



Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: INFORMATION: Quality Control Review of
Single Audit on the San Francisco Bay Area Rapid
Transit District
Report No. QC-2013-069

Date: April 15, 2013

From: 
George E. Banks
Program Director for Single Audit

Reply to
Attn. of: JA-20

To: Regional Administrator, FTA Region IV

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the San Francisco Bay Area Rapid Transit District (District). This report presents the results of our Quality Control Review (QCR) of a single audit of the District performed by Macias Gini & O'Connell LLP (MGO) for the fiscal year ending June 30, 2011. During this period, the District expended approximately \$111 million from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. The DOT program determined to be major by MGO was the Federal Transit Cluster.

The Office of Management and Budget's (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires the auditor to render an opinion on the entity's financial statements, identify inappropriate use of Federal funds, and report internal control and compliance deficiencies that affect Federal grant programs.

MGO rendered an unqualified opinion on the District's financial statements and the District's compliance with DOT's major program requirements for the Federal Transit Cluster. They also did not question any cost concerning DOT programs.¹

SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with the Single Audit Act of 1984, as amended (the Act), and OMB Circular A-133, and (2) the extent to which we can rely on the auditors' work on the major DOT program, the Federal Transit Cluster.

¹The single audit report issued by MGO is available upon request sent to singleauditrequest@oig.dot.gov.

RESULTS

We determined that MGO's audit work was *Acceptable with a Deficiency*, and therefore, generally met the requirements of the Act, OMB Circular A-133, and DOT's major program. We found nothing to indicate that MGO's opinion on DOT's major program was inappropriate or unreliable.

While the deficiency we identified in the audit documentation needs to be corrected, we determined that the deficiency did not alter the overall results of the audit report. The deficiency, which should be corrected in future audits, is related to:

Understanding of the Major Program's Internal Controls (Cash Management and Reporting) – Based on our discussion with MGO personnel, MGO performed walkthroughs, observations, and inquiries of the District's staff to identify key controls for its major program internal control testing. However, MGO did not adequately document its complete understanding of the five components of internal control related to cash management and reporting. MGO agreed to document its understanding of the five components of internal control in future audits.

If you have any questions concerning this report, please call me at (410) 962-1729, or John R. Sysak, DOT National Single Audit Coordinator, at (410) 962-2630.

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cc: Audit Liaison, FTA, TPM-2
Audit Liaison, OST, M-1
Assistant Controller, San Francisco Bay Area Rapid Transit District