



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Summary Report on Significant Single
Audit Findings Impacting DOT Programs
for the 4-Month Period Ending
December 31, 2019**

Report No. SA2020016

January 29, 2020



Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 4-Month Period Ending December 31, 2019

Self-Initiated

Office of the Secretary | SA2020016 | January 29, 2020

What We Looked At

We queried and downloaded 84 single audit reports prepared by non-Federal auditors and submitted to the Federal Audit Clearinghouse between September 1, 2019 and December 31, 2019, to identify significant findings related to programs directly funded by the Department of Transportation (DOT).

What We Found

We found that reports contained a range of findings that affected DOT programs. The auditors reported significant noncompliance with Federal guidelines related to 19 grantees that require prompt action from DOT's Operating Administrations (OA). The auditors also identified questioned costs totaling \$1,135,453 for six grantees.

Recommendations


We recommend that DOT coordinate with the impacted OAs to develop a corrective action plan to resolve and close the findings identified in this report. We also recommend that DOT determine the allowability of the questioned transactions and recover \$1,135,453, if applicable.



Memorandum

Date: January 29, 2020

Subject: ACTION: Summary Report on Significant Single Audit Findings Impacting DOT Programs for the 4-Month Period Ending December 31, 2019 | Report No. SA2020016

From: Louis C. King 
Assistant Inspector General for Financial and Information Technology Audits

To: Deputy Assistant Secretary for Administration

The Office of Inspector General (OIG) performs oversight of independent, non-Federal auditors' single audit¹ reports. These auditors are required to perform the audits in accordance with generally accepted Government auditing standards and the Office of Management and Budget's Uniform Guidance.² Between 300 and 400 single audit reports are issued annually that include findings related to programs directly funded by DOT.

OIG issues memoranda that summarize the single audit reports' significant findings and recommendations that require priority action by the Department of Transportation (DOT). When warranted, we also recommend that DOT recover funds that were inappropriately expended by non-Federal entities.

To identify findings that affect directly awarded DOT programs, we obtained 84 single audit reports prepared by independent auditors and posted to the Federal Audit Clearinghouse³ between September 1, 2019, and December 31, 2019. See

¹ A single audit, as required by the Single Audit Act of 1996, as amended, helps Government agencies and auditors oversee the expenditure of Federal funds by non-Federal entities.

² 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.

³ The Federal Audit Clearinghouse Image Management System is a public database of completed single audits—<http://harvester.census.gov/facweb/>—maintained by the U.S. Census Bureau on behalf of the Office of Management and Budget.

the table for a summary of significant single audit findings requiring DOT's most immediate attention.

We recommend that DOT:

1. Coordinate with impacted Operating Administrations (OA) to develop a corrective action plan to resolve and close the findings highlighted in this report.
2. Determine the allowability of the questioned transactions and recover \$1,135,453, if applicable.

See exhibits A through S for details on the auditees; the non-Federal auditors' findings, including areas of noncompliance; the conditions identified; and the non-Federal auditors' recommendations.

Within 30 days of this report, DOT should identify specific actions planned or taken to resolve⁴ our recommendations, and provide a target action date for implementation. We will track the recommendations until DOT provides documentation of final action. We will consider the recommendations closed upon our review and concurrence. If you have any questions, please email them to singleauditrequest@oig.dot.gov.

cc: The Secretary
DOT Audit Liaison, M-1
DOT Appointee for Single Audits
DOT Single Audit Liaison
Deputy Assistant Secretary for Budget and Programs, B-1

⁴ Pursuant to DOT Memorandum, *Policy and Procedures for Expediting Action on Single Audit Report Recommendations*, 2009.

