

City of Palo Alto
Office of the City Auditor

Finance Committee
November 30, 2021



Financial Audit Responsibilities Overview

Article IV, Section 13 of the City Charter requires the following:

‘... the city council shall engage an independent certified public accounting firm to conduct an annual external audit and report the results of this audit in writing to the city council.’

Title II, Chapter 2.08 of the City Code requires that the City Auditor coordinate the annual external financial audit.

Financial Audit Results

Purpose:

- Obtain reasonable assurance that financial statements are fairly stated

Results:

- Unmodified opinion across all reports – financial statements are prepared in all material respect and comply with accounting standards being used as well as applicable regulation

Pending Completion:

- Single Audit to be completed by March



FY 2020-21 Audit Results

PRESENTED BY

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Assurance Director



Certified
Public
Accountants

The following presentation was prepared as part of our audit of the City of Palo Alto (the "City") for the year ended June 30, 2021. is limited in its overall information, and is intended solely for the information and use by those charged with governance oversight, management and as necessary, those charged with financial reporting oversight role of the City. This communication is not intended and should not be used by any other party, committee or person other than these specified parties.

Scope of Services

- Audit Report on the Basic Financial Statements (ACFR) for the Year Ended June 30, 2021
- Cable TV Franchise Statements of Revenues and Expenses for the Years Ended December 31, 2020 and 2019
- Palo Alto Public Improvement Corporation Financial Statements for the Year Ended June 30, 2021
- Regional Water Quality Control Plant Financial Statements for the Year Ended June 30, 2021
- Agreed Upon Procedures Related to Article XIII-B Appropriations Limit for the Year Ended June 30, 2021
- Single Audit Reports for the Year Ended June 30, 2021

MGO Audits

- Purpose
 - To obtain reasonable assurance that amounts are fairly stated
- Applicable Framework
 - Generally accepted accounting principles (GAAP) or Special-purpose framework
 - Generally accepted auditing standards (GAAS)
 - Government Auditing Standards (GAGAS)

FY 2020-21 Audit Results

- Basic Financial Statements (ACFR)
 - Unmodified Opinion
 - Emphasis of Matter – Implementation of GASB Statement No. 84, *Fiduciary Activities*
- Other Reports
 - Unmodified Opinions
 - No material weaknesses or significant deficiencies in internal controls over financial reporting
- Single Audit Reports
 - Pending Audit Guidance from Federal Government
 - Scheduled to be completed by January 31, 2022

FY 2020-21 Audit Results

Report to the City Council

- Required Communications
 1. Qualitative aspects of accounting practices
 2. Difficulties encountered in performing the audit
 3. Corrected and uncorrected misstatements
 4. Disagreements with management
 5. Management representations
 6. Management consultations with other independent accountants
 7. Other audit findings or issues
 8. Other matters

Questions?