



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Los Angeles County Metropolitan
Transportation Authority, Los Angeles, CA**

Report No. QC2019075

September 17, 2019



Quality Control Review on a Single Audit of the Los Angeles County Metropolitan Transportation Authority, Los Angeles, CA

Self-Initiated

Federal Highway Administration, Federal Transit Administration | QC2019075 | September 17, 2019

What We Looked At

We performed a quality control review (QCR) on the single audit that Crowe LLP performed for the Los Angeles County Metropolitan Transportation Authority's fiscal year that ended June 30, 2018. During this period, the Authority expended approximately \$1.4 billion from the U.S. Department of Transportation's (DOT) grant programs. Crowe determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act Program and the Transit Services Programs 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 Authority's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

Crowe'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 Crowe's opinion on DOT's major programs was inappropriate or unreliable. In addition, we did not identify deficiencies in the Grantee's reporting package that required correction and resubmission.

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Memorandum

Date: September 17, 2019

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Los Angeles County Metropolitan Transportation Authority, Los Angeles, CA | Report No. QC2019075

From: George E. Banks, IV
Program Director

To: Divisional Administrator, Federal Highway Administration (FHWA), California Division Office
Regional Administrator, Federal Transit Administration (FTA), Region 9

The U.S. Department of Transportation (DOT) is the cognizant¹ Federal single audit² Agency for the Los Angeles County Metropolitan Transportation Authority. Crowe LLP performed the single audit for the Authority's fiscal year that ended June 30, 2018.³ During this period, the Authority expended approximately \$1.4 billion from DOT grant programs. Crowe determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act Program and the Transit Services Programs Cluster.

Crowe rendered an unmodified opinion on the Authority's financial statements and compliance with the requirements on each of DOT's major programs and did not question any costs, but made a recommendation⁴ to strengthen controls to

¹ A cognizant agency for audit is the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends over \$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 We will advise FTA of this recommendation in a separate memorandum.

ensure compliance with Federal requirements.⁵ We performed a quality control review (QCR) on Crowe's audit work as it pertains to DOT's major programs included in the single audit and on the Authority's reporting package.⁶

We appreciate the courtesies and cooperation of Crowe 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, FHWA, HCFB-32
Audit Liaison, FTA, TSO-30
Partner, Crowe LLP
Executive Officer, Finance/Controller, LACMTA

⁵ 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.

⁶ 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 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 Crowe's audit work and the Authority's reporting package.

Review of Audit Work

Crowe complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs, and we found nothing to indicate that Crowe's opinion on each of DOT's major programs was inappropriate or unreliable. Accordingly, we assigned Crowe an overall rating of **pass**.⁷

Review of Reporting Package

In our desk review of the Authority's reporting package submitted to the Federal Audit Clearinghouse, we did not identify any deficiencies that required correction and resubmission.

⁷ 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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