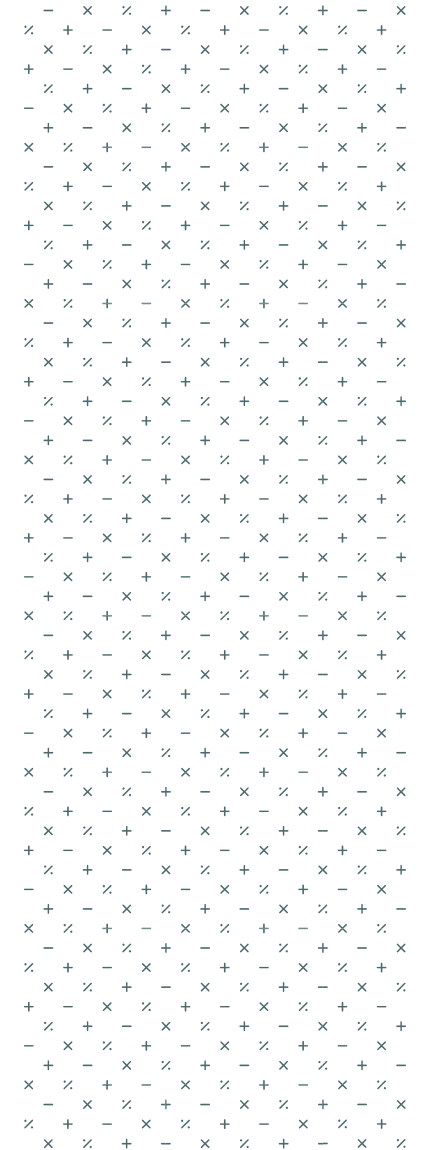


# 2018 Engagement Service Plan

Better Together: Moss Adams and Sound Transit

Presentation to Audit and Reporting Committee

December 20, 2018





# Audit and Reporting Committee

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## SOUND TRANSIT

Dear Committee Members:

Thank you for your engagement of Moss Adams LLP, the provider of choice for transit and municipal enterprises. We're pleased to present our audit plan for Sound Transit for the year ending December 31, 2018.

We welcome any questions or input you may have regarding our audit plan, and we look forward to working with you.

A handwritten signature in black ink that reads "Laurie G. Fish".



# Your Dedicated Leadership Team

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**Laurie Tish**  
*Lead Client Service  
Partner*



**Olga Darlington**  
*Concurring Reviewer  
Partner*



**Amy Sutherland**  
*Senior Manager*



**Sasha Correnti**  
*Senior Manager*



**Shawn Steinbarth**  
*Audit Manager*

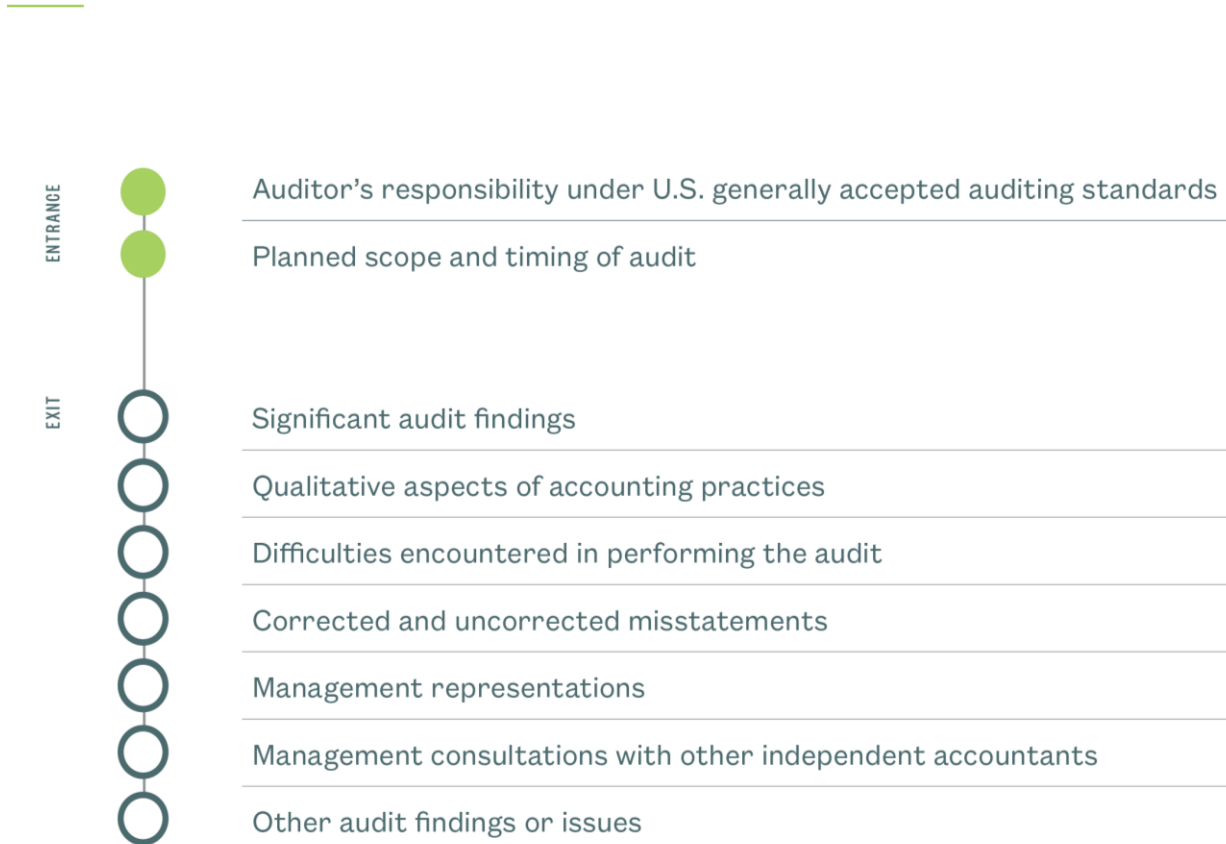


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# Required Communications to Those Charged with Governance



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



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.

