



Minutes

Special Meeting
Port of Brownsville Commission
Monday, January 23, 2023, 11:30 AM
9756 Ogle Rd, Bremerton, WA 98311
And VIA ZOOM

1. Open Meeting / Call to Order

Commissioner Messing calls the meeting to order at 11:30 AM.

In attendance is Commissioner Mathew Messing, Commissioner Shaun Nye, Auditor Joseph DaBell, Administrative Assistant Heidi Cross, and via Zoom, CPA Janice Fancher, Audit Lead Cheryl Friesen, and Assistant Audit Manager Melinda Seibert.

2. Approval of Agenda

Commissioner Nye motions to approve the Agenda, Commissioner Messing seconds, all approved, none opposed.

3. Presentation to or by the Board

- a. Exit Conference for 2020, 2021 Audit – State Auditor's Office.

Cheryl Friesen, Audit Lead, is given the floor and turns it over to Melinda Seibert, Assistant Audit Manager. She states that the purpose of the meeting is to go over the results of the Audit. A packet of the Audit Report draft is provided by the SAO. Understanding the Audit Results is important to establishing and maintaining good internal controls, and compliance with laws and policies. Audits build trust in the organization and for the public. Audits can shed light on areas important for the citizens and the employees, for transparency. The results are designed to improve the efficiency and effectiveness of processes. The goal is to be sure the results are understood.

Accountability Audit Results 1/1/20 – 12/31/21: The purpose of the Accountability Audit is to ascertain whether the Port complied with state laws, regulations, contracts, grant agreements, and its own policies and procedures. It also looks at whether the Port has adequate controls to safeguard public funds. Port operations complied, in all material respects, with applicable laws, regulations and its own policies, and provided adequate controls over the safeguarding of public resources.

In selecting the specific areas reviewed, the Auditors conducted planning procedures that incorporated reviewing meeting minutes, analyzing financial data including vendor and payroll trends, conducted risk assessment and various other procedures. They utilized a risk-based approach to select areas for further testing based on those planning procedures.

Accounts payable: the review included gaining and updating the understanding of proceedings of controls over how general disbursements and credit card transactions are purchased, reviewed, and paid. They selected some general disbursements and credit card transactions for testing; reviewed them to test if they were supported by adequate documentation, if they were properly approved in compliance with the Port's policies, and if they were for allowable things. No exceptions were identified.

Monitoring and tracking of theft sensitive assets: The Auditors selected assets from the Port's Asset List and physically verified their existence, and they selected other assets and confirmed those items were listed on the Asset List. No exceptions were identified in the testing.

Previous audits: prior findings were reviewed for follow-up. The findings were on accounts payable, theft-sensitive assets, payroll and cash receipting. Review of cash receipting, ensuring deposits are complete and timely in accordance with RCW requirements. They conducted procedures on payroll that were specific to the findings from previous audits. These have been fully corrected by the Port.

Follow-up on procurement for current projects and requirements for state grants: this prior audit issue was fully corrected. The Port's steps to correct issues will be reported.

Financial Statement Audit for the same period: The purpose of this audit is to ensure the information in the financial statements can be relied upon to make decisions. The Auditors are giving an unmodified or "clean" opinion on the Port's financial statements for both fiscal years. The financial statements are stated fairly and are materially correct.

The Port has elected to prepare its financial statements using a cash-basis method, which is authorized by Washington State law, the BARS Manual, and is widely used by public offices. It is required by the American Institute of Certified Public Accountants (AICPA) to report when an entity chooses to report with any other method than with GAAP. The Port is not in compliance with GAAP but is unmodified or "clean" according to the BARS standards. No significant deficiencies in internal controls were identified, pertaining to preparing the financial statements. No material mistakes were identified throughout the audit. No material large misstatements were identified and there were no uncorrected misstatements in the statements.

Management override controls: no instances or possibility of Management circumventing controls.

All prior audit findings have been fully corrected. Corrective actions were taken by the Port and are noted on Page 7 of the packet.

Audit Lead Friesen thanks the Port for their work on the Audit. She opens the floor for questions. No questions.

Assistant Audit Manager Seibert thanks the Port for how quickly the Audit was able to be completed. Audit costs are about \$6000 under budget. Another financial audit will be a 2-year audit, in the Fall of 2024. If the Port has a significant amount or multiple state grants, totaling more than \$750,000, it may require an additional audit.


The report should be available online in about a week. An audit survey will be sent out with the email for Commissioner Nye, with the "sneak peek" of the report.

CPA Fancher thanks the State Auditor's Office for their professionalism and work. The Audit covered the period when the Port changed over leadership. She commends Auditor DaBell for keeping up with all the document and information requests. She states this clean slate is the start of a strong foundation that the Port can build on.

Commissioner Messing thanks everyone, as well. He opens the floor for questions. No questions.

4. Close Meeting / Adjourn

Commissioner Messing adjourns the meeting at 11:48 AM.



Commissioner



Commissioner



Commissioner