Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending March 31, 2022
What We Looked At
We queried and downloaded 60 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between January 1, 2022, and March 31, 2022, 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 eight grantees that require prompt action from DOT’s Operating Administrations (OA). The auditors also identified questioned costs totaling $3,534,794 for three grantees. Of this amount, $3,459,757 was related to the Sangamon Mass Transit District and $24,763 related to the COVID-19 Airport Improvement Program for the Commonwealth Ports Authority of the Northern Mariana Islands.

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 $3,534,794, if applicable.
Memorandum

Date: May 18, 2022

Subject: ACTION: Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 3-Month Period Ending March 31, 2022 | Report No. SA2022029

From: Dormayne “Dory” Dillard-Christian
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 audit\(^1\) 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, non-Federal auditors have issued an average of 317 single audit reports. 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 significant findings related to programs directly funded by DOT, we downloaded 60 single audit reports that were prepared by independent auditors and submitted to the Federal Audit Clearinghouse\(^3\) between January 1, 2022, and March 31, 2022. Of these reports, we reviewed 60 single audit findings and

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\(^2\) 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/](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 13 significant findings\(^4\) (22 percent). The auditors reported significant noncompliance with Federal guidelines related to eight grantees that require prompt action from DOT’s Operating Administrations (OA). The auditors also identified questioned costs totaling $3,534,794 for three grantees. Of this amount, $3,459,757 was related to the Sangamon Mass Transit District and $24,763 related to the COVID-19 Airport Improvement Program for the Commonwealth Ports Authority of the Northern Mariana Islands. 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 $3,534,794, if applicable.

See exhibits A through H 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 resolve\(^6\) 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.

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<th>Non-Federal Entities and End Dates of Audited Fiscal Years</th>
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| Commonwealth Ports Authority of the Northern Mariana Islands, Saipan, MP, September 30, 2020 | Deloitte & Touche LLC | a. Equipment and real property management  
b. Allowable costs/cost principles | a. 2020-003*  
b. 2020-005** | a. $0  
b. $24,763 | A |
| Southern California Regional Rail Authority/Metrolink, Los Angeles, CA, June 30, 2021 | Eide Bailly LLP | Procurement and suspension and debarment | 2021-001 | No questioned costs identified | B |
| Chippewa Cree Tribe, Box Elder, MT, September 30, 2020 | Stauffer & Associates PLLC | a. Equipment and real property management  
b. Procurement and suspension and debarment | a. 2020-002  
b. 2020-003 | a. Not applicable  
b. $50,274 | C |
<p>| Bi-State Development Agency of the Missouri-Illinois Metropolitan District, St. Louis, MO, June 30, 2021 | RubinBrown, LLP | Procurement and suspension and debarment | 2021-002 | N/A | D |
| King County, Seattle, WA, December 31, 2020 | Office of the Washington State Auditor | Special tests and provisions | 2020-004 | N/A | E |
| Sangamon Mass Transit District, Springfield, IL, June 30, 2021 | SIKICH LLP | Cash management | 2021-002 | $3,459,757 | F |</p>
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<td>a. Subrecipient monitoring</td>
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<td>b. Special tests and provisions</td>
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\(^a\) The 2021 Compliance Supplement identifies and describes the 12 types of compliance requirements. 2 CFR Part 200, Appendix XI, Part 3 (July 2021).

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

*Repeat finding.

**Related to COVID-19 funding.

Source: OIG analysis
Exhibit A. Commonwealth Ports Authority of the Northern Mariana Islands, Saipan, MP

Independent Auditor: Deloitte & Touche LLC

Report Date: December 13, 2021

Fiscal Year Ending: September 30, 2020

Applicable DOT Operating Administration and Program: Federal Aviation Administration’s (FAA) Airport Improvement Program


Compliance Requirement: Equipment and real property management

Condition: The independent auditor stated the following for Federal Capital Assets:

1. Commonwealth Ports Authority (CPA) conducted a capital assets inventory during fiscal year 2020; however, only a partial reconciliation was performed. Total fixed asset additions capitalized and related to CPA’s major program amounted to $0, $8,222,248, $0, $6,476,899, $5,294,765 and $0 during fiscal years 2020, 2019, 2018, 2017, 2016 and 2015, respectively.

2. The capital assets schedule did not include the federal award identification number, who holds title, percentage of federal participation, location, use and condition of the assets. Of sixty items (or 46%) tested of a total population of one hundred and thirty FAA-funded capital assets, we noted deficiencies, as follows:

3. Three items (or 7%) have been replaced; as such, the assets should have been written-off.

4. The independent auditor were unable to determine the existence of four (or 7%) as the capital asset subledger lacked a sufficient description to specifically identify the asset.

