



Steve
Novick
Commissioner

March 13, 2015

Leah Treat
Director

To: Moss-Adams, City External Auditor

From: Leah Treat, Director of the Portland Bureau of Transportation (PBOT)

As part of the City's FY 2013-14 audit and required Auditor Communications performed and reported by Moss-Adams, I am responding to your Schedule of Findings and Questioned Costs (SFQC) relating to PBOT Accounting for Construction-In-Progress (CIP), Significant Deficiency in Controls and your recommendation.

PBOT should revise its project management processes and controls to require a review of all projects included in construction in progress periodically throughout the year, as well annually as part of the year-end close process and effective communication with those responsible for maintaining the capital asset records to improve accuracy of the reporting of capital assets and related accumulated depreciation in the financial statements.

Management Response: PBOT has revised its project management processes and controls. A review of all projects included in construction in progress are required. It will be quarterly and include the year-end close process. After each review, the Transportation Projects Division will communicate with the PBOT Finance Division on the maintenance of PBOT capital asset records. In FY 15-16, PBOT is creating a capital controls position that will assume the management of the project review and communication processes. I believe this response addresses your recommendations.

- C. Ken Rust, Chief Financial Officer
Michelle Kirby, Controller
Art Pearce, Transportation Policy, Planning and Projects Manager
Alissa Mahar, PBOT Business Services Manager

1120 SW Fifth Avenue, Suite 800 • Portland, OR 97204 • 503-823-5185
FAX 503-823-7576 • TTY 503-823-6868 • www.portlandoregon.gov/transportation

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