

Audit Committee
City of Newport/Newport Urban Renewal Agency
October 16, 2020 Minutes

1. CALL TO ORDER AND INTRODUCTIONS

Chair, Glenda Rhodes, called the meeting to order at 9:07 a.m.

2. INTRODUCTIONS

In Attendance: Chair Glenda Rhodes, Public Audit Committee Member, Committee Member Councilor Dietmar Goebel, Committee Member Councilor Cynthia Jacobi, City Manager Spencer Nebel, Finance Director Mike Murzynsky, Assistant Finance Director Steve Baugher, Recording Secretary Capital Projects and Grant Accountant Linda Wertman, Alternate Public Member Martin Desmond, Tonya Moffitt, Managing Partner at Merina +Co, David Allen City Attorney, in the audience.

3. APPOVAL OF MINUTES:

MOTION: Member Goebel moved to approve the minutes of January 17, 2020.
SECONDED: by Chair Rhodes. The motion carried unanimously in a voice vote.

4. AUDITOR UPDATE ON FIELD WORK:

A. Presentation by Merina +Co

Tonya Moffitt discussed the challenges of doing the audit remotely. She expressed her appreciation for all the finance staffs timely responses and all the extra work required by staff to provide documentation.

Moffitt discussed the documented internal controls that staff has formalized. Murzynsky expressed his appreciation to Dawn at the City of Tualatin for giving the City their documented controls to work off. Moffitt stated it was a great start, and looked amazing; the documentation can be reviewed and refined on an annual basis to keep the processes up to date. Chair Rhodes asked how Moffitt could test written controls when they weren't there before. Moffitt stated that just because they weren't documented doesn't mean they weren't being done, so they were able to test the internal controls even though they were not documented previously.

There was discussion regarding software and electronic documents. Moffitt stated she would be testing some of the larger documents on site today. Moffitt stated that they have gotten through almost everything that was sent to them and thus far, they have not found any errors, internal control issues, or concerns, that being said, we are not done yet but it is going smoothly.

Moffitt discussed the single audit, and how this year is being impacted by the CARES funding. The Feds pushed out the funds so quickly, but were still writing the rules and guidelines for the funds. The good thing for Newport is that the CARES funding did not rise to the level that would be considered a major program for the City of Newport. Moffitt went on to state that this is important because if it was a major program she is not sure they would be able to finish the audit in time. Moffitt discussed the compliance supplemental, which is a guideline for testing each major funding. Moffitt said they would be doing some testing on the CARES funding but not as detailed as for the single audit.

Moffitt said she felt overall everything the audit process was going smoothly and with a first year auditor a lot of different information is generally requested because they do not have past year information to roll over.

Moffitt discussed the AU-C 260 letters given out to the committee, which is a description of the type of audit that will be done, which is a Governmental Auditing Standard Audit or GAS audit also known as the yellow book audit. There was discussion regarding the letters content and what will be included in the AU-C 260 letter that will be sent out at the close of the audit. There was discussion regarding if the AU-C 260 letter was a public document and why the disclaimer is included in the document. Moffitt stated it was standard language; there was general discussion on why the disclosure is included in these letters.

Moffitt discussed the team that is working on the audit for the City of Newport. Member Desmond asked Moffitt how Covid was affecting other Cities in Oregon. Moffitt discussed how Covid was affecting other Cities. She said one concern was property taxes specifically from rental property, with the loss of jobs, and lack of rent being paid. Water may also be a problem because several cities are not turning off water for residences due to Covid, this is causing a high receivable amount. SDC's are also in question, maybe not being affected this year, but in the near future, this could become an issue for development

5.. PUBLIC COMMENT

No members of the public were present.

6. COMMITTEE COMMENTS:

There were no additional comments from the committee.

7. SCHEDULE NEXT MEETING

The next meeting will be scheduled in early January

8. ADJOURNMENT

Chair Rhodes adjourned the meeting, at 11:00 a.m.