



MEMORANDUM

EUGENE WATER & ELECTRIC BOARD

Rely on us.

TO: Commissioners Mital, Schlossberg, Helgeson, Brown, and Carlson
FROM: Deborah Hart, Chief Financial Officer; Aaron Balmer, Accounting & Treasury
Supervisor
DATE: November 25, 2020
SUBJECT: 2020 Year-end Audit Planning
OBJECTIVE: Information Only

Issue

EWEB is required to have annual financial audits, audits related to the receipt of federal funds, and audits of the EWEB Retirement Benefits Trust. The Board has contracted with Moss Adams to perform these services.

Discussion

In October, Moss Adams performed interim audit procedures as part of the annual financial audit. This preliminary audit work provides Moss Adams with an understanding of EWEB and its business environment. Interim audit procedures included testing internal controls on both manual and system processes. Areas tested included, but were not limited to, revenues, disbursements, payroll, plant assets, and financial reporting. The interim audit work will conclude in December and helps determine the amount of final audit work required when the auditors finish fieldwork in February 2021.

During final fieldwork, the auditors will review supporting documentation such as bank statements and invoices, request independent verification of account balances, and receive representations from attorneys and Management. The auditors will also analyze transactions for trends versus expectations based on their knowledge of EWEB and the utility industry. Audit plans also include other tests and inquiries to address fraud risk. At the conclusion of the audit, Moss Adams will communicate in a management letter any significant matters they become aware of through the course of their inquiry and procedures. They also will issue an opinion stating whether or not the Board's financial statements are presented fairly in accordance with generally accepted accounting principles.

The audited financial statements and management letter will be presented to the Board at the April 2021 meeting.

Recommendation and Requested Board Action

This item is provided as information only.

Attachment – Correspondence letter from Moss Adams

November 16, 2020

Board of Commissioners
Eugene Water & Electric Board
500 East Fourth Avenue
Eugene, OR 97401

Re: Audit Communications

As you may know, we are commencing our audit of the financial statements of Eugene Water & Electric Board (“EWEB”), as of and for the year ending December 31, 2020. In accordance with AU-C 260, *The Auditor’s Communication with Those Charged with Governance*, communication between the auditor and the individuals charged with governance of EWEB is required. In the context of EWEB and its governance, we consider the Board of Commissioners to be charged with governance. Accordingly, we would like to open a two-way communication with you on matters regarding the audit of the financial statements of the EWEB.

We will provide certain communications in writing as part of the audit and invite you to contact us with any questions about the matters communicated or with any input you have on the audit. In the ordinary course of an audit many matters are discussed with management, including matters that are to be communicated to those charged with governance. There may be times that we will need to have access to you to discuss sensitive matters that could arise during the course of the audit. If any of those circumstances arise, we will contact you directly.

At the conclusion of the audit, we will provide you information on the results of the audit and various other matters that are stipulated in auditing standards as matters that must be communicated to the governing body annually.

Beginning in September 2020, we participated in meetings with management regarding data that will be needed for the audit and coordination of resources to provide that data. We performed preliminary planning of the audit and initial assessments of internal controls in October 2020 and expect to begin final testing of EWEB’s financial statement balances in February 2021. We plan to issue our audit report for EWEB no later than March 2021. Our ability to meet this timetable is dependent upon on the level of preparation and cooperation by the management of EWEB.

Based on our current understanding of EWEB and financial results to date, the following are the areas considered significant to the audit as of, and for the year ended December 31, 2020, and will be our focus related to audit procedures performed:

- Consistent application of internal controls in a remote environment
- Plant assets
- Power trading and derivatives
- Single audit – FEMA grant funding
- IT security and change management controls

Our overall audit plan includes the performance of both analytical procedures and detailed testing of transactions, and consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EWEB's internal control over financial reporting. Our audit plan is subject to adjustment based on any significant changes to year-end financial results, significant changes in operations or the identification of any additional risks.

If there are other areas of concern, please contact me to discuss those concerns so we can ensure our audit plan properly addresses them.

We appreciate the opportunity to be of service to you. We look forward to meeting with you at the conclusion of our audit to deliver the results of our audit to you. Please contact me if you have any questions or input to the audit process.

Very truly yours,



Julie Desimone, Partner
for Moss Adams LLP