



U.S. DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

**Report on a Single Audit of the
State of Montana,
Helena, MT**

Report No. SA2018079

September 10, 2018



Report on a Single Audit of the State of Montana, Helena, MT

Self-Initiated

Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) | SA2018079 | September 10, 2018

What We Looked At

We reviewed the State of Montana's single audit report for the fiscal year ending June 30, 2017, in order to identify findings that affect directly awarded Department of Transportation programs. An independent auditor prepared the single audit report, dated March 19, 2018.

What We Found

We found that the report contained cash management, subrecipient monitoring, activities allowed or unallowed, special tests and provisions, and reporting findings that need prompt action from the Federal Highway Administration's (FHWA) and Federal Transit Administration's (FTA) management.

Recommendations

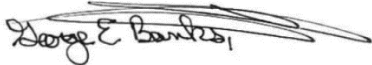
We recommend that FHWA ensures that the State complies with the cash management, subrecipient monitoring, activities allowed or unallowed, and special tests and provisions requirements. We recommend that FTA ensures that the State complies with the reporting requirements. We also recommend that FHWA recovers \$1,043,000 from State, if applicable.



Memorandum

Date: September 10, 2018

Subject: ACTION: Report on a Single Audit of the State of Montana, Helena, MT | Report No. SA2018079



From: George E. Banks, IV
Program Director

To: Division Administrator, Montana Division Office,
Regional Administrator, FTA, Region 8

The Office of the Inspector General performs oversight of non-Federal auditors' single audit¹ reports and issues memoranda listing significant findings and recommendations requiring action by the Department of Transportation (DOT). When warranted, we also recommend that agencies recover funds that were inappropriately expended by non-Federal entities. Between 300 and 400 single audits reports are issued annually that include findings related to major programs directly funded by DOT.

We obtained the State of Montana's single audit report for the fiscal year ended June 30, 2017, from the Federal Audit Clearinghouse's Image Management System.² An independent auditor performed the audit in accordance with generally accepted Government auditing standards and the Office of Management and Budget's Uniform Guidance,³ and issued a report⁴ dated March 19, 2018. See the table for the independent auditor's findings and our recommendations.

¹ A single audit, as required by the Single Audit Act of 1984, as amended, helps Government agencies and auditors oversee the expenditure of Federal funds by non-Federal entities.

² 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 OMB.

³ 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.

⁴ Copies of single audit reports are available at the Clearinghouse's website, <https://harvester.census.gov/facweb/>.

Within 30 days of this report, your Agency should identify specific actions planned or taken to resolve⁵ the independent auditor's findings, and provide a target action date for implementation of our recommendations. We will track the recommendations until your Agency provides documentation of final action. We will consider the recommendations closed upon our review and concurrence. All actions should be coordinated through your Agency's Single Audit Liaison. If you have any questions, please email them to singleauditrequest@oig.dot.gov.

cc: The Secretary
DOT Appointee for Single Audits
DOT Single Audit Liaison
Audit Liaison, FHWA, HCFB-32
Audit Liaison, FTA, TSO-30

⁵ Pursuant to DOT Memorandum, *Policy and Procedures for Expediting Action on Single Audit Report Recommendations* (2009).

Table. Independent Auditor’s Findings and OIG Recommendations

Independent Auditor’s Finding Numbers	Independent Auditor’s Findings	OIG Recommendation Codes ^a	OIG Recommendations
2017-002 ^b 2017-009 ^b	Non-compliance with the cash management requirements	A1	We recommend that FHWA ensures that the State complies with the cash management requirements.
2017-010 ^b	Non-compliance with the subrecipient monitoring requirements	B2	We recommend that FHWA ensures that the State complies with the subrecipient monitoring requirements.
2017-027 ^b 2017-029 ^b	Non-compliance with the activities allowed or unallowed requirements, resulting in questioned costs of \$900,000 (finding 2017-027) and \$143,000 (finding 2017-029)	C3	We recommend that FHWA ensures that the State complies with the activities allowed or unallowed requirements.
		C4	We recommend that FHWA recovers \$900,000 from the State, if applicable (finding 2017-027).
		C5	We recommend that FHWA recovers \$143,000 from the State, if applicable (finding 2017-029).
2017-028 ^b	Non-compliance with the special tests and provisions requirements	D6	We recommend that FHWA ensures that the State complies with the special tests and provisions requirements.
2017-030 ^c	Non-compliance with the reporting requirements	E7	We recommend that FTA ensures that the State complies with the reporting requirements.

^a We internally assign these codes and use them to track recommendations. We have included them as a convenience to the Department when responding to this report.

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

^c Caused a qualified opinion on the Formula Grants for Rural Areas Program.

Source: Independent auditor's report

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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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