Table. Summary of Significant Single Audit Findings Impacting DOT Programs

Non-Federal Entities and End Dates of Audited Fiscal Years	Non-Federal Auditors	Areas of Noncompliance ^a	Non-Federal Auditors' Finding Numbers	Questioned Costs ^b	Related Exhibits
Los Coyotes Band of Cahuilla and Cupeño Indians, December 31, 2017	Wade, Howard & Associates, CPAs LLP	Cash Management	2017-007	\$197,077	A
Native Village of Tazlina, December 31, 2018	Altman, Rogers & Co.	Reporting	2018-005	N/A	B
Alamosa County, December 31, 2018	Wall, Smith, Bateman, Inc.	Reporting	2018-002	N/A	C
The Woodlands Township, December 31, 2018	Blazek & Vetterling	Earmarking	2018-001	\$33,280	D
Kiowa Tribe of Oklahoma, June 30, 2015	Baker Tilly Virchow Krause, LLP	a. Activities Allowed or Unallowed and Allowable Costs/Cost Principles	a. 2015-012	a. \$6,640	E
		b. Procurement and Suspension and Debarment	b. 2015-013	b. \$179,043	
		c. Special Tests and Provisions	c. 2015-015	c. N/A	
The Sustainable Workplace Alliance, Inc. December 31, 2018	Bell & Associates CPA Firm, LLC	a. Allowable Costs/Cost Principles and Cash Management	a. 2018-001	a. N/A	F
		b. Allowable Costs/Cost Principles and Cash Management	b. 2018-003	b. N/A	
		c. Allowable Costs/Cost Principles	c. 2018-004	c. N/A	
		d. Period of Performance	d. 2018-005	d. N/A	
		e. Period of Performance and Cash Management	e. 2018-006	e. N/A	
State of Vermont, June 30, 2018	CliftonLarsonAllen LLP	Level of Effort	2018-008	N/A	G

Non-Federal Entities and End Dates of Audited Fiscal Years	Non-Federal Auditors	Areas of Noncompliance ^a	Non-Federal Auditors' Finding Numbers	Questioned Costs ^b	Related Exhibits
City of Turlock, June 30, 2018	Maze & Associates	Matching	2018-001	\$18,300	H
Governmental Department of the Round Valley Indian Tribes, December 31, 2017	Moss Adams LLP	Procurement and Suspension and Debarment	2017-003	N/A	I
Association of Village Council Presidents, December 31, 2018	BDO USA, LLP	a. Procurement and Suspension and Debarment b. Special Tests and Provisions	a. 2018-004 b. 2018-005	a. \$567,872 b. N/A	J
Yupit of Andreafski, December 31, 2018	Porter & Allison, Inc.	a. Special Tests and Provisions b. Procurement and Suspension and Debarment	a. 2018-003 b. 2018-004	a. N/A b. N/A	K
Cocopah Indian Tribe Government Services Department, December 31, 2018	Snyder & Butler, CPAS PLLC	Special Tests and Provisions	2018-004	N/A	L
Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Railroad Corporation (Metra), December 31, 2018	KPMG LLP	a. Allowable Costs/Cost Principles b. Reporting	a. 2018-002 b. 2018-003	a. N/A b. N/A	M
St. Joseph County Airport Authority, December 31, 2018	Indiana State Boards of Accounts	Special Tests and Provisions	2018-003	N/A	N

Non-Federal Entities and End Dates of Audited Fiscal Years	Non-Federal Auditors	Areas of Noncompliance ^a	Non-Federal Auditors' Finding Numbers	Questioned Costs ^b	Related Exhibits
Mashpee Wampanoag Tribe, December 31, 2018	Walker & Armstrong, LLP	a. Reporting b. Special Tests and Provisions	a. 2018-101 b. 2018-103	a. N/A b. N/A	O
Joint Programs of the Shoshone and Arapaho Tribes of the Wind River Reservation, December 31, 2015	Stauffer & Associates PLLC	Internal Control System	2015-002	N/A	P
Montgomery County Revenue Authority, June 30, 2019	RSM US LLP	Allowable Costs/Cost Principles	2019-001	\$133,241	Q
City of Scottsboro, September 30, 2018	Gant, Croft and Associates, P.C.	Cash Management	2018-002	N/A	R
Transit Authority of Central Kentucky, June 30, 2019	Jones & Associates CPAs, PSC	a. Cash Management b. Matching	a. 2019-01 b. 2019-02	a. N/A b. N/A	S

^a 2 CFR Part 200, Appendix XI (Part 3 Compliance Requirements) identifies and describes the 12 types of compliance requirements where noncompliance may have a direct and material effect on Federal programs.

^b Non-Federal auditor findings do not always result in questioned costs.

Source: Independent auditors' reports.

