



Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending December 31, 2021

Self-Initiated

Office of the Secretary | SA2022021 | February 9, 2022

What We Looked At

We queried and downloaded 56 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between October 1, 2021 and December 31, 2021, to identify significant findings related to programs directly funded by the Department of Transportation (DOT).

What We Found

We found that reports contained a range of findings that impacted DOT programs. The auditors reported significant noncompliance with Federal guidelines related to 12 grantees that require prompt action from DOT's Operating Administrations (OA). The auditors also identified questioned costs totaling \$5,409,880 for five grantees. Of this amount, \$2.8 million was related to the Crow Tribes of Indians and \$2.4 million to the Confederated Tribes of the Colville Reservation.

Our Recommendations

We recommend that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommend that DOT determine the allowability of the questioned transactions and recover \$5,409,880, if applicable.



Memorandum

Date: February 9, 2022

Subject: ACTION: Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending December 31, 2021 | Report No. SA2022021

From: Dormayne "Dory" Dillard-Christian 
Acting Assistant Inspector General for Financial Audits

To: Deputy Assistant Secretary for Administration

The Department of Transportation (DOT) Office of Inspector General (OIG) performs oversight of independent, non-Federal auditors' single audit¹ reports. These auditors are required to perform the audits in accordance with generally accepted Government auditing standards and the Office of Management and Budget's Uniform Guidance.² Over the past 3 fiscal years, an average of 317 single audit reports have been issued. These reports have included findings related to programs directly funded by DOT.

We issue memoranda that summarize single audit reports' significant findings and recommendations that require priority action by DOT. When warranted, we also recommend that DOT recover funds that were inappropriately expended by non-Federal entities.

To identify findings that affect directly awarded DOT programs, we downloaded 56 single audit reports that were prepared by independent auditors and submitted to the Federal Audit Clearinghouse³ between October 1, 2021, and December 31, 2021. Of these reports, we reviewed 58 single audit findings and

¹ The Single Audit Act, as amended (Pub. L. 98-502 (1984); Pub. L. 104-156 (1996)), has established requirements for audits of Federal awards administered by non-Federal entities. Single audits help Government agencies and auditors oversee the expenditure of Federal funds by non-Federal entities.

² Under Title 2 of the Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), the auditor is required 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.

³ The Federal Audit Clearinghouse Image Management System, <http://harvester.census.gov/facweb/>, is a public database of completed single audits maintained by the U.S. Census Bureau on behalf of the Office of Management and Budget.

reported on 30 significant findings⁴ (52 percent). The auditors reported significant noncompliance with Federal guidelines related to 12 grantees that require prompt action from DOT's Operating Administrations (OA). The auditors also identified questioned costs totaling \$5,409,880 for five grantees. Of this amount, \$2.8 million was related to the Crow Tribes of Indians and \$2.4 million to the Confederated Tribes of the Colville Reservation. See the table for a summary of significant single audit findings requiring DOT's most immediate attention.

We recommend that DOT

1. coordinate with impacted OAs to develop a corrective action plan to resolve and close the findings highlighted in this report; and
2. determine the allowability of the questioned transactions and recover \$5,409,880, if applicable.

See exhibits A through L for details on the auditees; the non-Federal auditors' findings, including areas of noncompliance; the conditions identified; and the non-Federal auditors' recommendations.⁵

Within 30 days of this report, DOT should identify specific actions planned or taken to resolve⁶ our recommendations and provide a target action date for implementation. We will track the recommendations until DOT provides documentation of final action. We will consider the recommendations closed upon our review and concurrence. If you have any questions, please email them to singleauditrequest@oig.dot.gov.

cc: The Secretary
DOT Audit Liaison, M-1
DOT Appointee for Single Audits
DOT Single Audit Liaison
Deputy Assistant Secretary for Budget and Programs, B-1

⁴ We consider a finding significant when DOT is the cognizant agency and the single audit report contains DOT related program findings; when DOT is the oversight or awarding agency and the report includes a qualified opinion, adverse opinion, or disclaimer opinion; or when a finding includes questioned costs over \$5,000.

