



U.S. DEPARTMENT OF TRANSPORTATION  

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**OFFICE OF INSPECTOR GENERAL**

**Quality Control Review on a Single Audit  
of the City of Fayetteville,  
Fayetteville, NC**

Report No. QC2020047

September 22, 2020



## Quality Control Review on a Single Audit of the City of Fayetteville, Fayetteville, NC

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*Self-Initiated*

Federal Aviation Administration and Federal Transit Administration | QC2020047 | September 22, 2020

### What We Looked At

We performed a quality control review (QCR) on the single audit that RSM US LLP performed for the City of Fayetteville's (City) fiscal year that ended June 30, 2018. During this period, the City expended approximately \$6.8 million from the U.S. Department of Transportation's (DOT) grant programs. RSM determined that DOT's major programs were the Airport Improvement Program and the Federal Transit Cluster.

Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and 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) whether the City's reporting package complied with the reporting requirements of the Uniform Guidance.

### What We Found

RSM's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. We found nothing to indicate that RSM's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified deficiencies in the City's reporting package that required correction and resubmission.

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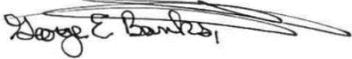


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## Memorandum

Date: September 22, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the City of Fayetteville, Fayetteville, NC | Report No. QC2020047



From: George E. Banks, IV  
Program Director

To: Regional Administrator, Federal Aviation Administration (FAA), Southern Region  
Regional Administrator, Federal Transit Administration (FTA), Region 4

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The U.S. Department of Transportation (DOT) is the oversight<sup>1</sup> Federal single audit<sup>2</sup> Agency for the City of Fayetteville (City). RSM US LLP performed the single audit for the City's fiscal year that ended June 30, 2018.<sup>3</sup> During this period, the City expended approximately \$6.8 million from DOT grant programs. RSM determined that DOT's major programs were the Airport Improvement Program and the Federal Transit Cluster.

RSM rendered an unmodified opinion on the City's financial statements and on compliance with the requirements of each DOT major program, and did not question any costs.<sup>4</sup> We performed a quality control review (QCR) on RSM's audit

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<sup>1</sup> 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 in Federal funding.

<sup>2</sup> 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 \$750,000 or more of Federal funds during a fiscal year.

<sup>3</sup> 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/>.

<sup>4</sup> 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 programs included in the single audit and on the City's reporting package.<sup>5</sup>

We appreciate the courtesies and cooperation of RSM 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  
DOT Appointee for Single Audits  
DOT Single Audit Liaison  
Audit Liaison, FAA, ACO-100  
Audit Liaison, FTA, TSO-30  
Senior Manager, RSM US LLP  
Chief Financial Officer, City of Fayetteville

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<sup>5</sup> 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), and 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.

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## QCR Objectives

Our QCR objectives were to determine (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and 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) whether the City's reporting package complied with the reporting requirements of the Uniform Guidance.

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## QCR Results

Our QCR entailed reviews of RSM's audit work and the City's reporting package.

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### Review of Audit Work

RSM complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs, and we found nothing to indicate that RSM's opinion on each of DOT major programs was inappropriate or unreliable. Accordingly, we assigned RSM an overall rating of **pass**.<sup>6</sup>

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### Review of Reporting Package

In our desk review<sup>7</sup> of the City's reporting package submitted to the Federal Audit Clearinghouse (FAC), we identified the following deficiencies that required correction and resubmission.

On the Schedule of Findings and Question Costs, RSM

- did not identify all the programs that comprise the Federal Transit Cluster (FTC), and
- did not include a statement regarding whether the City qualified as a low-risk auditee.

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<sup>6</sup> The Council of Inspectors General on Integrity and Efficiency's Guide for QCRs of single audits provides a methodology for rating auditors' work with three possible ratings—pass, pass with deficiencies, and fail.

<sup>7</sup> The objectives of a desk review include determining whether an audit report is acceptable under the reporting requirements of the Uniform Guidance and identifying any quality issues that may warrant follow-up audit work and/or revisions to the reporting package.

The Data Collection Form (DCF) submitted to FAC

- included expenditures from other FTA programs as FTC expenditures and therefore overstated the total expenditure amount for FTC, and
- did not include the major program designation and the auditor's opinion from one FTC program.

After we identified these issues, RSM and the City jointly re-submitted a revised reporting package to FAC.

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## 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.

**OFFICE OF INSPECTOR GENERAL**  
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