Exhibit A. Los Coyotes Band of Cahuilla and Cupeño Indians, Warner Springs, CA

Independent Auditor: Wade, Howard & Associates, CPAs LLP

Report Date: September 17, 2019

Fiscal Year Ending: December 31, 2017

Applicable DOT Operating Administration and Programs: Federal Highway Administration (FHWA), Highway Planning and Construction Program

Finding Number: 2017-007

Compliance Requirement: Cash Management

Condition: As of December 31, 2017 the Tribe maintained an unearned revenue balance that was in excess of cash and grants receivable of the Federal Grants Fund of the Tribe. Furthermore, there was no cash held by the general fund or any other fund of the Tribe as of December 31, 2017. This indicates that Federal funds were transferred to the general fund and other funds of the Tribe and spent for purposes other than those of the awards. The Federal Grants Fund had an unearned revenue balance of \$955,222, a cash balance of \$226,406 and a grants receivable balance of \$254,048 at December 31, 2017 indicating that the amount of Federal grants funds borrowed by the general fund of the Tribe totaled \$474,768. Highway Planning and Construction grant funds of \$197,077 were included in the total amount of funds borrowed by the general fund of the Tribe.

Independent Auditor's Recommendation: The Tribe should not lend Federal grant funds to the general or other funds of the Tribe.

Identified Questioned Costs: \$197,077

Exhibit B. Native Village of Tazlina, Glenallen, AK

Independent Auditor: Altman, Rogers & Co.

Report Date: July 22, 2019

Fiscal Year Ending: December 31, 2018

Applicable DOT Operating Administrations and Programs: Federal Highway Administration (FHWA), Highway Planning and Construction Program

Finding Number: 2018-005⁵

Compliance Requirement: Reporting

Condition: The Village did not adhere to the reporting requirements specified in the grant agreements. The annual report submitted for the DOT Road program was not submitted within the allowable time period to the granting agency.

Independent Auditor's Recommendation: The independent auditor recommends the Village adhere to grant reporting requirements specified in the award documents by establishing a grant reporting schedule and ensure that grant administrators have adequate training in grant reporting.

⁵ Caused a qualified opinion on the Highway Planning and Construction Program.

Exhibit C. Alamosa County, Alamosa County, CO

Independent Auditor: Wall, Smith, Bateman, Inc.

Report Date: August 13, 2019

Fiscal Year Ending: December 31, 2018

Applicable DOT Operating Administration and Program: Federal Aviation Administration (FAA), Airport Improvement Program (AIP)

Finding Number: 2018-002⁶

Compliance Requirement: Reporting

Condition: The AIP grant annual financial report was not filed timely and did not accurately report cash disbursements reflected in the general ledger. In addition, the Federal share of unliquidated obligations for the remaining retainage was not reported.

Independent Auditor's Recommendation: The County should strengthen its internal controls with adopted policies and procedures to ensure compliance with AIP requirements.

⁶ Caused a qualified opinion on the AIP.

Exhibit D. The Woodlands Township, The Woodlands, TX

Independent Auditor: Blazek & Vetterling

Report Date: June 20, 2019

Fiscal Year Ending: December 31, 2018

Applicable DOT Operating Administration and Program: Federal Transit Administration (FTA), Federal Transit Formula Grants

Finding Number: 2018-001

Compliance Requirement: Earmarking

Condition: During the independent auditor's testing of the Section 5307 grant, the auditor noted that the grant had been fully expended without meeting the minimum requirements for both the expenditure of one percent for public transportation security projects and one percent for associated transit improvements.

Independent Auditor's Recommendation: Re-emphasize to program personnel the need to monitor and adhere to grant program requirements regarding the minimum expenditure limits.

Identified Questioned Costs: \$33,280

Exhibit E. Kiowa Tribe of Oklahoma, Carnegie, OK

Independent Auditor: Baker Tilly Virchow Krause, LLP

Report Date: August 19, 2019

Fiscal Year Ending: June 30, 2015⁷

Finding 1 of 3:

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Cluster

Finding Number: 2015-012

Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Condition: Documentation of certain expenditures was not maintained by the Tribe. As a result, allowability and related review and approval of those costs could not be determined.

Independent Auditor's Recommendation: The Tribe should maintain expenditure supporting documentation that includes evidence of approval.

Identified Questioned Costs: \$6,640

Finding 2 of 3:

Applicable DOT Operating Administration and Program: FHWA, Highway Planning and Construction Cluster

Finding Number: 2015-013⁸

Compliance Requirement: Procurement and Suspension and Debarment

Condition: Adequate documentation to support procurement activities was not kept in accordance with the Tribe's policy and contract files do not document the significant history of the procurements.

