Quality Control Review on a Single Audit of the Central Pennsylvania Transportation Authority, York, PA

Report No. QC2018104
September 25, 2018
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Self-Initiated

Federal Transit Administration | QC2018104 | September 25, 2018

What We Looked At
We performed a quality control review (QCR) on the single audit that RKL LLP performed for the Central Pennsylvania Transportation Authority’s (Authority) fiscal year that ended June 30, 2017. During this period, the Authority expended approximately $9.4 million from the U.S. Department of Transportation’s (DOT) grant programs. RKL determined that DOT’s major programs were the Federal Transit Cluster and the Transit Services Programs Cluster.

Our QCR objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, the Office of Management and Budget’s Uniform Guidance, and the extent to which we could rely on the auditors’ work on DOT’s major programs; and (2) the Authority’s reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found
RKL’s audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT’s major programs. In addition, we found nothing to indicate that RKL’s opinion on each of DOT’s major programs was inappropriate or unreliable. However, we identified audit quality deficiencies in RKL’s work that should be corrected in future audits. We did not identify any deficiencies in the Authority’s reporting package that required correction and resubmission.
Contents

Memorandum 1
Our Objectives 3
QCR Results 3
The U.S. Department of Transportation (DOT) is the oversight \(^1\) Federal single audit \(^2\) Agency for the Central Pennsylvania Transportation Authority (Authority). RKL LLP performed the single audit for the Authority's fiscal year that ended June 30, 2017. \(^3\) During this period, the Authority expended approximately $9.4 million from DOT grant programs. RKL determined that DOT's major programs were the Federal Transit Cluster and the Transit Services Programs Cluster.

RKL rendered an unmodified opinion on the Authority's financial statements and compliance with both of DOT's major program's requirements and did not question any costs. \(^4\) We performed a quality control review (QCR) on RKL's audit

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\(^1\) An oversight agency is the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends less than $50 million of federal funding.

\(^2\) A single audit, as required by the Single Audit Act of 1984, as amended, combines a financial statement audit with other required audit coverage. Under the act, a single audit is required when a non-Federal entity expends more than $750,000 of Federal funds during a fiscal year.

\(^3\) Copies of single audit reports prepared pursuant to the Office of Management and Budget’s (OMB) Uniform Guidance are available for download at https://harvester.census.gov/facweb/.

\(^4\) 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.
work as it pertains to DOT’s major grant programs included in the single audit and on the Authority’s reporting package.  

We appreciate the courtesies and cooperation of RKL representatives during this review. If you have any questions concerning this report, please call me at (202) 420-1116, or John R. Sysak, DOT’s National Single Audit Coordinator, at (443) 602-4147.

cc: The Secretary  
Audit Liaison, FTA, TSO-30  
Audit Liaison, OST, M-1  
Controller, Central Pennsylvania Transportation Authority  
Partner, RKL LLP

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5 The reporting package submitted by the grantee to the Federal Audit Clearinghouse includes the financial statements, the schedule of expenditures of Federal awards, the schedule of prior audit findings (if applicable), the auditor’s report(s) on (a) the financial statements; (b) internal control over financial reporting and compliance and other matters; and (c) compliance for each major program. In addition, a data collection form is submitted to provide information about the auditee, its Federal programs, and the results of the audit.
Our Objectives

Our QCR objectives were to determine whether (1) the audit work complied with the Single Audit Act of 1984, as amended, the Office of Management and Budget’s Uniform Guidance, and the extent to which we could rely on the auditors’ work on DOT’s major programs; and (2) the Authority’s reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our QCR entailed reviews of RKL’s audit work and the Authority’s reporting package.

Review of Audit Work

RKL complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT’s major programs, and we found nothing to indicate that RKL’s opinion on each of DOT’s major programs was inappropriate or unreliable. However, we found the following deficiencies in RKL’s work that should be corrected in future audits. Accordingly, we assigned RKL an overall rating of pass with deficiencies.6

Testing of Major Programs’ Internal Controls. RKL needs to improve the audit documentation on its testing of relevant internal controls to support its low assessed level of control risk on both major programs.

Compliance Testing—Equipment and Real Property Management. In order to clarify how it meets the audit objectives in OMB’s Compliance Supplement, RKL needs to improve the audit documentation on its compliance testing of the equipment and real property management requirements on both major programs.

Internal Controls Related to Transit Services Programs Cluster (Special Tests and Provisions-Coordinated Planning). For the coordinated planning requirement (part of the special tests and provisions), RKL did not document that it (1) obtained an understanding of the internal controls, (2) planned its testing of the internal controls, or (3) tested the internal controls in order to support its

6 The Council of Inspectors General on Integrity and Efficiency’s Guide for QCRs of single audits provides a methodology for conducting and rating auditors’ work. The guide provides three possible ratings - pass, pass with deficiencies, and fail.
assessment of a low assessed level of control risk for the Transit Services Programs Cluster.

**Review of Reporting Package**

In our review of the Authority’s reporting package, we did not identify any deficiencies that require correction.
Our Mission

OIG conducts audits and investigations on behalf of the American public to improve the performance and integrity of DOT’s programs to ensure a safe, efficient, and effective national transportation system.