5. One item (or 2%) could not be verified against pictures provided as the asset detail report lacks a sufficient description.

6. Eight items (or 13%) have been replaced or decommissioned; as such, the assets should have been written-off.

7. For one item (or 2%), the asset system number 60 was disposed of during FY2020, but was included in the FAA fixed asset listing of September 30, 2020.

The independent auditor stated the following for Non-Federal Capital Assets, during the tests of other capital assets:

7 Caused a Qualified Opinion on FAA’s Airport Improvement Program.

Exhibit A. Commonwealth Ports Authority of the Northern Mariana Islands, Saipan, MP
8. Three expense items were improperly capitalized. Management did not consider the amounts sufficiently material to the financial statements to warrant an adjustment.

9. For one asset, the independent auditor was unable to determine physical existence as the subledger lacked sufficient description (e.g., tag number or serial number) to match the asset to the fixed asset detail.

10. For fourteen assets, the independent auditor was unable to determine physical existence as the independent auditor was advised that the asset had either been disposed of, replaced or damaged. At September 30, 2020, the assets were included in the fixed asset subledger.

11. The assets are not functional; however, the assets have not been decommissioned.

12. Nine decommissioned assets were included in the fixed asset subledger.

13. For three assets, the location per the subledger did not agree to the location where the item was sighted.

14. For six assets, the description comprises numerous units; however, the independent auditor was not able to verify physical existence of these units as they have been decommissioned. The independent auditor was not provided with the decommissioning documents.

15. For system no. 1413, eight air-conditioning units were added in FY2020 as fixed assets to replace the old eight units; however, the decommissioning documents for the old units were not provided.

16. System no. 1436 was added as a fixed asset in April 2020, while the final project was accepted and the final billing was paid in December 2019.

17. Accumulated depreciation was understated as the accumulated depreciation was reduced equivalent to the acquisition cost of disposed assets even though it was not fully depreciated. This was corrected through a proposed audit adjustment.

18. The independent auditor was unable to determine the existence of the following as the asset could not be sighted due to inaccessibility.

Recommendation: The independent auditor recommended that the CPA should adhere to property management requirements such as performing monitoring activities to ascertain that the results of the annual physical inventory reconcile to the property records and that sufficient details are included in the capital assets subledger to specifically identify individual assets.

Finding 2 of 2

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

Finding Number: 2020-005

Compliance Requirement: Allowable costs/cost principles

Exhibit A. Commonwealth Ports Authority of the Northern Mariana Islands, Saipan, MP
**Condition:** The independent auditor stated that of twenty-five samples tested, totaling $3,609,993 of a total population of $11,114,508, the following were noted:

1. For one (or 4%), rental costs for decorative potted plants totaling $1,500 under AP-002935 dated 09/30/2020 were charged under the grant and is not a permitted use of airport revenues.

2. For one (or 4%), utility costs of $88,640 under AP-002922 dated 08/31/2020 were charged to the grant at 100% when only 74% appears allowable.

**Recommendation:** The independent auditor recommended that the CPA should adhere to allowable costs/cost principles requirements and should confirm that costs charged to the Program are in compliance with the terms and conditions of the Federal award.

**Identified Questioned Costs:** $24,763
Exhibit B. Southern California Regional Rail Authority/Metrolink, Los Angeles, CA

Independent Auditor: Eide Bailly LLP

Report Date: December 21, 2021

Fiscal Year Ending: June 30, 2021

Applicable DOT Operating Administration and Program: Federal Transit Administration’s (FTA) Federal Transit Cluster Program

Finding Number: 2021-001

Compliance Requirement: Procurement and suspension and debarment

Condition: During the testing of Southern California Regional Rail Authority’s (SCRRA) provisions for procurement requirements, the independent auditor noted two (2) contracts of the sample of forty (40) selected for testing where there was no evidence that SCRRRA verified the vendor was not suspended or debarred or otherwise excluded from participating in the transaction, prior to entering the contract, in accordance with SCRRRA’s policy.

Recommendation: The independent auditor recommended that SCRRRA adhere to their procurement procedures requiring the suspension or debarment verification is performed prior to entering into a covered transaction.
Exhibit C. Chippewa Cree Tribe, Box Elder, MT

Independent Auditor: Stauffer & Associates PLLC

Report Date: December 29, 2021

Fiscal Year Ending: September 30, 2020

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

Finding Number: 2020-002

Compliance Requirement: Equipment and real property management

Condition: During the audit, the independent auditor noted that a physical inventory of the Tribe’s fixed assets had not been taken and reconciled with underlying property records and the general ledger within the last two years.

