



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Interurban Transit Partnership,
Grand Rapids, MI**

FTA

Report No. QC2020021

March 10, 2020





Quality Control Review on a Single Audit of the Interurban Transit Partnership, Grand Rapids, MI

Self-Initiated

Federal Transit Administration | QC2020021 | March 10, 2020

What We Looked At

We performed a quality control review (QCR) on the single audit that BDO USA, LLP performed for the Interurban Transit Partnership's (ITP) fiscal year that ended September 30, 2018. During this period, ITP expended approximately \$8.1 million from the U.S. Department of Transportation's (DOT) grant programs. BDO determined that DOT's major program was 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 program; and (2) whether ITP's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

BDO'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 BDO's opinion on DOT's major program was inappropriate or unreliable. However, we identified a deficiency in ITP's reporting package that required correction and resubmission.

Contents

| | |
|----------------|---|
| Memorandum | 1 |
| QCR Objectives | 3 |
| QCR Results | 3 |



Memorandum

Date: March 10, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Interurban Transit Partnership, Grand Rapids, MI | Report No. QC2020021



From: George E. Banks, IV
Program Director

To: Regional Administrator, Federal Transit Administration (FTA), Region 5

The U.S. Department of Transportation (DOT) is the oversight¹ Federal single audit² Agency for the Interurban Transit Partnership (ITP). BDO USA, LLP performed the single audit for ITP's fiscal year that ended September 30, 2018.³ During this period, ITP expended approximately \$8.1 million from DOT grant programs. BDO determined that DOT's major program was the Federal Transit Cluster.

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

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 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.

it pertains to DOT's major program included in the single audit and on ITP's reporting package.⁵

We appreciate the courtesies and cooperation of BDO 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, FTA, TSO-30
Assurance Director, BDO USA, LLP
Finance Manager, Interurban Transit Partnership

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, 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 ITP's reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our QCR entailed reviews of BDO's audit work and ITP's reporting package.

Review of Audit Work

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

Review of Reporting Package

In our desk review of ITP's reporting package submitted to the Federal Audit Clearinghouse, we identified a deficiency that required correction and resubmission.

On the Schedule of Expenditures of Federal Awards, the Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program was shown as both a direct and pass-through program. ITP received the funds as pass-through funds.

After we identified this issue, BDO and ITP coordinated to jointly re-submit a corrected reporting package to the Federal Audit Clearinghouse.

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.

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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.

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