

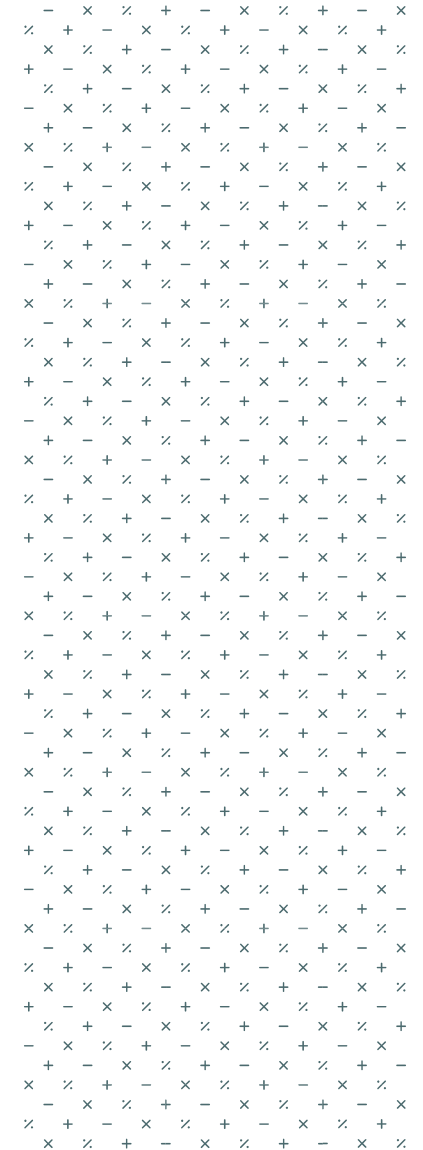


2020 Engagement Service Plan

Regional Fare Coordination System (ORCA)

Presentation to Joint Board

January 11, 2021





Joint Board

REGIONAL FARE COORDINATION SYSTEM

Dear Board 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 the Regional Fare Coordination System for the year ending December 31, 2020.

We successfully performed much of the 2019 audit remotely and plan to conduct the 2020 audit remotely as well.

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

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



Your Dedicated Leadership Team



Laurie Tish
*Lead Client Service
Partner*



Olga Darlington
*Concurring Reviewer
Partner*



Amy Sutherland
Senior Manager



Maria Braun
*Senior Manager,
Information
Technology*



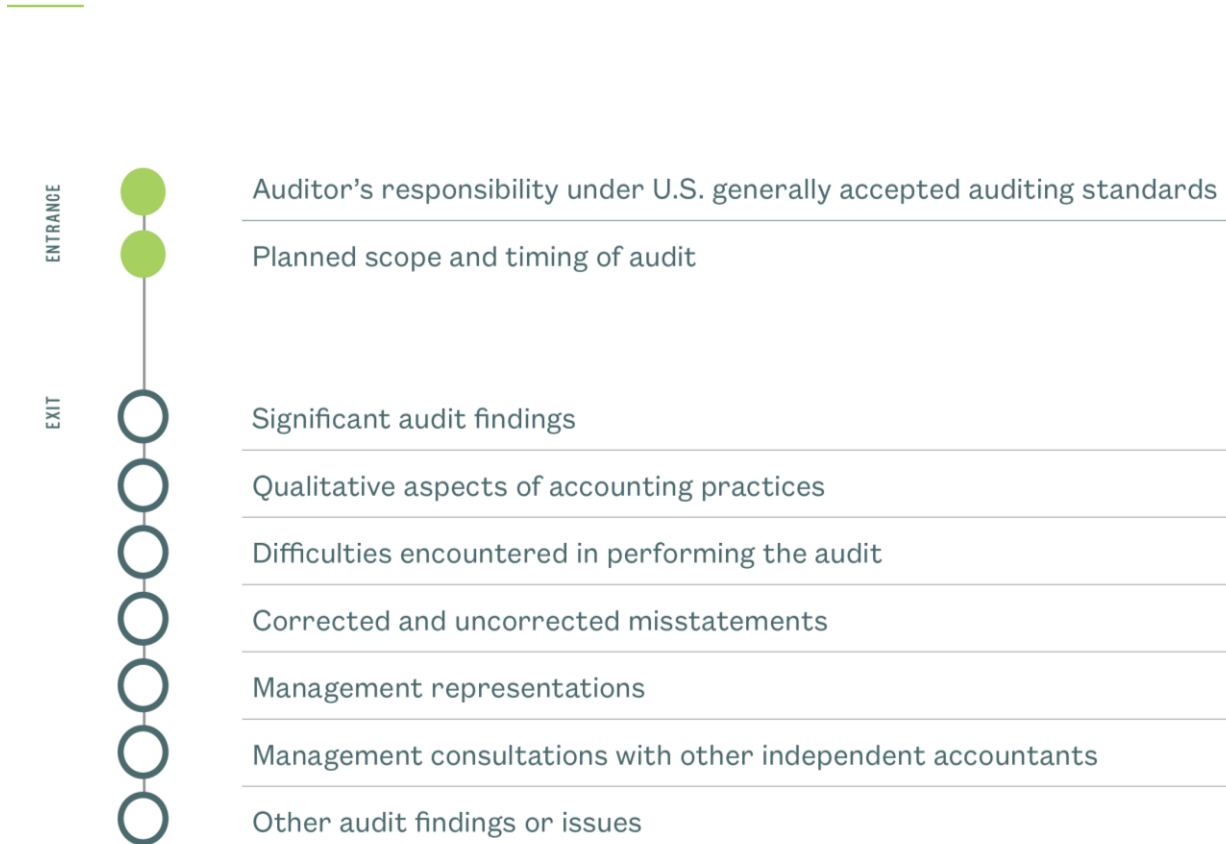
Spencer Stevenson
Audit Manager



Audit Deliverables

- Report of Independent Auditors' on the 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*
- Letter of Recommendations to Management, if applicable

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 financial statements are free of material misstatement.