Recommendation: The independent auditor recommended that a physical inventory of asset be taken at least every two years as required by federal regulations. The physical inventory count should be performed by staff of the program and reviewed/approved by management.

Finding 2 of 2

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

Finding Number: 2020-003

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor noted that the Tribe could not provide supporting documentation of the bidding process for 2 out of 2 transactions tested.

Recommendation: The independent auditor recommended that the Tribe more consistently follow the established internal controls and reiterate the importance of the controls to their staff members and adhere to the procurement compliance requirements.

Identified Questioned Costs: $50,274

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8 Caused a Qualified Opinion on FHWA’s Highway Planning and Construction Program.
Exhibit D. Bi-State Development Agency of the Missouri-Illinois Metropolitan District, St. Louis, MO

Independent Auditor: RubinBrown, LLP

Report Date: December 1, 2021

Fiscal Year Ending: June 30, 2021

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

Finding Number: 2021-002

Compliance Requirement: Procurement and suspension and debarment

Condition: The independent auditor stated that prior to the execution of a contract, management should verify that the contractor has not been suspended or debarred.

Recommendation: The independent auditor recommended that management should review its processes and controls surrounding applicable compliance requirements to improve the existing system such that it will ensure compliance with the requirements.
Exhibit E. King County, Seattle, WA

**Independent Auditor:** Office of the Washington State Auditor  
**Report Date:** February 17, 2022  
**Fiscal Year Ending:** December 31, 2020  
**Applicable DOT Operating Administration and Program:** FAA’s Airport Improvement Program  
**Finding Number:** 2020-004  
**Compliance Requirement:** Special tests and provisions

**Condition:** The state auditor stated that in 2020, the County spent $7.9 million in Airport Improvement Program (AIP) funds. From this award, the County paid over $1 million for one construction project that is subject to prevailing wage rate requirements. The state auditor also stated that the County had a process for collecting the weekly certified payroll reports from the prime contractor, but it did not have a process in place for collecting these reports from the subcontractor that worked on this federally funded project. The state auditor considered this internal control deficiency to be a material weakness, which led to material noncompliance.

**Recommendation:** The state auditor recommended that the County strengthen its internal controls to ensure compliance with the Davis-Bacon Act’s prevailing wage rate requirements. Specifically, the state auditor recommended that the County establish and follow procedures for collecting all weekly certified payroll reports from its subcontractors in a timely manner. Additionally, the state auditor recommended that the County adequately train staff on federal grant requirements.
Exhibit F. Sangamon Mass Transit District, Springfield, IL

**Independent Auditor:** SIKICH LLP

**Report Date:** February 1, 2022

**Fiscal Year Ending:** June 30, 2021

**Applicable DOT Operating Administration and Program:** FTA’s Federal Transit Cluster Program

**Finding Number:** 2021-002

**Compliance Requirement:** Cash Management

**Condition:** When testing award reimbursements, the independent auditor noted that three different federal grants (IL-2020-0021-01, IL-2020-030-01, and IL-2016-004-02) requested reimbursement prior to paying expenses incurred.

**Recommendation:** The independent auditor recommended that the management review grant agreements to ensure appropriate timing for reimbursement of federal awards.

**Identified Questioned Costs:** $3,459,757
Exhibit G. Dallas Area Rapid Transit, Dallas, TX

Independent Auditor: Crowe LLP
Report Date: February 22, 2022
Fiscal Year Ending: September 30, 2021
Applicable DOT Operating Administration and Program: Federal Railroad Administration's (FRA) Consolidated Rail Infrastructure and Safety Improvement Program (CRISI)
Finding Number: 2021-001

Compliance Requirement: Subrecipient monitoring

Condition: The independent auditor stated that the Dallas Area Rapid Transit (DART) partnered with another transportation authority in the application of the CRISI grant to fund a joint venture project. DART was ultimately the recipient of the award from the federal agency. The independent auditor noted that the management utilized the existing Interlocal Agreement with the transportation authority to govern the management and execution of the award, however the Interlocal Agreement did not include the federal award provisions described in 2 CFR 200.331(a) or grant-specific information required for subawards to subrecipients. The independent auditor noted that management could not provide evidence that the financial statements and single audits of the transportation authority were reviewed.

Recommendation: The independent auditor recommended that DART modify and/or strengthen its policies and procedures to ensure that subrecipients are properly identified under each federal program and all required award information is clearly communicated to subrecipients at the time of subaward. The independent auditor also recommended that the subrecipients should be monitored in accordance with management’s policy, including documented review of their single audit reports.