⁷ The independent auditor performed this audit in accordance with OMB's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, which applies to single audits of fiscal years beginning before December 26, 2014. Otherwise, Uniform Guidance would apply.

⁸ Caused an adverse opinion on the Highway Planning and Construction Cluster.

Independent Auditor's Recommendation: The Tribe should maintain detailed procurement files which document the significant history of procurements.

Questioned Costs Identified: \$179,043

Finding 3 of 3:

Applicable DOT Operating Administration and Program: FHWA, Highway Planning and Construction Cluster

Finding Number: 2015-015⁹

Compliance Requirement: Special Tests and Provisions

Condition: For two contracts selected for testing, no certified payroll reports or contracts with Davis Bacon Act language were provided.

Independent Auditor's Recommendation: The Tribe should develop and implement internal control policies and procedures to review payroll reports to ensure contractor compliance with the Wage Rate Requirements. The contracting process should also be reviewed to ensure documentation is maintained and the required Wage Rate Requirement language is included.

⁹ Caused an adverse opinion on the Highway Planning and Construction Cluster.

Exhibit F. The Sustainable Workplace Alliance, Inc., Lake Wales, FL

Independent Auditor: Bell & Associates CPA Firm, LLC

Report Date: September 25, 2019

Fiscal Year Ending: December 31, 2018

Finding 1 of 5:

Applicable DOT Operating Administration and Program: Pipeline and Hazardous Materials Safety Administration (PHMSA), Hazardous Materials Instructor Training (HMIT) and Community Safety (CS) grants

Finding Number: 2018-001¹⁰

Compliance Requirements: Allowable Costs/Cost Principles and Cash Management

Condition: Fraudulent use of the organization's funds by unauthorized use of Capital One credit card and allegedly writing fraudulent checks. This is a carryover of an audit finding reported in the prior audit period.

Independent Auditor's Recommendation: Management, someone other than the person in charge of paying bills, must get the bank and credit card statements and review the transactions on a regular basis. Management needs to implement procedures that require approval of all credit card charges by reviewing the monthly statements every month and signing off that the charges are approved.

Finding 2 of 5:

Applicable DOT Operating Administration and Program: PHMSA, HMIT and CS grants

Finding Number: 2018-003¹¹

Compliance Requirements: Allowable Costs/Cost Principles and Cash Management

¹⁰ Caused a qualified opinion on the HMIT and CS grants.

¹¹ Caused a qualified opinion on the HMIT and CS grants.

Condition: Payroll was overstated on the Profit and Loss (P&L) reports thereby causing the organization to be reimbursed by the grantors for excess payroll. This is a carryover of an audit finding reported in the prior audit period.

Independent Auditor's Recommendation: Each payroll journal entry prepared to allocate payroll among the various grants must be reviewed and checked against the excel spreadsheet that calculates the total allocation of direct versus indirect payroll by grant. Management should verify that the spreadsheet is calculating properly and that the journal entry prepared agrees to the amounts reported on the spreadsheet for net payroll and employee taxes. Management should initial and date the reports as verification the reports have been reviewed.

Finding 3 of 5:

Applicable DOT Operating Administration and Program: PHMSA, HMIT and CS grants

Finding Number: 2018-004¹²

Compliance Requirement: Allowable Costs/Cost Principles

Condition: The organization entered into a contract for a commercial lease on a building that was owned by an affiliate of the organization. This is a carryover of an audit finding reported in the prior audit period.

Independent Auditor's Recommendation: Management should investigate all expenses to ensure they are allowed costs as per the Code of Federal Regulations and each specific grant.

Finding 4 of 5:

Applicable DOT Operating Administration and Program: PHMSA, HMIT and CS grants

Finding Number: 2018-005¹³

Compliance Requirement: Period of Performance

Condition: It was observed in several instances that invoices that had not been paid as of the reimbursement request date were included with pay requests for reimbursement.

Independent Auditor's Recommendation: All invoices should be reviewed to ensure they have been paid prior to submitting to the grantor for reimbursement.

¹² Caused a qualified opinion on the HMIT and CS grants.

¹³ Caused a qualified opinion on the HMIT and CS grants.