⁵ These exhibits present verbatim information from reporting packages and Data Collection Forms that we downloaded from the Federal Audit Clearinghouse.

⁶ Pursuant to DOT Memorandum, Policy and Procedures for Expediting Action on Single Audit Report Recommendations (2009).

Table. Summary of Significant Single Audit Findings Impacting DOT Programs

Non-Federal Entities and End Dates of Audited Fiscal Years	Independent Auditors	Areas of Noncompliance ^a	Independent Auditors' Finding Numbers	Questioned Costs ^b	Related Exhibits
Confederated Tribes of the Colville Reservation, Nespelem, WA, September 30, 2019	Stauffer & Associates PLLC	a. Activities allowed or unallowed, Allowable costs/cost principles b. Equipment and real property management c. Procurement and suspension and debarment d. Reporting e. Special tests and provisions	a. 2019-002* b. 2019-003* c. 2019-004* d. 2019-005* e. 2019-006*	a. \$11,089 b. Unknown c. \$2,430,712 d. Unknown e. Unknown	A
Government of the U.S. Virgin Islands, Charlotte Amalie, VI, September 30, 2019	BDO USA LLP	Other	2019-069*	Not Applicable	B
Three Affiliated Tribes, New Town, ND, September 30, 2018	Moss Adams LLP	a. Equipment and real property management b. Procurement and suspension and debarment c. Reporting d. Special tests and provisions	a. 2018-005* b. 2018-018 c. 2018-019 d. 2018-020	a. None b. Unknown c. No Reportable Question Costs d. Unknown	C
County of Milwaukee, Milwaukee, WI, December 31, 2020	Coleman & Williams LTD	Procurement and suspension and debarment	2020-001*	None	D
Borough of Pottstown, Pottstown, PA, December 31, 2020	Maillie LLP	Other	2020-002	Not Mentioned	E
Yankton Sioux Tribe, Wagner, SD, September 30, 2019	Wohlenberg Ritzman & CO., LLC	a. Procurement and suspension and debarment b. Reporting c. Other d. Allowable Costs/Cost Principles	a. 2019-005* b. 2019-006* c. 2019-007 d. 2019-008*	a. None b. None c. None d. Unknown	F

Non-Federal Entities and End Dates of Audited Fiscal Years	Independent Auditors	Areas of Noncompliance ^a	Independent Auditors' Finding Numbers	Questioned Costs ^b	Related Exhibits
Native Village of Kwinhagak, Quinhagak, AK, June 30, 2020	NewHouse & Vogler, CPAS	Reporting	2020-002	Not Determined	G
Lewis County, Chehalis, WA, December 31, 2020	Office of the Washington State Auditor	Activities allowed or unallowed; Allowable costs/cost principles	2020-001	\$50,000**	H
New Mexico Department of Transportation, Santa Fe, NM, June 30, 2021	REDW LLC	Reporting	2021-001	Not Mentioned	I
Crow Tribes of Indians, Crow Agency, MT, September 30, 2019	Stauffer & Associates PLLC	a. Activities allowed or unallowed; Allowable costs/cost principles b. Cash Management c. Equipment and real property management d. Matching, level of effort, earmarking e. Period of Performance f. Procurement and suspension and debarment g. Reporting h. Special tests and provisions I. Activities allowed or unallowed; allowable costs/cost principles	a. 2019-011* b. 2019-012* c. 2019-014* d. 2019-015* e. 2019-016* f. 2019-017* g. 2019-018* h. 2019-019* I. 2019-020*	a. \$345,326 b. Unknown c. Unknown d. Unknown e. Unknown f. \$203,962 g. Unknown h. Unknown I. \$2,204,674	J
Regional Transportation Authority, Nashville, TN, June 30, 2021	Crosslin, PLLC	Activities allowed or unallowed	2021-001	\$151,448	K
City of Santa Fe, Santa Fe, NM, June 30, 2020	CliftonLarson Allen LLP	Cash Management	2020-014	\$12,669	L

^a 2 CFR Part 200, appendix XI, part 3, Compliance Requirements, identifies and describes the 12 types of compliance requirements.

^b Non-Federal auditor findings do not always result in questioned costs.

