



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Wyoming Department of
Transportation, Cheyenne, WY**

Report No. QC2020033

May 6, 2020



Quality Control Review on a Single Audit of the Wyoming Department of Transportation, Cheyenne, WY

Self-Initiated

Federal Highway Administration and Federal Transit Administration | QC2020033 | May 6, 2020

What We Looked At

We performed a quality control review (QCR) on the single audit that McGee, Hearne & Paiz, LLP (MHP) performed for the Wyoming Department of Transportation's (WYDOT) fiscal year that ended September 30, 2018. During this period, WYDOT expended approximately \$285 million from the U.S. Department of Transportation's (DOT) grant programs. MHP determined that DOT's major programs were the Highway Planning and Construction Cluster, the Formula Grants for Rural Areas Program, and the Highway Research and Development 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 WYDOT's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

MHP'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 MHP's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified a deficiency in MHP's audit work that should be corrected in future audits. We did not identify any deficiencies in WYDOT's reporting package.

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Memorandum

Date: May 6, 2020

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Wyoming Department of Transportation, Cheyenne, WY | Report No. QC2020033



From: George E. Banks, IV
Program Director

To: Division Administrator, Federal Highway Administration (FHWA), Wyoming
Division Office
Regional Administrator, Federal Transit Administration (FTA), Region 8

The U.S. Department of Transportation (DOT) is the cognizant¹ Federal single audit² Agency for the Wyoming Department of Transportation (WYDOT). McGee, Hearne & Paiz, LLP (MHP) performed the single audit for WYDOT's fiscal year that ended September 30, 2018.³ During this period, WYDOT expended approximately \$285 million from DOT grant programs. MHP determined that DOT's major programs were the Highway Planning and Construction Cluster, the Formula Grants for Rural Areas Program, and the Highway Research and Development Program.

MHP rendered an unmodified opinion on WYDOT's financial statements and compliance with the requirements of each DOT major programs, and did not question any costs.⁴ We performed a quality control review (QCR) on MHP's audit

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 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.

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

We appreciate the courtesies and cooperation of MHP 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
Audit Liaison, FHWA, HCFB-32
Partner, McGee, Hearne & Paiz, LLP
Controller, Wyoming Department of Transportation

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

QCR Results

Our QCR entailed reviews of MHP's audit work and WYDOT's reporting package.

Review of Audit Work

MHP complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs, and we found nothing to indicate that MHP's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified a deficiency in MHP's audit work that should be corrected in future audits. Accordingly, we assigned MHP an overall rating of **pass with a deficiency**.⁶

Compliance Testing of Earmarking Requirements. MHP did not document its compliance testing of earmarking requirements⁷ applicable to FTA's Formula Grants for Rural Areas program.

Review of Reporting Package

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

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 minimum and/or maximum amount or percentage of the program's funding that must/may be used for specified activities.

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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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