



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Metropolitan Washington Council
of Governments, Washington, DC**

Report No. QC2020042

August 24, 2020



Quality Control Review on a Single Audit of the Metropolitan Washington Council of Governments, Washington, DC

Self-Initiated

Federal Highway Administration and Federal Transit Administration | QC2020042 | August 24, 2020

What We Looked At

We performed a quality control review (QCR) on the single audit that PBMares, LLP performed for the Metropolitan Washington Council of Governments' (MWCOG) fiscal year that ended June 30, 2018. During this period, MWCOG expended approximately \$17.9 million from the U.S. Department of Transportation's (DOT) grant programs. PBMares determined that DOT's major programs were the Highway Planning and Construction Cluster, and the Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research 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 programs; and (2) whether MWCOG's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

PBMares' 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 PBMares' opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified a deficiency in MWCOG's reporting package that required correction and resubmission.

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Memorandum

Date: August 24, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Metropolitan Washington Council of Governments, Washington, DC | Report No. QC2020042



From: George E. Banks, IV
Program Director

To: Division Administrator, Federal Highway Administration, District of Columbia
Division Office
Regional Administrator, Federal Transit Administration, Region 3

The U.S. Department of Transportation (DOT) is the oversight¹ Federal single audit² Agency for the Metropolitan Washington Council of Governments (MWCOG). PBMares, LLP performed a single audit for MWCOG's fiscal year that ended June 30, 2018.³ During this period, MWCOG expended approximately \$17.9 million from DOT grant programs. PBMares determined that DOT's major programs were the Highway Planning and Construction Cluster, and the Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research Program.

PBMares rendered an unmodified opinion on MWCOG's financial statements and compliance with the requirements on each of DOT's major programs and did not question any costs, but made a recommendation to strengthen MWCOG's controls to ensure Federal requirements are met.⁴ We performed a quality control

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 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.

review (QCR) on PBMares' audit work as it pertains to DOT's major programs included in the single audit and on MWCOG's reporting package.⁵

We appreciate the courtesies and cooperation of PBMares 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, Federal Highway Administration, HCFB-32
Audit Liaison, Federal Transit Administration, TSO-30
Partner, PBMares, LLP
Chief Financial Officer, Metropolitan Washington Council of Governments

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 programs; and (2) whether MWCOG's reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our QCR entailed reviews of PBMares' audit work and MWCOG's reporting package.

Review of Audit Work

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

Review of Reporting Package

In our desk review⁷ of MWCOG's reporting package submitted to the Federal Audit Clearinghouse, we found the following deficiency:

- A material weakness pertaining to the preparation of the schedule of expenditures was not identified on the data collection form as a finding that affected DOT's major programs. Specifically, PBMares had noted that the schedule originally provided improperly stated federal expenditures for two programs.

After we identified this issue, PBMares and MWCOG jointly submitted 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.

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

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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
1200 New Jersey Ave SE
Washington, DC 20590



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