*Repeat finding.

** Related to COVID-19 formula grants.

Source: Independent auditors' reports.

Exhibit A. Confederated Tribes of the Colville Reservation, Nespelem, WA

Independent Auditor: Stauffer & Associates PLLC

Report Date: October 7, 2021

Fiscal Year Ending: September 30, 2019

Applicable DOT Operating Administration and Programs: Federal Highway Administration's (FHWA) Highway Planning and Construction Cluster Program

Finding Number: 2019-002⁷ [**Repeat Finding:** 2018-003, 2018-004]

Compliance Requirement: Activities allowed or unallowed; Allowable costs/cost principles

Condition: During transactional testing of the Highway Planning and Construction program, the independent auditor noted the following:

- 21 out of 60 transactions had no support provided.
- 21 out of 60 transactions tested were not given consistent treatment and were not adequately documented.
- 6 out of 39 where support was provided did not have proper documentation of approval prior to payment.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that all records be maintained and filed in a way that allows them to be located and reviewed at any point in time.

Identified Questioned Costs: \$11,089

Finding 2 of 5

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program

Finding Number: 2019-003⁸ [**Repeat Finding:** 2018-006]

Compliance Requirement: Equipment and real property management

Condition: The independent auditor noted that:

1. Management has not implemented an effective internal control system.

⁷ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Program.

⁸ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Program.

2. Property records were not maintained in FY 2019.
3. A physical inventory was not taken in 2018 or 2019.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. In addition, the independent auditor recommended that the physical inventory is taken and that the results are reconciled with the property records at least once every two years.

Finding 3 of 5

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program.

Finding Number: 2019-004⁹ [**Repeat Finding:** 2018-005, 2018-007]

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor noted that for 15 of 15 samples, it could not be determined that the Tribe followed their procurement policy to ensure competitive bidding. The independent auditor also stated that for 2 of 2 samples, it could not be determined that the Tribe conducted a search for suspension and debarment prior to engaging in business with these vendors.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department conduct a training for staff to review the Department's procurement policies and procedures, and maintain all records in a way that allows them to be located and reviewed at any point in time.

Identified Questioned Costs: \$2,430,712

Finding 4 of 5

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program.

Finding Number: 2019-005¹⁰ [**Repeat Finding:** 2018-008]

Compliance Requirement: Reporting

Condition: The independent auditor stated that the Management has not implemented an effective internal control system for reporting. The independent auditor stated that the Department did not provide supporting documentation for reporting in FY 19 for annual voucher(s) (0 of 1 provided).

⁹ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Program.

¹⁰ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Program.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department's programs send the funding agency the required reports in a timely manner. In addition the independent auditor stated that the reports should be maintained and filed in a way that allows them to be located and reviewed at any point.

Finding 5 of 5

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program.

Finding Number: 2019-006¹¹ [**Repeat Finding:** 2018-009]

Compliance Requirement: Special tests and provisions

Condition: The independent auditor stated that the Management has not implemented an effective internal control system to ensure the special test requirements are being met for federal programs. In addition, the independent auditor noted that the Department did not provide any supporting documentation that special tests and provision requirements were being met for any of the major programs.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department maintain records in a way that allows them to be located and reviewed at any point in time.

¹¹ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Program.

Exhibit B. Government of the U.S. Virgin Islands, Charlotte Amalie, VI

Independent Auditor: BDO USA LLP

Report Date: June 30, 2021

Fiscal Year Ending: September 30, 2019

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and the Federal Transit Administration's (FTA) Federal Transit Cluster Program

Finding Number: 2019-0069¹² [**Repeat Finding:** 2018-074]

Compliance Requirement: Other

Condition: The independent auditor stated the Government did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended September 30, 2019.

Independent Auditor's Recommendation: The independent auditor recommended that the Government establish controls to ensure the reporting package is submitted to the FAC annually within the required timeframe.

¹² Caused a Qualified Opinion on FHWA's Highway Planning and Construction Program and FTA's Federal Transit Cluster Program.