Finding 2 of 3:

Applicable DOT Operating Administration and Program: FRA's Consolidated Rail Infrastructure and Safety Improvement Program
Finding Number: 2021-002

Compliance Requirement: Reporting

Condition: The independent auditor stated that the subaward information was not reported in Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) in accordance with the Transparency Act. The independent auditor also stated that the two quarterly Federal Financial Reports (FFRs) and two quarterly progress reports selected for testing did not have documented evidence of supervisory review prior to submission to the federal

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9 Caused a Qualified Opinion on FRA's Consolidated Rail Infrastructure and Safety Improvement Program.
10 Caused a Qualified Opinion on FRA's Consolidated Rail Infrastructure and Safety Improvement Program.
awarding agency. The independent auditor also stated that effective internal controls over preparation of financial and progress reports could not be corroborated or did not occur.

**Recommendation:** The independent auditor recommended that DART modify and/or strengthen its policies and procedures to ensure that subrecipients are properly identified under each federal program. The independent auditor also recommended that the DART's policies should include the requirements of the Transparency Act to ensure the required information is reported accurately and timely to the FSRS. The independent auditor also recommended that procedures for reporting financial and performance information to federal awarding agencies require preparation and review by independent individuals and that evidence of the review is documented and maintained.

**Finding 3 of 3:**

**Applicable DOT Operating Administration and Program:** FRA's Consolidated Rail Infrastructure and Safety Improvement Program

**Finding Number:** 2021-003

**Compliance Requirement:** Cash Management

**Condition:** The independent auditor stated that one (1) of two (2) reimbursement requests selected for testing was initiated and reimbursed to DART prior to the invoice being paid by DART. The reimbursement, which related to a payment to a subrecipient, was received by DART on September 28, 2021. The payment was made to the subrecipient on December 15, 2021.

**Recommendation:** The independent auditor recommended that management modify or improve its policies over cash management to ensure that all expenditures under federal awards have been incurred and paid by DART prior to the request for reimbursement.
Exhibit H. Mashpee Wampanoag Tribe, Mashpee, MA

Independent Auditor: Walker & Armstrong LLP

Report Date: March 10, 2022

Fiscal Year Ending: December 31, 2019

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


Compliance Requirement: Reporting

Condition: The independent auditor stated that for the Highway Planning and Construction Grant, none of the quarterly financial (SF 269A) and narrative reports were submitted.

Recommendation: The independent auditor recommended that the Department improve controls over grant reporting that includes a process that identifies reporting requirements and monitors timely grant reporting. The independent auditor also recommended that the system of control should include evaluating and documenting the reporting requirements of each grant and, assignment of both the employees responsible for preparation of the grant reports and a secondary employee assignment for overall monitoring of the timeliness of all grant reports.

Finding 2 of 2:

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


Compliance Requirement: Special tests and provisions

Condition: The independent auditor stated that the Department’s internal control over financial reporting was insufficient to provide the level of assurance on compliance necessary to demonstrate compliance with the Federal awards

Recommendation: The independent auditor recommended that the Department implement the following:

1. Department perform a biennial inventory of its capital assets and reconcile the results of the observation to the capital asset listing.

2. Department continue to update its accounting policies and procedures manual and adhere to the provisions of the manual. In addition, the Department develop standard operating

11 Caused a Qualified Opinion on FHWA’s Highway Planning and Construction Program.
12 Caused a Qualified Opinion on FHWA’s Highway Planning and Construction Program.
procedures for individual accounting positions. The independent auditor stated that in doing
so will enhance job accountability and provide guidance to new employees in the event of
turnover.

3. Department retain personnel records supporting the amounts paid to employees. The
employees use current timecards with the correct departments listed. In addition, the
Department segregate the duties of processing payroll and managing payroll information.
The management must review payroll registers prior to processing and recording payroll in
the general ledger.

4. Department employee receiving the cash and preparing the deposit form sign the form as
preparer prior to bringing the cash to the finance department. The receiving employee in the
finance department should count and verify the total receipt amount and sign the deposit
form.

5. Department develop, implement and adhere to an information security policy. In addition,
the independent auditor recommended adopting a hardware and software change
management policy. Also, the IT department be notified of user changes so that access
rights can be modified accordingly. Furthermore user access rights be periodically evaluated
for appropriateness. The Department maintain a detailed listing of computer equipment and
that the listing be reconciled to a periodic physical observation.

6. Department devote significant additional resources to reconciling the Department’s and its
component units accounting records. The independent auditor recommended timely
recording of inter-entity balances affecting the Department.
U.S. Department of Transportation
Office of Inspector General

Fraud & Safety Hotline

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