



November 21, 2024

Marissa Madrigal, Chief Operating Officer  
Brian Kennedy, Director, Finance & Regulatory Services  
Metro  
600 NE Grand Avenue  
Portland, Oregon 97232

We have completed our audit of the financial statements of Metro for the year ended June 30, 2024, and have issued our report thereon dated November 21, 2024. In planning and performing our audit of the financial statements in accordance with auditing standards generally accepted in the United States of America, we considered Metro's internal control over financial reporting as a basis for designing our auditing procedures and for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

During the course of the audit, we noted certain other matters involving the internal control structure, operations, and financial reporting that are presented for your consideration which are reported to you below. The following does not include the observations and recommendations related to the Information Technology (IT) Controls Assessment which was performed during the year. Please refer to the *IT General Controls Assessment 2024 Fiscal Year Fieldwork Debrief Memo* which has been included as an attachment to this letter. Our comments and recommendations have been discussed with appropriate members of management and are intended to improve the internal control structure or result in other operating efficiencies. We would be pleased to discuss these comments in further detail at your convenience and to perform any desired additional study of these matters.

### **Observations and Recommendations**

#### *Capital Asset Additions*

**Observation** – During our testing of capital asset additions, we identified one error in which management erroneously transferred one project's work in process into the incorrect in-service asset which resulted in an immaterial difference in calculated depreciation.

**Recommendation** – We recommend a review process be developed to review transfers from work in process to in-service assets prior to being depreciated.

**Management response** – We agree with this recommendation. Staff are formalizing a reconciliation process to ensure that costs are accurately allocated to the appropriate asset when placed into service. This reconciliation will be conducted quarterly by the Capital Asset Accountant and reviewed by the Controller, providing essential oversight and enabling any issues to be addressed prior to the year-end close.

*Accounts Payable Overpayments*

**Observation** – We identified one instance during our subsequent disbursement testing where Metro overpaid an invoice due to a formula error in the documentation used to request reimbursement.

**Recommendation** – We recommend a more detailed review of the supporting documentation be performed to verify the amount requested for payment is calculated correctly and agrees with the related documentation prior to initiating payment.

**Management response** – We agree with this recommendation. Finance staff will undergo re-training on the importance of reviewing supporting documentation before processing payments to improve accuracy. Departmental project managers, as subject matter experts, provide payment approval for each invoice. They will also receive re-training on approval protocols and contract administration. These actions are part of an effort led by Finance and Regulatory Services and started in the current fiscal year to strengthen the agency's contract administration and oversight functions.

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We wish to thank you, Caleb Ford, Melissa Weber, Erica Gallucci, and the rest of the Metro staff for their support and assistance during our audit, as well as Brian Evans, Metro Auditor, who were all very professional and pleasant to work with regarding the administration of our audit contract with Metro.

Very truly yours,



Moss Adams LLP

cc: Brian Evans, Metro Auditor

Enclosures