Exhibit C. Three Affiliated Tribes, New Town, ND

Independent Auditor: Moss Adams LLP

Report Date: September 16, 2021

Fiscal Year Ending: September 30, 2018

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program

Finding Number: 2018-005¹³ [**Repeat Finding:** 2017-007 and 2016-007]

Compliance Requirement: Equipment and real property management

Condition: The independent auditor stated that a physical inventory of equipment was not performed during fiscal year 2018 or in the prior two years. Although the Tribes performed a Tribewide physical inventory subsequent to yearend, the independent auditor noted that there were no controls in place to ensure the inventory records are agreed to the capital assets ledger. Additionally, the independent auditor stated that the tribes did not complete the process to reconcile capital assets for financial statements purposes and could not provide us a detailed capital asset listing by funding source. A few of the programs performed their own inventory, but the independent auditor could not determine that the inventory lists were complete, as the independent auditor could not reconcile them to accounting records for capital assets.

Independent Auditor's Recommendation: The independent auditor stated that a physical inventory should be conducted and reconciled to the general ledger and the capital asset listing at least every two years. The independent auditor noted that the inventory records should include a description of the property; a serial number or other identification number; the source of funding for the property; who holds the title; the acquisition date and cost of the property; percentage of federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data including the date of disposal and sale prices of the property.

Finding 2 of 4

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program

Finding Number: 2018-018¹⁴

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor stated that the program has contracted with a vendor to complete construction on Bureau of Indian Affairs (BIA) roads located on the Tribes' reservation. The independent auditor also noted that the program incurred \$3,318,815 in expenditures

¹³ Caused an Adverse Opinion on the Highway Planning and Construction Cluster Major Federal Program.

¹⁴ Caused an Adverse Opinion on the Highway Planning and Construction Cluster Major Federal Program.

during fiscal year 2018 under this contract and the total contract amount was \$3,192,399. The independent auditor also stated that the Tribes did not publish a Request for Proposal, complete bidding procedures, document sole source justification, or verify that the contracted vendor was not suspended or debarred. The independent auditor noted that it appeared that the contract was otherwise expended for allowable costs and activities.

Independent Auditor's Recommendation: The independent auditor recommended that the Tribes should implement a process to ensure that the grant contracts with funding agencies follow approved authorization procedures. Additionally, the independent auditor recommended that the Tribes should implement stronger controls to ensure all procurements adhere to the Tribes' procurement policies and procedures, including appropriate bidding or sole source justification and review of vendor suspension and debarment.

Finding 3 of 4

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program

Finding Number: 2018-019¹⁵

Compliance Requirement: Reporting

Condition: The independent auditor stated that there was no evidence available that the required reports were submitted to the federal agency as required.

Independent Auditor's Recommendation: The independent auditor recommended that the Tribes should implement a process to ensure that the grant contracts with funding agencies follow approved authorization procedures. Additionally, the independent auditor recommended that the Tribes should improve the controls over the reporting function, which includes the documentation, review, and approval of all required reports prior to submission.

Finding 4 of 4

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program

Finding Number: 2018-020¹⁶

Compliance Requirement: Special tests and provisions

Condition: The independent auditor stated that the vendor contract reviewed did not include the language requiring the contractor to comply with the Davis-Bacon Act and prevailing wage requirement. As a result, the Tribes did not obtain the required certified payroll reports from the contractor.

Recommendation: The independent auditor recommended that the Tribes should implement a process to ensure that the grant contracts with funding agencies follow approved authorization

¹⁵ Caused an Adverse Opinion on the Highway Planning and Construction Cluster Major Federal Program.

¹⁶ Caused an Adverse Opinion on the Highway Planning and Construction Cluster Major Federal Program.

procedures. Additionally, the independent auditor recommended that the training is needed to ensure that the Tribes' staff better understand key federal regulations, including the Davis-Bacon Act. The independent auditor also recommended that the Tribes should implement and enforce policies requiring the obtaining and retaining of certified weekly payroll reports on a timely basis for all applicable contractors and subcontractors.