Finding 5 of 5:

Applicable DOT Operating Administration and Program: PHMSA, HMIT and CS grants

Finding Number: 2018-006¹⁴

Compliance Requirement: Period of Performance and Cash Management

Condition: In several instances the invoices submitted for reimbursement were incurred prior to the start of the performance period of the new grant. The independent auditor also observed in several instances that invoices occurring after the end of the grant closeout date were submitted for reimbursement from the closed grant. Lastly, it was also observed that a payment was made for a conference promotion for services expected to be incurred; however, it was determined that services would not be needed for this conference. The funds were never returned.

Independent Auditor's Recommendation: All invoices should be examined at the beginning of a new grant to ensure they are paid from the proper grant. Only invoices for services incurred during the new grant performance period should be submitted under the new grant. Also, invoices should be examined at the close of a grant period to ensure the reimbursement requests only includes invoices for services actually performed during the performance period of the grant and does not include any invoices extending beyond the grant performance period. Follow up should be made when a deposit has been made for future services that have been cancelled to ensure funds are reimbursed from the vendor.

¹⁴ Caused a qualified opinion on the HMIT and CS grants.

Exhibit G. State of Vermont, Montpelier, VT

Independent Auditor: CliftonLarsonAllen LLP

Report Date: March 25, 2019

Fiscal Year Ending: June 30, 2018

Applicable DOT Operating Administration and Programs: National Highway Traffic Safety Administration (NHTSA), Highway Safety Cluster

Finding Number: 2018-008¹⁵

Compliance Requirement: Level of Effort

Condition: In June 2017, the Governor’s Representative for the State of Vermont identified the Governor’s Highway Safety Program (GHSP) at the Vermont Agency of Transportation (VTrans) the “lead state agency” for the following Section 405 programs:

- Impaired Driving Countermeasures (405D)
- Occupant Protection (405B)
- State Traffic Safety Information System Improvement (405C)

During fiscal year 2018, the independent auditor noted that VTrans did not expend any State funding for the operation of the GHSP Section 405 programs.

Independent Auditor’s Recommendation: VTrans, along with the appropriate State representatives, should assess current state and local funding sources to identify possible allowable sources of funding in order to meet the FAST Act MOE compliance requirements or possibly request a waiver from NHSTA until VTrans can meet the requirement.

¹⁵ Caused a qualified opinion on the Highway Safety Cluster.

Exhibit H. City of Turlock, Turlock, CA

Independent Auditor: Maze & Associates

Report Date: September 25, 2019

Fiscal Year Ending: June 30, 2018

Applicable DOT Operating Administration and Program: Federal Transit Administration (FTA), Federal Transit Formula Grants

Finding Number: 2018-001

Compliance Requirement: Matching

Condition: The independent auditor noted that there were four vendor invoices on which the City used the incorrect reimbursement rate with expenditures totaling \$366,000. It appears that \$292,800 or 80% of these project costs were allowable, but the City drew down \$311,100 from the grant, a difference of \$18,300.

Independent Auditor's Recommendation: The City should work with FTA to determine what plan of action can be enacted to correct the questioned costs. In addition, the City should review all grant and agency program requirements prior to submitting reimbursement requests to the grantor to ensure the correct reimbursement rates are used.

Questioned Costs Identified: \$18,300

Exhibit I. Governmental Department of the Round Valley Indian Tribes, Covelo, CA

Independent Auditor: Moss Adams LLP

Report Date: September 25, 2019

Fiscal Year Ending: December 31, 2017

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Cluster

Finding Number: 2017-003¹⁶

Compliance Requirement: Procurement and Suspension and Debarment

Condition: The program had nine (9) procurement items with total current year Federal expenditures of \$141,070. From this population, the independent auditor selected a sample of three (3) items. For two (2) of the items tested with total current year expenditures of \$42,980, the Tribes' program staff believed they met the requirement to justify sole source acquisition under the section indicating that after solicitation from a number of sources that competition was determined inadequate. The auditor found the Tribes had erroneously documented the sole source considerations. For two (2) of the sole source procurements, the Tribes' sole source justification was a local vendor used as the procurement was unique and near impossible to find in the Tribes' area.

Independent Auditor's Recommendation: The auditor recommends the Tribes follow the procurement policy and obtain multiple bids on contracts and purchases over \$5,000, documenting the significant history of the procurement in the contract file.

¹⁶ Caused a qualified opinion on the Highway Planning and Construction Cluster.

