



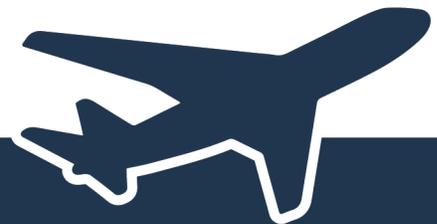
U.S. DEPARTMENT OF TRANSPORTATION  
**OFFICE OF INSPECTOR GENERAL**

**Quality Control Review on a Single Audit  
of the City of Corpus Christi,  
Corpus Christi, TX**

**FAA**

Report No. QC2020023

March 16, 2020





## Quality Control Review on a Single Audit of the City of Corpus Christi, Corpus Christi, TX

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*Self-Initiated*

Federal Aviation Administration | QC2020023 | March 16, 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 Corpus Christi's (City) fiscal year that ended September 30, 2018. During this period, the City expended approximately \$9.2 million from U.S. Department of Transportation (DOT) grant programs. RSM determined that DOT's major program was the Airport Improvement Program.

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 program; 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 program. We found nothing to indicate that RSM's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in the City's reporting package that will require corrective action in future audits.

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## Memorandum

Date: March 16, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the City of Corpus Christi, Corpus Christi, TX | Report No. QC2020023



From: George E. Banks, IV  
Program Director

To: Regional Administrator, Federal Aviation Administration (FAA), Southwest Region

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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 Corpus Christi (City). RSM US LLP performed the single audit for the City's fiscal year that ended September 30, 2018.<sup>3</sup> During this period, the City expended approximately \$9.2 million from DOT grant programs. RSM determined that DOT's major program was the Airport Improvement Program.

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

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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 more than \$750,000 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.

it pertains to DOT's major program 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  
Partner, RSM US LLP  
Controller, City of Corpus Christi

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<sup>5</sup> The reporting package that the auditee submits 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. The auditee also submits a data collection form to provide information about the auditee, its Federal programs, and the audit results.

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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 program; 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 program, and we found nothing to indicate that RSM's opinion on DOT's major program 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 of the City's reporting package submitted to the Federal Audit Clearinghouse, we identified a deficiency.

The Schedule of Expenditures of Federal Awards (SEFA) included approximately \$18,000 from a National Highway Traffic Safety Administration program that was omitted from the expenditure total for DOT. The City acknowledged this oversight and agreed to use a checklist recommended by the American Institute of Certified Public Accountants when preparing future SEFAs to ensure compliance with the Uniform Guidance. We agree with the City's proposed corrective action and are not requiring the City to resubmit a corrected SEFA.

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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.

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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**  
U.S. Department of Transportation  
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