Exhibit D. County of Milwaukee, Milwaukee, WI

Independent Auditor: Coleman & Williams LTD

Report Date: July 21, 2021

Fiscal Year Ending: December 31, 2020

Applicable DOT Operating Administration and Programs: Federal Aviation Administration's (FAA) Airport Improvement Program, COVID-19 Funding for Pandemic Relief Program; FHWA's Highway Planning and Construction Cluster Program; FTA's Federal Transit Cluster Program, COVID-19 Milwaukee County CARES Act Grant

Finding Number: 2020-001 [**Repeat Finding:** 2019-001]

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor stated that the Department of Transportation (DOT) has a formal written procurement policy in place but it has not been updated to comply with some provisions of the Uniform Guidance as follows:

- CFR 200.320 - The procurement policy needs to be updated for procurement procedures involved in procurement procedures for micro-purchases and the acquisition of supplies and services not exceeding \$3,000 (or \$2,000 in the case of construction) and small purchases securing services, supplies and other property that do not cost more than the simplified acquisition threshold of \$150,000.
- CFR 200.318C - The procurement policy needs to include written standards of conduct that provide for disciplinary actions to be applied for violations of conflict of interest and governing actions standards by officers, employees, or agents of the non-Federal entity engaged in the selection, award and administration of contracts and any employee, officer, or agent that has solicited and/or accepted gratuities, favors, or anything of monetary value from contractors or parties to subcontracts.
- CFR 200.323 - For awards exceeding the simplified acquisition threshold of \$150,000, the procurement policy needs to be updated to indicate that a cost analysis and technical evaluation must be completed prior to awarding the award showing the most advantageous choice to the recipient, with price and other factors considered. Recipients must identify their evaluation factors and indicate the relative importance that each has towards the award.

Independent Auditor's Recommendation: The independent auditor recommended that the DOT update its procurement policy to conform with the Uniform Guidance and monitors changes in Uniform Guidance make updates when necessary, to ensure its procurement policies and procedures are up to date.

Exhibit E. Borough of Pottstown, Pottstown, PA

Independent Auditor: Maillie, LLP

Report Date: September 27, 2021

Fiscal Year Ending: December 31, 2020

Applicable DOT Operating Administration and Programs: FTA's Federal Transit Grants Program

Finding Number: 2020-002¹⁷

Compliance Requirement: Other

Condition: The independent auditor stated that the Borough of Pottstown does not have policies and procedures in place to accurately and completely account for federally funded activities separately from non-federally funded activities in their financial management system.

Independent Auditor's Recommendation: The independent auditor recommended that the Borough institute a chart of accounts and journal entry templates that allow separate identification within the accounts for each federal grant award received and expended.

¹⁷ Caused a Qualified Opinion on FTA's Federal Transit Grants Program.

Exhibit F. Yankton Sioux Tribe, Wagner, SD

Independent Auditor: Wohlenberg Ritzman & CO., LLC

Report Date: October 18, 2021

Fiscal Year Ending: September 30, 2021

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Program

Finding Number: 2019-005¹⁸ [**Repeat Finding:** 2008-007, 2015-004, 2016-003, 2017-005, and 2018-004]

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor stated that of the two transactions tested for procurement, no proof of a search for suspended and debarred vendors was provided.

Independent Auditor's Recommendation: The independent auditor recommended that the Governmental Departments follow established procurement policies and procedures to minimize any unauthorized or unallowable purchases.

Finding 2 of 4

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Program

Finding Number: 2019-006¹⁹ [**Repeat Finding:** 2014-004, 2015-008, 2017-006, and 2018-005]

Compliance Requirement: Reporting

Condition: The independent auditor stated that the Governmental Departments' audited financial statements were not submitted to the Federal Clearinghouse by the extended due date of December 31, 2020. Furthermore, while the independent auditor performed testing, they were unable to obtain copies of filed federal financial reports to reconcile to the general ledger, or to confirm timely filing.

Independent Auditor's Recommendation: The independent auditor recommended that the Governmental Departments become familiar with reporting requirements for each award and implement procedures to ensure reports submitted are completed timely and accurately. The independent auditor further recommended that the Governmental Departments establish procedures to ensure submission of the data collection form and reporting package to federal audit clearinghouse within nine months after end the of the audit period.