Exhibit J. Association of Village Council Presidents, Bethel, AK

Independent Auditor: BDO USA, LLP

Report Date: September 30, 2019

Fiscal Year Ending: December 31, 2018

Finding 1 of 2:

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Cluster

Finding Number: 2018-004¹⁷

Compliance Requirement: Procurement and Suspension and Debarment

Condition: The Association of Village Council Presidents (AVCP) was unable to provide procurement supporting documents for some procured items in line with its procurement policy.

Independent Auditor's Recommendation: The independent auditor recommends that the controls and processes that have been established be implemented to ensure AVCP is following its procurement policy and meeting the Uniform Guidance compliance requirements.

Questioned Costs Identified: \$567,872

Finding 2 of 2:

Applicable DOT Operating Administration and Program: FHWA, Highway Planning and Construction Cluster

Finding Number: 2018-005¹⁸

Compliance Requirement: Special Tests and Provisions

Condition: AVCP has not been including the Wage Rate Requirement provision in its construction contracts with contractors or subcontractors and as such the latter has not been providing the former weekly copies of the payroll and statement of compliance (Form WH-347).

¹⁷ Caused a qualified opinion on the Highway Planning and Construction Cluster.

¹⁸ Caused a qualified opinion on the Highway Planning and Construction Cluster.

Independent Auditor's Recommendation: AVCP should establish processes and controls to ensure the Wage Rate Requirements provision is added to all applicable contracts, and that contractors or subcontractors provide the entity with monthly payroll and compliance statements.

Exhibit K. Yupiit of Andreafski, St. Mary's, AK

Independent Auditor: Porter & Allison, Inc.

Report Date: September 19, 2019

Fiscal Year Ending: December 31, 2018

Finding 1 of 2:

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Cluster

Finding Number: 2018-003¹⁹

Compliance Requirement: Special Tests and Provisions

Condition: It was noted during the review and understanding of the program that there was no provision requiring Wage Rate Requirements or for certified payrolls to be submitted in accordance with the specific requirements noted above.

Independent Auditor's Recommendation: The independent auditor recommends policies and procedures be established for federally funded contracts over \$2,000 to include specific provisions to meet Wage Rate Requirements and Department of Labor regulations as specified in 2 CFR Part 176, subpart C.

Finding 2 of 2:

Applicable DOT Operating Administration and Program: FHWA, Highway Planning and Construction Cluster

Finding Number: 2018-004²⁰

Compliance Requirement: Procurement and Suspension and Debarment

Condition: The auditor noted during the review and understanding of the program that the Council adopted procurement policies adhering to the standards in 2 CFR 200.317, effective December 11, 2018. The procurement policies were adopted after the effective date of January 1, 2018. As such, the Council's policies and procedures for procurement were out of compliance during the fiscal year, until December 11, 2018.

¹⁹ Caused a qualified opinion on the Highway Planning and Construction Cluster.

²⁰ Caused a qualified opinion on the Highway Planning and Construction Cluster.

Independent Auditor's Recommendation: The auditor recommends the continuing evaluation of policies and procedures to adhere to federally established deadlines.

Exhibit L. Cocopah Indian Tribe Government Services Department, Somerton, AZ

Independent Auditor: Snyder & Butler, CPAS, PLLC

Report Date: September 30, 2019

Fiscal Year Ending: December 31, 2018

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Program

Finding Number: 2018-004²¹

Compliance Requirement: Special Tests and Provisions

Condition: The agreement with the contractor engaged to perform road work for the Tribe, totaling \$437,145 of expenditures in 2018, did not contain a clause for the prevailing rate requirement under the Davis-Bacon Act (DBA). As a result, certified payrolls were not prepared and submitted for monitoring purposes.

Independent Auditor's Recommendation: To ensure compliance with prevailing wages under DBA, the Tribe should establish internal controls to require federally funded construction contracts, in excess of \$2,000, to contain the necessary prevailing wage clauses and obtain certified payrolls weekly for review.

²¹ Caused a qualified opinion on the Highway Planning and Construction Program.

