



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Green Mountain Transit Authority,
Burlington, VT**

FTA

Report No. QC2020051

September 28, 2020





Quality Control Review on a Single Audit of the Green Mountain Transit Authority, Burlington, VT

Self-Initiated

Federal Transit Administration | QC2020051 | September 28, 2020

What We Looked At

We performed a quality control review (QCR) on the single audit that RHR Smith & Company (Smith) performed for the Green Mountain Transit Authority's (Authority) fiscal year that ended June 30, 2018. During this period, the Authority expended approximately \$14.5 million from the U.S. Department of Transportation's (DOT) grant programs. Smith determined that DOT's major program was the Federal Transit Cluster.

Our QCR's objectives were to determine (1) whether 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) whether the Authority's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

Smith'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 Smith's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in Smith's audit work that should be corrected in future audits. We also identified deficiencies in the Authority's reporting package that required correction and resubmission.

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Memorandum

Date: September 28, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Green Mountain Transit Authority, Burlington, VT | Report No. QC2020051



From: George E. Banks, IV
Program Director

To: Federal Transit Administration (FTA) Region 1, Regional Administrator

The U.S. Department of Transportation (DOT) is the oversight¹ Federal single audit² Agency for the Green Mountain Transit Authority (Authority). RHR Smith & Company (Smith) performed the single audit for the Authority's fiscal year that ended June 30, 2018.³ During this period, the Authority expended approximately \$14.5 million from DOT grant programs. Smith determined that DOT's major program was the Federal Transit Cluster.

Smith rendered an unmodified opinion on the Authority's financial statements, reported no instances of non-compliance affecting DOT's major program, and did not question any costs.⁴ We performed a quality control review (QCR) on

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 in 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 \$750,000 or more 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.

Smith's audit work as it pertains to DOT's major program included in the single audit and on the Authority's reporting package.⁵

We appreciate the courtesies and cooperation of Smith 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
FTA Audit Liaison
Senior Auditor, RHR Smith & Company
Finance Director, Green Mountain Transit Authority

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), 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.

QCR Objectives

Our QCR objectives were to determine (1) whether 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) whether the Authority's reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our QCR entailed reviews of Smith's audit work and the Authority's reporting package.

Review of Audit Work

Smith complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program, and we found nothing to indicate that Smith's opinion on DOT's major program was inappropriate or unreliable. However, we identified the following deficiency in Smith's audit work that should be corrected in future audits.

- Smith determined that the Authority was a low-risk grantee. However, to be low risk, the Uniform Guidance requires grantees to submit their single audit reports to the Clearinghouse within the earlier of 30 days after receipt of the auditor's report, or within 9 months of the end of the audit period. The Authority's 2017 Single Audit Report submission did not meet this requirement.

Accordingly, we assigned Smith an overall rating of **pass with a deficiency**.⁶ Smith states that because its determination of low risk was a judgement call, it does not agree with our rating. However, we believe the Uniform Guidance is clear on this matter.

⁶ 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.

Review of Reporting Package

In our desk review⁷ of the Authority's reporting package submitted to the Federal Audit Clearinghouse, we identified the following deficiencies that required correction and resubmission.

Schedule of Expenditures of Federal Awards.

- To match the Data Collection Form, the Federal Highway Planning and Construction program and the Rural Planning program should have been titled Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research. Furthermore, the Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research program's expenditures of \$365,372 should have been presented under a separate heading and subtotal.
- Because it includes Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research program expenditures of \$365,372, the Highway Planning and Construction expenditure subtotal of \$371,617 was incorrect.
- The Highway Planning and Construction program expenditure subtotal of \$6,245 should have been presented before the Federal Transit Cluster under a separate heading.
- The Federal Transit Cluster did not include a subtotal of expenditures for its component programs.
- The grand total of all Federal Transit Administration program expenditures was not presented.

Notes on the Schedule of Expenditures of Federal Awards

- Note 3 did not identify all component programs of the Federal Transit Cluster.

Schedule of Findings and Questioned Costs

- In the major programs identification section, not all of the Federal Transit Cluster's components were included.

⁷ 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 low-risk grantee qualification status for the Authority was incorrect.

Data Collection Form

- The Federal Awards tab was missing the Federal Transit Cluster's name and expenditure total. Identification of the major program and auditor's opinion were not shown for the Cluster's component programs.
- The low-risk grantee qualification status for the Authority shown on the Auditor Summary tab was incorrect.

After we identified these issues, Smith and the Authority jointly submitted a revised reporting package to the Federal Audit Clearinghouse. Of the 10 issues, 7 were addressed. However, the two Data Collection Form issues were not corrected, and Smith did not correct the grantee's qualification status on the Schedule of Findings and Questioned Costs.

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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.

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