



# 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 Greater Cleveland Regional  
Transit Authority  
Report No. QC-2013-068

Date: April 15, 2013

From:   
George E. Banks  
Program Director for Single Audit

Reply to  
Attn. of: JA-20

To: Regional Administrator, FTA, Region V

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Greater Cleveland Regional Transit Authority (Authority). This report presents the results of our Quality Control Review (QCR) of a single audit of the Authority performed by Ciuni & Panichi, Inc (C&P) for the fiscal year ending December 31, 2011. During this period, the Authority expended over \$51 million from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. The DOT program determined to be major by C&P 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.

C&P rendered unqualified opinions on the Authority's financial statements and the Authority's compliance with DOT's major program requirements for the Federal Transit Cluster. They also did not question any costs concerning DOT programs.<sup>1</sup>

## 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 could rely on the auditors' work on the major DOT program, the Federal Transit Cluster.

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<sup>1</sup>The single audit report issued by C&P is available upon request to [singleauditrequest@oig.dot.gov](mailto:singleauditrequest@oig.dot.gov).

## RESULTS

We determined that C&P'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 C&P'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 also be corrected in future audits, is related to:

**Identification of Major Program Key Internal Controls** – Based on our discussion with C&P's personnel, C&P performed walkthroughs, observations, and inquiries of the Authority's staff to identify key controls for its major program internal control testing. However, C&P did not adequately document their basis for how they identified the Authority's key controls for each of the major program's direct and material compliance requirements. C&P agreed to improve its documentation of the key controls 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  
Director of Accounting, Greater Cleveland Regional Transit Authority