Exhibit M. Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Railroad Corporation (Metra), Chicago, IL

Independent Auditor: KPMG LLP

Report Date: September 30, 2019

Fiscal Year Ending: December 31, 2018

Finding 1 of 2:

Applicable DOT Operating Administration and Program: Federal Transit Administration (FTA), Federal Transit Cluster

Finding Number: 2018-002

Compliance Requirement: Allowable Costs/Cost Principles

Condition: Metra reported expenditures under the Federal Transit Cluster program in the schedule of expenditures of Federal awards (SEFA) in the incorrect accounting period. During the independent auditor's review of 25 contractual expenditures (totaling \$4,960,847) and 25 capital additions expenditures (totaling \$1,367,163) charged to the Federal Transit Cluster program, the auditor noted one contractual expenditure sampled (totaling \$6,413) that pertained to fiscal year 2017 and one capital addition expenditure sampled (totaling \$23,326) that pertained to fiscal year 2016, but were reported as expenditures in fiscal year 2018.

During the auditor's review of expenditure details supporting the SEFA, the auditor noted an adjustment of \$7,105 that pertained to a fiscal year 2017 accrual which should have been reported in the prior year. As a result, the auditor noted the total of 2018 SEFA expenditures were understated by \$7,105.

Independent Auditor's Recommendation: The auditor recommends Metra implement procedures to ensure the SEFA is prepared on the accrual basis of accounting.

Finding 2 of 2:

Applicable DOT Operating Administration and Program: Office of the Secretary (OST), National Infrastructure Investments

Finding Number: 2018-003

Compliance Requirement: Reporting

Condition: Metra did not accurately complete the Federal Financial Report for certain data included in the report for the National Infrastructure Investments (NII) program. Metra is required to prepare the report for NII on a quarterly basis. During the independent auditor’s test work over the report for the quarter ending March 31, 2018, the auditor noted Metra inaccurately reporting the following line items:

Report Line Item	Reported Amount	Actual Amount	Difference
Indirect Expense – Amount Charged	\$5,405,818	\$0	\$5,405,818
Indirect Expense – Federal Share	5,405,818	0	5,405,818

The auditor also noted Metra does not perform analytical or other procedures at an appropriate level of precision during the report preparation process to ensure indirect expense amounts reported are reasonable in relation to previously reported information or expectations relative to current program activities.

Independent Auditor’s Recommendation: The independent auditor recommends Metra review the process and procedures in place to prepare financial reports required for the NII program and implement procedures necessary to ensure the reports are accurate.

Exhibit N. St. Joseph County Airport Authority, South Bend, IN

Independent Auditor: Indiana State Boards of Accounts

Report Date: September 19, 2019

Fiscal Year Ending: December 31, 2018

Applicable DOT Operating Administration and Program: Federal Aviation Administration (FAA), Airport Improvement Program

Finding Number: 2018-003²²

Compliance Requirement: Special Tests and Provisions

Condition: The Airport Authority had not designed or implemented controls to ensure that the Special Tests and Provisions - Revenue Diversion compliance requirements were met. Also, the Airport Authority did not properly account for airport-generated revenue and the independent auditor found instances where expenditures of airport revenue were not used for permitted purposes or were not properly documented. The lack of controls was a systemic issue throughout the audit period.

Independent Auditor's Recommendation: The independent auditor recommends that the Airport Authority's management establish effective internal controls to ensure compliance and comply with the Special Tests and Provisions - Revenue Diversion compliance requirement.

²² Caused a qualified opinion on the Airport Improvement Program.

Exhibit O. Mashpee Wampanoag Tribe, Mashpee, MA

Independent Auditor: Walker & Armstrong, LLP

Report Date: September 30, 2019

Fiscal Year Ending: December 31, 2018

Finding 1 of 2:

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Program

Finding Number: 2018-101²³

Compliance Requirement: Reporting

Condition: The independent auditor noted a lack of filing all four quarterly reports.

Independent Auditor's Recommendation: The independent auditor recommends that the Department improve controls over grant reporting that includes a process that identifies reporting requirements and monitors timely grant reporting. The system of control should include evaluating and documenting the reporting requirements of each grant and, assignment of both the employees responsible for preparation of the grant reports and a secondary employee assignment for overall monitoring of the timeliness of all grant reports.

Finding 2 of 2:

Applicable DOT Operating Administration and Program: FHWA, Highway Planning and Construction Program

Finding Number: 2018-103²⁴

Compliance Requirement: Special Tests and Provisions

Condition: Internal control over financial reporting was insufficient to provide the level of assurance on compliance necessary to demonstrate compliance with the Federal awards.

²³ Caused a qualified opinion on the Highway Planning and Construction Program.

²⁴ Caused a qualified opinion on the Highway Planning and Construction Program.

