



Port of Oakland
SEAPORT

Oakland
International
AIRPORT

Commercial
REAL ESTATE

FY 2019/20 AUDIT WORK PLAN

Port of Oakland

PRESENTED BY:

Macias Gini & O'Connell LLP

July 16, 2020

Port of Oakland



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- We are pleased to present our audit service plan for the Port of Oakland for the fiscal year ended June 30, 2020. This document provides an overview of the external audits and new accounting standards that may impact the Port.
- We appreciate the opportunity to meet with you to discuss the audit plan, especially as a two-way dialogue can provide valuable information for the audit process. We look forward to working with you!

Your Dedicated Team



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Annie Louie
Engagement Partner



Jon Waller
Manager



Caroline Walsh
Technical Review Partner

Required Communications with Those Charged with Governance

Planning

- Auditor's responsibility under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance
- Planned scope and timing of audit

Results

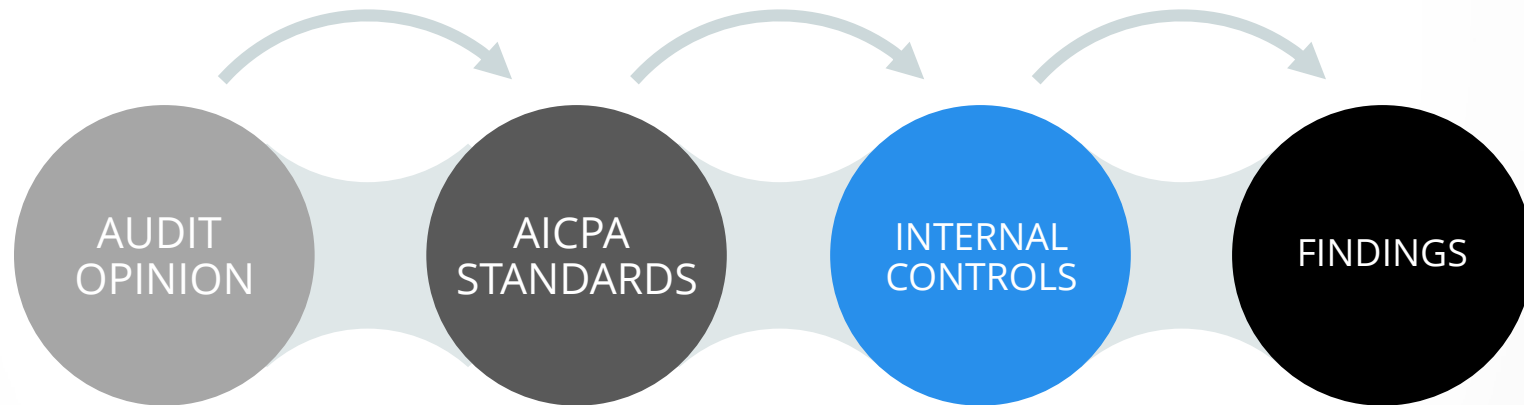
- Significant audit findings
- Qualitative aspects of accounting practices
- Difficulties encountered in performing the audit
- Corrected and uncorrected misstatements
- Management representations
- Management consultations with other independent accountants
- Other audit findings or issues

Our Responsibility



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Our responsibility under U.S. Generally Accepted Auditing Standards.



To express our opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and *Government Auditing Standards*. This does not relieve you or management of your responsibilities.

To perform an audit in accordance with generally accepted auditing standards issued by the AICPA, and to design the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement.

To obtain an understanding of the Port and its environment, including internal controls over financial reporting and compliance, as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on its effectiveness.

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

Scope of Audits



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We will issue the following reports for the fiscal year ended June 30, 2020:

1. Audit report on the Comprehensive Annual Financial Report (CAFR) of the Port of Oakland
2. Audit report on the Port's compliance with federal award programs in accordance with Uniform Guidance
3. Audit reports on the Port's compliance with the State's CFC Code and the FAA's PFC Guide
4. Audit report on the Port's Deferred Compensation Plan
5. Report to those Charged with Governance
6. Communicating required matters and matters related to internal controls and compliance with laws, regulations, contracts and agreements

Audit Timing



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What is Materiality?



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Materiality

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

How It's Calculated:

Using certain quantitative (e.g., total assets, total revenues, or other financial information) and qualitative factors (e.g., covenants, expectations, or industry factors)

It's Used To Identify:

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

Consideration of Fraud

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



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How we gather information to identify fraud-related risks of material misstatement:

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

Procedures to be performed:

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

Significant Audit Areas



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- CARES Act revenues
- Debt covenant compliance
- Pension and OPEB accounting and financial reporting requirements
- Self-Insured Risks
- Single Audit – Uniform Guidance and Other Compliance reporting with Federal Aviation Administration (FAA) and State

Accounting Updates



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No new GASB pronouncements for FY 2019/20.

FY 2020/21 implementation:

- GASB 84 Fiduciary Activities
 - establishes criteria for identifying and reporting fiduciary activities

- GASB 90 Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61
 - Provides guidance on the reporting of majority equity interest in a legally separate organization, generally either as an investment or as a component unit

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Questions?



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