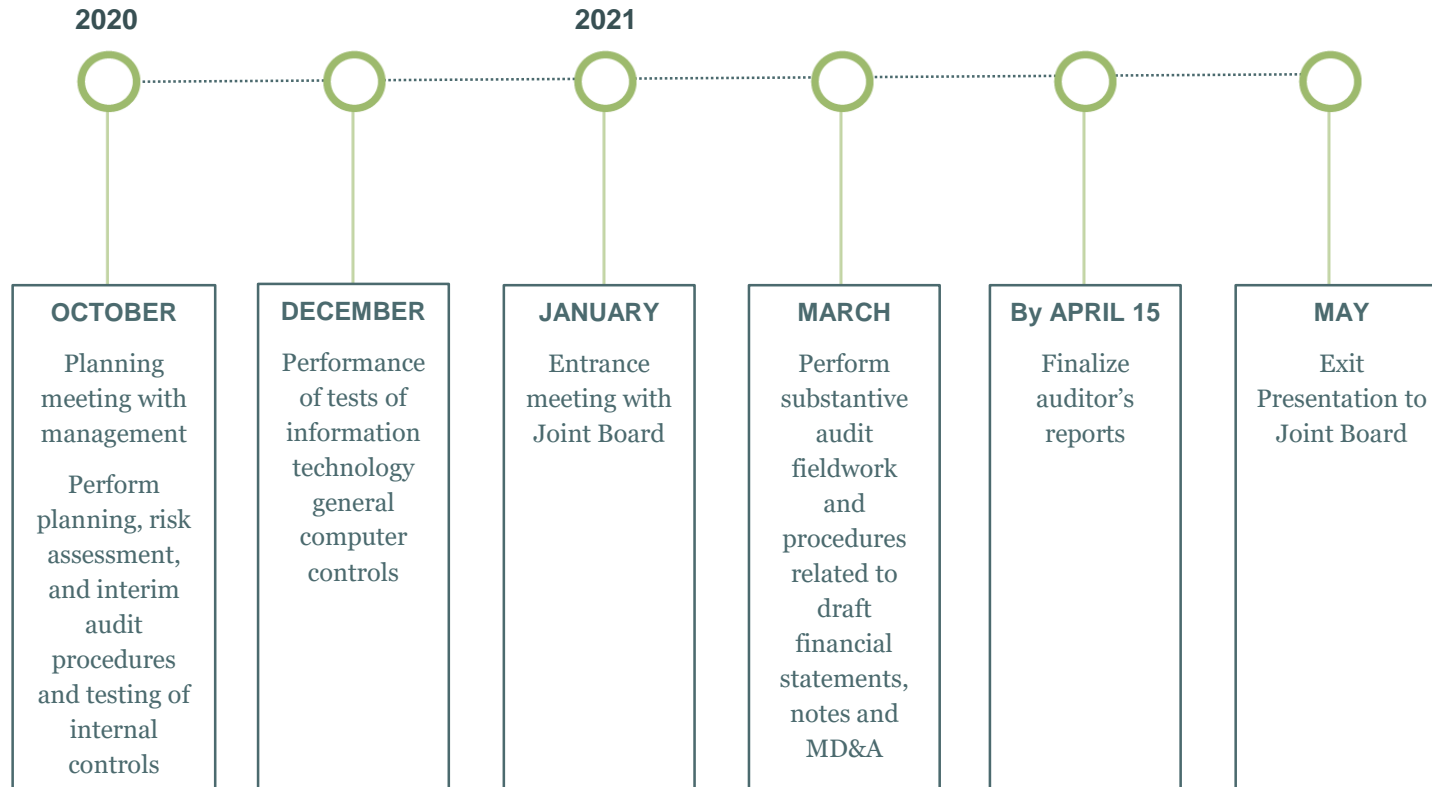
3

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 Timing



Audit Process



Internal Controls

- IT General & Application Controls
- Revenue Cycle – ORCA
- Disbursement Cycle
- Financial Close & Reporting



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?

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 or revenues) and **qualitative** factors (contracts, expectations of participant agencies and other stakeholders, or industry factors)

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 revenues and disbursements



Statement of Financial Position: *Testing areas include cash and investments, due from agencies receivables, accounts payable and accrued liabilities, due to agencies liabilities, and classification of net position accounts*



Statement of Activities: *Testing areas include agency billings and other operating revenues, and services expense and other operating expenses*



Financial Statements and Note 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



Communications

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



Contact Us



Laurie.Tish@mossadams.com
(206) 302-6466

Amy.Sutherland@mossadams.com
(206) 302-6468

Maria.Braun@mossadams.com
(206) 302-6295

Spencer.Stevenson@mossadams.com
(206) 302-6489



THANK
YOU