Independent Auditor's Recommendation: The independent auditor recommends that the Department implement the recommendations applicable to financial statement findings 2018-002 through 2018-006, as outlined in its single audit report.

Exhibit P. Joint Programs of the Shoshone and Arapaho Tribes of the Wind River Reservation, Fort Washakie, WY

Independent Auditor: Stauffer & Associates PLLC

Report Date: October 15, 2019

Fiscal Year Ending: December 31, 2015

Applicable DOT Operating Administration and Program: Federal Highway Administration (FHWA), Highway Planning and Construction Cluster

Finding Number: 2015-002²⁵

Compliance Requirement: Internal Control System²⁶

Condition: Management has not implemented an effective internal control system.

Independent Auditor's Recommendation: The independent auditor recommends that the entity uses the Green Book to design, implement, and operate internal controls to achieve its objectives related to operations, reporting, and compliance.

²⁵ Caused a disclaimer of opinion on the Highway Planning and Construction Cluster.

²⁶ The independent auditor reported non-compliance with multiple requirements, including Allowable Costs/Cost Principles, Activities Allowed or Unallowed, Cash Management, Equipment and Real Property Management, Period of Performance, Procurement and Suspension and Debarment, and Reporting.

Exhibit Q. Montgomery County Revenue Authority, Rockville, MD

Independent Auditor: RSM US LLP

Report Date: October 10, 2019

Fiscal Year Ending: June 30, 2019

Applicable DOT Operating Administration and Program: Federal Aviation Administration
(FAA) Airport Improvement Program

Finding Number: 2019-001

Compliance Requirement: Allowable Costs/Cost Principles

Condition: The Authority submitted expenditures totaling \$133,241 for reimbursement to the Federal Aviation Administration (FAA) twice.

Independent Auditor's Recommendation: The independent auditor recommends the Authority enhance its review of vendor invoices and the reconciliation between expenditures reported on the schedule of expenditures of Federal awards and the general ledger.

Questioned Costs Identified: \$133,241

Exhibit R. City of Scottsboro, Scottsboro, AL

Independent Auditor: Gant, Croft & Associates, P.C.

Report Date: November 13, 2019

Fiscal Year Ending: September 30, 2018

Applicable DOT Operating Administration and Program: Federal Aviation Administration (FAA) Airport Improvement Program

Finding Number: 2018-002²⁷

Compliance Requirement: Cash Management

Condition: The City of Scottsboro did not have written procedures to implement the requirements of Uniform Guidance (UG) Sec. 200.305 Payment. Several disbursements were made more than ten days after the receipt of grant funds.

Independent Auditor's Recommendation: The independent auditor recommends the City develop and implement written procedures, as required by UG Section 200.302(b)(5), to minimize the time elapsing between the receipt of grant funds and disbursement by the City.

²⁷ Caused a qualified opinion on the Airport Improvement Program.

Exhibit S. Transit Authority of Central Kentucky, Elizabethtown, KY

Independent Auditor: Jones & Associates CPAs, PSC

Report Date: October 30, 2019

Fiscal Year Ending: June 30, 2019

Finding 1 of 2:

Applicable DOT Operating Administration and Program: Federal Transit Administration (FTA), Federal Transit Formula Grants

Finding Number: 2019-01²⁸

Compliance Requirement: Cash Management

Condition: The Authority requested money from their operating grant and failed to spend all the amount within a reasonable period of time after receipt. In some instances, it was 30 days or more before the money was spent.

Independent Auditor's Recommendation: The independent auditor recommends the entity perform a calculation prior to each draw request to determine the amount the entity is able to draw on the grant to remain in compliance with the cash management requirement.

Finding 2 of 2:

Applicable DOT Operating Administration and Program: Federal Transit Administration (FTA), Federal Transit Formula Grants

Finding Number: 2019-02²⁹

Compliance Requirement: Matching

Condition: The Authority is required to match all Federal expenditures by paying 50 percent of all expenditures with their own funds.

²⁸ Caused a qualified opinion on the Federal Transit Formula Grants Program.

²⁹ Caused a qualified opinion on the Federal Transit Formula Grants Program.

Independent Auditor's Recommendation: The independent auditor recommends the Authority perform a calculation prior to each draw request to determine the amount the entity is able to draw to match 50 percent of the expenditures with their own funds and remain in compliance with the matching requirement.

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