Finding 3 of 4

¹⁸ Caused an Adverse Opinion on FHWA's Highway Planning and Construction Program.

¹⁹ Caused an Adverse Opinion on FHWA's Highway Planning and Construction Program.

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Program

Finding Number: 2019-007²⁰

Compliance Requirement: Other

Condition: The independent auditor stated that during fiscal year 2019, the Tribe did not have sufficient controls to ensure the Schedule of Expenditures of Federal Awards (SEFA) accurately reflected each award's federal expenses. The independent auditor stated that there were differences noted in reconciling expenditures from the original SEFA to the trial balance, and it was discovered that certain adjustments for grants receivable, unearned revenues and grant revenue had not been made to properly reported total federal expenditures. These errors were reconciled and corrected as part of the audit process and the final version of the SEFA is supported by grant documents and the Tribe's general ledger detail to ensure accurate reporting.

Independent Auditor's Recommendation: The independent auditor recommended that the Tribe develop and implement a review process to ensure compliance with SEFA reporting requirements as outlined in Uniform Guidance. The independent auditor also recommended that these processes and controls should include reconciling SEFA federal expenses to the current year general ledger expenses and reviewing other grant related information to ensure accuracy.

Finding 4 of 4

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Program

Finding Number: 2019-008²¹ [**Repeat Finding:** 2018-006]

Compliance Requirement: Allowable Costs/Cost Principles

Condition: During the independent auditor's review of internal controls related to the major programs listed, a total of 40 disbursements for each major program were tested, resulting in a combined review of 120 disbursements. Of the 120 items selected for testing, the independent auditor stated that 61 transactions had no backup provided. During the testing of wage rate requirements for Highway Planning & Construction, the independent auditor stated that no documentation was provided. Of the 19 payroll files tested, the independent auditor stated that pay rate on the check did not match the pay rate on the employee action form.

Independent Auditor's Recommendation: The independent auditor recommended that the Governmental Departments utilize an approval form to accurately document expenses and that the general ledger coding agree with the coding used in the accounting software. Additionally, the independent auditor recommended that Governmental Departments

²⁰ Caused an Adverse Opinion on FHWA's Highway Planning and Construction Program.

²¹ Caused an Adverse Opinion on FHWA's Highway Planning and Construction Program.

employees indicate their review and approval for all transactions to ensure they are properly authorized and allocable to the federal program, including payroll.

Exhibit G. Native Village of Kwinhagak, Quinhagak, AK

Independent Auditor: NewHouse & Vogler, CPAS

Report Date: November 12, 2021

Fiscal Year Ending: June 30, 2020

Applicable DOT Operating Administration and Programs: FHWA's Indian Reservation Roads, Planning and Maintenance Program

Finding Number: 2020-002²²

Compliance Requirement: Reporting

Condition: The independent auditor stated that the Tribe did not submit its federal single audit reports within the 12 (9-month period requirement of year end plus the 3 month COVID-19 extension).

Independent Auditor's Recommendation: The independent auditor recommended that the Village devote the necessary resources to submit all required grant reports and ensure the audit is completed within nine months of year end.

²² Caused a Qualified Opinion on FHWA's Indian Reservation Roads-Planning and Maintenance Program

Exhibit H. Lewis County, Chehalis, WA

Independent Auditor: Office of the Washington State Auditor

Report Date: December 23, 2021

Fiscal Year Ending: December 31, 2020

Applicable DOT Operating Administration and Programs: FAA's COVID-19 Airport Improvement Program

Finding Number: 2020-001

Compliance Requirement: Activities allowed or unallowed; Allowable costs/cost principles

Condition: The independent auditor stated that the county had adequate internal controls for ensuring it materially complied with allowable cost requirements. However, the County must ensure all expenditures it claims for reimbursement under each federal award are incurred within the period stated in the grant agreement. For this award, the County's agreement specified that all expenditures it claimed for reimbursement must have been incurred on or after January 20, 2020. The independent auditor also stated that the county requested and received reimbursement for expenditures incurred on August 21, 2018, which was before the period stated in the agreement. This issue was not reported as a finding in the prior audit.

