



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Riverside County Transportation
Commission, Riverside, CA**

Report No. QC2018071

August 21, 2018



Quality Control Review on a Single Audit of the Riverside County Transportation Commission, Riverside, CA

Self-Initiated

Federal Highway Administration and Federal Railroad Administration | QC2018071 |
August 21, 2018

What We Looked At

We performed a quality control review (QCR) on the single audit that Macias Gini O'Connell LLP (MGO) performed for the Riverside County Transportation Commission's (Commission) fiscal year that ended June 30, 2017. During this period, the Commission expended approximately \$438 million from the U.S. Department of Transportation's (DOT) grant programs. MGO determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act program and the High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance program.

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

What We Found

MGO's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major programs. In addition, we found nothing to indicate that MGO's opinion on each of DOT's major programs was inappropriate or unreliable. However, we identified deficiencies in the Commission's reporting package that required correction and resubmission.

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Memorandum

Date: August 21, 2018

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Riverside County Transportation Commission, Riverside, CA | Report No. QC2018071



From: George E. Banks, IV
Program Director

To: Division Administrator, FHWA, California Division Office
Regional Administrator, FRA, Region 7

The U.S. Department of Transportation (DOT) is the cognizant¹ Federal single audit² Agency for the Riverside County Transportation Commission (Commission). Macias Gini O'Connell LLP (MGO) performed the single audit for the Commission's fiscal year that ended June 30, 2017.³ During this period, the Commission expended approximately \$438 million from DOT grant programs. MGO determined that DOT's major programs were the Transportation Infrastructure Finance and Innovation Act program and the High-Speed Rail Corridors and Intercity Passenger Rail Service Capital Assistance program.

MGO rendered an unmodified opinion on the Commission's financial statements and compliance with DOT's major programs' requirements. MGO did not question any costs but made a recommendation to strengthen controls to ensure compliance with federal requirements.⁴ We performed a quality control review

¹ Cognizant agency for audit means the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends more than \$50 million of 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 OMB'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.

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

We appreciate the courtesies and cooperation of MGO representatives during this audit. 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
Audit Liaison, FHWA, HCFB-32
Audit Liaison, FRA, ROA-2
Audit Liaison, OST, M-1
CFO, Riverside County Transportation Commission
Partner, Macias Gini O'Connell LLP

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.

Our Objectives

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

QCR Results

Our QCR entailed reviews of MGO's audit work and the Commission's reporting package.

Review of Audit Work

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

Review of Reporting Package

We identified deficiencies in the Commission's reporting package submitted to the Federal Audit Clearinghouse. The Data Collection Form did not indicate that the Commission passed through funds to subrecipients, or quantify the corresponding amounts that the Commission passed to subrecipients. After we identified these issues, MGO coordinated with the Commission 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 conducting and rating auditors' work. The guide provides 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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