



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION**: Quality Control Review on  
the Single Audit of the Potomac and  
Rappahannock Transportation Commission,  
Woodbridge, VA  
Report No. QC-2016-118

Date: September 21, 2016

From: George E. Banks, IV  
Program Director for Single Audit

Reply to  
Attn. of: JA-20

To: Regional Administrator, FTA, Region 3

The U. S. Department of Transportation (DOT) is the oversight Federal single audit agency for the Potomac and Rappahannock Transportation Commission (PRTC), Woodbridge, VA. This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of PRTC that PBMares, LLP performed for PRTC's fiscal year ended June 30, 2015. During this period, PRTC expended approximately \$37 million from DOT grant programs. PBMares determined that DOT's major program 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.

PBMares rendered an unmodified opinion on PRTC's financial statements and compliance with DOT's major program requirements and did not question any costs.<sup>1</sup>

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<sup>1</sup> A copy of PBMares, LLP's single audit report is available by request to [singleauditrequest@oig.dot.gov](mailto:singleauditrequest@oig.dot.gov).

## SCOPE

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

## RESULTS

Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Based on our QCR, we assigned an overall rating of ***pass with a deficiency*** to PBMares' work. Therefore, PBMares generally met the requirements of the Single Audit Act, OMB Circular A-133, and the Federal Transit Cluster. While we found nothing to indicate that PBMares' opinion on DOT's major program was inappropriate or unreliable, we found the following deficiency in PBMares' work that should be corrected in future audits:

**Compliance Testing - Reporting.** PBMares did not adequately document its compliance testing of the Federal Transit Cluster's reporting requirements in order to meet the audit objectives in the June 2015 OMB Compliance Supplement.

PBMares did not concur with the deficiency and our overall rating, did not provide any additional documentation for our consideration, and decided not to provide a written response to our QCR.

Furthermore, during our desk review of PRTC's fiscal year 2015 single audit reporting package submitted to the Federal Audit Clearinghouse (FAC), we identified the following items:

- On the Schedule of Expenditures of Federal Awards (SEFA), PRTC did not list by program or subtotal the Federal Transit Cluster and its components.
- In the Notes to the SEFA, a note on the Cluster of programs did not identify the State of Good Repair Grants Program as part of the Federal Transit Cluster.
- On the Schedule of Findings and Questioned Cost (SFQC), PBMares did not identify the State of Good Repair Grants Program as part of the Federal Transit Cluster.
- On the Data Collection Form (DCF), Federal awards tab, PBMares did not extend its unmodified opinion to the State of Good Repair Grants Program as part of the Cluster.

- In its report on the Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements performed in Accordance with Government Auditing Standards, PBMares did not state that “PRTC’s response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, the auditor does not express an opinion on it.”

PRTC and PBMares made corrections to the SEFA, SEFA Note, SFQC, DCF, and the Report, and resubmitted them to the FAC on September 13, 2016.

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

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cc: Audit Liaison, FTA, TSO-10  
Audit Liaison, OST, M-1  
Director of Finance and Administration, Potomac and Rappahannock  
Transportation Commission  
Partner, PBMares, LLP.