Independent Auditor's Recommendation: The independent auditor recommended that the County ensure it complies with all terms stated in its grant agreements, including the allowable period for incurring expenditures, before submitting expenditures for reimbursement.

Identified Questioned Costs: \$50,000

Exhibit I. New Mexico Department of Transportation, Santa FE, NM

Independent Auditor: REDW, LLC

Report Date: November 8, 2021

Fiscal Year Ending: June 30, 2021

Applicable DOT Operating Administration and Programs: National Highway Traffic Safety Administration's Highway Safety Cluster Program

Finding Number: 2021-001

Compliance Requirement: Reporting

Condition: The independent auditor stated that at June 30, 2021, the Department had 10 first-tier sub awards of \$30,000 or more, which incurred approximately \$1,968,015 of expenditures during fiscal year 2021, that had not been reported in the Federal Funding Accountability and Transparency Act Sub award Reporting System (FSRS).

Independent Auditor's Recommendation: The independent auditor recommended that the department should develop and implement policies and procedures to ensure compliance with Federal Funding Accountability and Transparency Act (FFATA) reporting requirements for all first-tier sub awards over \$30,000.

Exhibit J. Crow Tribes of Indians, Crow Agency, MT

Independent Auditor: Stauffer & Associates PLLC

Report Date: December 10, 2021

Fiscal Year Ending: September 30, 2019

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-011²³ [**Repeat Finding:** 2018-003]

Compliance Requirement: Activities allowed or unallowed; Allowable costs/cost principles

Condition: For FHWA's Highway Planning and Construction Cluster program, the independent auditor stated that during transactional testing the following were noted:

- 60 out of 60 transactions had no support provided. Additionally, 1 out of 1 individually important items had no support provided.
- These 60 out of 60 transactions and 2 out of 2 individually important items tested were not given consistent treatment and were not adequately documented

For FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance program, the independent auditor stated that during transactional testing the following were noted:

- 60 out of 60 transactions had no support provided. Additionally, 1 out of 1 individually important items had no support provided.
- These 60 out of 60 transactions, and 1 out of 1 individually important items tested were not given consistent treatment and were not adequately documented.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended all records be maintained and filed in a way that allows them to be located and reviewed at any point in time.

Identified Questioned Costs: \$345,326

²³ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

Finding 2 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-012²⁴ [**Repeat Finding:** 2018-004]

Compliance Requirement: Cash Management

Condition: The independent auditor stated that the Management has not implemented an effective internal control system. In addition, the independent auditor stated that the Department could not provide support for advanced funds or the reimbursement payment method of any of the major program. Thus, the independent auditor noted that the Department is not in compliance since no support could be provided to show they are following cash management requirements.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that all records be maintained and filed in a way that allows them to be located and reviewed at any point in time.

Finding 3 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-014 ²⁵[**Repeat Finding:** 2018-006]

Compliance Requirement: Equipment and real property management

Condition: The independent auditor stated that:

1. Management has not implemented an effective internal control system.
2. Property records were not maintained in FY 2019.
3. A physical inventory was not taken in 2018 or 2019

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also

²⁴ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

²⁵ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

recommended that physical inventory is taken and that the results are reconciled with the property records at least once every 2 years.

Finding 4 of 9

Applicable DOT Operating Administration and Programs: FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-015²⁶ [**Repeat Finding:** 2018-007]

Compliance Requirement: Matching, level of effort, earmarking

Condition: The independent auditor stated that the management has not implemented an effective internal control system to ensure the matching and earmarking requirements are being met. In addition, the independent auditor noted that the Department did not provide any support that they are tracking matching or earmarking requirements.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department follow Uniform Guidance matching and earmarking compliance requirements and keep adequate supporting documentation.

Finding 5 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-016²⁷ [**Repeat Finding:** 2018-008]

Compliance Requirement: Period of Performance

Condition: The independent auditor stated that the management has not implemented an effective internal control system. In addition, the independent auditor noted that the Department could not provide any support that they are tracking period of performance for the major programs.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended all records be maintained and filed in a way that allows them to be located and reviewed at any point in time. In addition, the independent auditor also recommended that the Department track expenditures for major programs so they are not being expended outside of the period of performance.

