



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF INSPECTOR GENERAL

**Quality Control Review on a Single Audit
of the Rio Metro Regional Transit District,
Albuquerque, NM**

FTA

Report No. QC2018061

July 10, 2018





Quality Control Review on a Single Audit of the Rio Metro Regional Transit District, Albuquerque, NM

Self-Initiated

Federal Transit Administration | QC2018061 | July 10, 2018

What We Looked At

We performed a quality control review (QCR) on the single audit that Ricci & Company, LLC performed for the Rio Metro Regional Transit District's (District) fiscal year that ended June 30, 2016. During this period, the District expended approximately \$14 million from the U.S. Department of Transportation's (DOT) grant programs. Ricci determined that DOT's major program was the Federal Transit Cluster.

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 program; and (2) the District's reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

Ricco's audit work complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. In addition, we found nothing to indicate that Ricci's opinion on DOT's major program was inappropriate or unreliable. However, we did identify deficiencies in the District's reporting package that required correction and resubmission.

Contents

Memorandum	1
QCR Objectives	3
QCR Results	3



Memorandum

Date: July 10, 2018

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Rio Metro Regional Transit District, Albuquerque, NM | Report No. QC2018061

From: George E. Banks, IV
Program Director

To: Regional Administrator, FTA, Region 6

The U.S. Department of Transportation (DOT) is the oversight¹ Federal single audit² Agency for the Rio Metro Regional Transit District (District). Ricci & Company, LLC performed the single audit for the District's fiscal year that ended June 30, 2016.³ During this period, the District expended approximately \$14 million from DOT grant programs. Ricci determined that DOT's major program was the Federal Transit Cluster.

Ricci rendered an unmodified opinion on the District's financial statements and compliance with DOT's major program's requirements and did not question any costs.⁴ We performed a quality control review (QCR) on Ricci's audit work as it

¹ Oversight agency for audit means the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends less 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.

pertains to DOT's major program included in the single audit and on the District's reporting package.⁵

We appreciate the courtesies and cooperation of Ricci 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, FTA, TSO-30
Audit Liaison, OST, M-1
Partner, Ricci & Company, LLC
Finance Manager, Rio Metro Regional Transit District

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 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 program; and (2) the District's reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our QCR entailed reviews of Ricci's audit work and the District's reporting package.

Review of Audit Work

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

Review of Reporting Package

We identified deficiencies in the District's reporting package submitted to the Federal Audit Clearinghouse. The District did not disclose its use or non-use of the 10 percent de minimus indirect cost rate in its notes to the Schedule of Expenditures of Federal Awards. In addition, Ricci used the incorrect name of the grantee in its Report on Compliance for each Major Program and Report on Internal Control over Compliance as required by Uniform Guidance. After we identified these issues, Ricci coordinated with the District and jointly re-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 conducting and rating auditors' work. The guide provides three possible ratings, pass, pass with deficiencies, and fail.

U.S. DOT IG Fraud & Safety Hotline

hotline@oig.dot.gov | (800) 424-9071

<https://www.oig.dot.gov/hotline>

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



www.oig.dot.gov