# Audit Process



## Internal Controls

- IT General & Application Controls
- Revenue Cycle – ORCA, Taxes, Grants
- Disbursement Cycle
- Payroll Cycle
- Financial Close & Reporting
- Compliance with Federal Awards

## Analytical Procedures

- Revenue and expenses
- Accruals
- Trends, comparisons, and expectations

## Substantive Procedures

- Confirm account balances
- Vouch to supporting documentation
- Examine objective evidence
- Tests of Details
- Representations from attorneys and management



# What is Materiality?

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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)

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It identifies:

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

# Areas of Audit Emphasis



Internal controls over financial reporting and administration of federal awards



**Statement of Financial Position:** *Testing areas include cash and investments, taxes receivable, capital assets, accounts payable and accrued liabilities, bonds payable, classification of net position accounts, and related financial statement disclosures*



**Statement of Activities:** *Testing areas include passenger fares, tax revenues, operating and non operating expenses, and governmental grants*



**Federal Grant Audit (Uniform Grant Guidance):** *Direct and material compliance requirements related to Department of Transportation Programs*



Financial Statements and Disclosures

# Consideration of Fraud



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

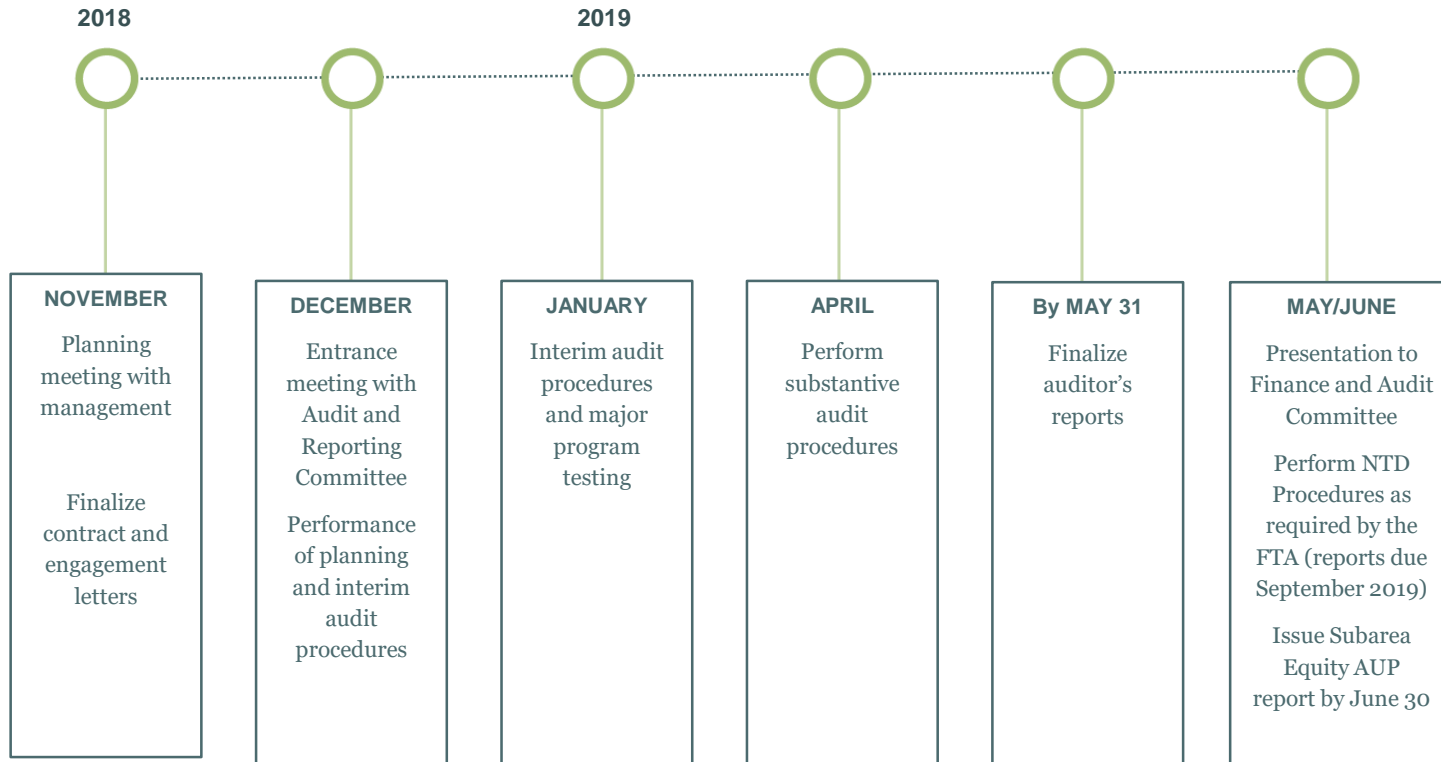


Auditors must consider fraud to “improve the likelihood that auditors will detect material misstatements due to fraud in a financial statement audit.”

Procedures we perform:

- Examine general 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

# Audit Timing



# Communications

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







# Contact Us



+ Laurie Tish	+ Amy Sutherland	+ Sasha Correnti	+ Shawn Steinbarth
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THANK  
YOU