²⁶ Caused a Disclaimed Opinion on FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

²⁷ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

Finding 6 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-017²⁸ [**Repeat Finding:** 2018-009]

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor stated that:

1. Management has not implemented an effective internal control system to ensure procurement, suspension and debarment requirements are being met.
2. The Tribe could not provide proper bidding support or supporting documentation that they were following their procurement policies for any of the major programs.
3. The Tribe could not provide supporting documentation that vendors were checked for suspension and debarment before contracting with them for any of the major programs.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department conduct a training for staff to review the Department's procurement policies and procedures, and maintain all records in a way that allows them to be located and reviewed at any point in time.

Identified Questioned Costs: \$203,962

- Procurement: \$45,177 in FHWA's Highway Planning and Construction Cluster, and \$31,248 in FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.
- Suspension and Debarment: \$45,177 in FHWA's Highway Planning and Construction Cluster, and \$82,360 in FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

Finding 7 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-018²⁹ [**Repeat Finding:** 2018-010]

²⁸ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

²⁹ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

Compliance Requirement: Reporting

Condition: The independent auditor stated that the management has not implemented an effective internal control system for reporting. The independent auditor also noted that the Department did not provide supporting documentation for any required reports in FY 2019.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department's programs send the funding agency the required reports in a timely manner.

Finding 8 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-019³⁰ [Repeat Finding: 2018-011]

Compliance Requirement: Special Tests and Provisions

Condition: The independent auditor stated that the management has not implemented an effective internal control system to ensure the special test requirements are being met for federal programs. In addition, the independent auditor noted that the Department did not provide any supporting documentation that special tests and provision requirements were being met for any of the major programs.

Independent Auditor's Recommendation: The independent auditor recommended that the Department use the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance. The independent auditor also recommended that the Department maintain records in a way that allows them to be located and reviewed at any point in time.

Finding 9 of 9

Applicable DOT Operating Administration and Programs: FHWA's Highway Planning and Construction Cluster Program; and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program

Finding Number: 2019-020³¹ [Repeat Finding: 2018-012]

Compliance Requirement: Activities allowed or unallowed; Allowable costs/cost principles

Condition: The independent auditor stated that the Tribe's cash balance is not sufficient to cover the unearned revenue balances.

³⁰ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

³¹ Caused a Disclaimed Opinion on FHWA's Highway Planning and Construction Cluster Program and FTA's TTP Road Maintenance 25%/Transit Planning and Maintenance Program.

Independent Auditor's Recommendation: The independent auditor recommended that the Department pursue other means to increase its cash balance.

Identified Questioned Costs: \$2,204,674

Exhibit K. Regional Transportation Authority, Nashville, TN

Independent Auditor: Crosslin, PLLC

Report Date: November 23, 2021

Fiscal Year Ending: June 30, 2021

Applicable DOT Operating Administration and Programs: FTA's Federal Transit Cluster Program

Finding Number: 2021-001

Compliance Requirement: Activities Allowed or Unallowed

Condition: The independent auditor stated that the Authority charged fare collection equipment toward the grant. The independent auditor also noted that the fare collection equipment is not an allowable cost.

Independent Auditor's Recommendation: The independent auditor did not cite the recommendation on the single audit report for fiscal year ending June, 30, 2021.

Identified Questioned Costs: \$151,448

Exhibit L. City of Santa Fe, Santa Fe, NM

Independent Auditor: CliftonLarsonAllen LLP

Report Date: September 21, 2021

Fiscal Year Ending: June 30, 2020

Applicable DOT Operating Administration and Programs: FAA's Airport Improvement Program

Finding Number: 2020-014 [**Repeat Finding:** 2019-011]

Compliance Requirement: Cash Management

Condition: During the testing, the independent auditor noted the City did not offset or return funds for a duplicate payment to the City in the previous year.

Independent Auditor's Recommendation: The independent auditor recommended that the City contact the Federal funding agency for directive on returning the funds. The independent auditor recommended that the City should maintain any supporting documentation related to the matter in the applicable grant folder.

Identified Questioned Costs: \$12,669

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