



# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Quality Control Review on  
the Single Audit of the Worcester Regional Transit  
Authority, Worcester, MA  
Report No. QC-2015-077

Date: August 13, 2015

From: George E. Banks, IV  
Program Director for Single Audit

Reply to  
Attn. of: JA-20

To: Regional Administrator, FTA, Region I

The U. S. Department of Transportation (DOT) is the oversight Federal single audit agency for the Worcester Regional Transit Authority (Authority), Worcester, MA. This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of the Authority that McCarthy, Hargrave & Company (MH&Co) performed for the Authority's fiscal year ended June 30, 2014. During this period, the Authority expended approximately \$23 million from DOT grant programs. MH&Co determined that DOT's major programs were the Federal Transit Cluster and Clean Fuels Grant Program.

The Office of Management and Budget's (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," requires the auditor 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.

MH&Co rendered an unmodified opinion on the Authority's financial statements and compliance with DOT's major program requirements, and did not question any costs.<sup>1</sup>

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<sup>1</sup> A copy of MH's single audit report is available upon request to [singleauditrequest@oig.dot.gov](mailto:singleauditrequest@oig.dot.gov).

## SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with the Single Audit Act of 1984, as amended, and OMB Circular A-133; and (2) the extent to which we could rely on the auditors' work on DOT's major programs, the Federal Transit Cluster and Clean Fuels Grant Program.

## RESULTS

Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*, and based on our QCR, the overall rating assigned to MH&Co's work is a **Pass**. Therefore, MH&Co met the requirements of the Single Audit Act, OMB Circular A-133, and DOT's major program. We found nothing to indicate that MH&Co's opinion on DOT's major program was inappropriate or unreliable.

During our desk review, however, we found that MH&Co incorrectly used "unqualified" as its opinion on the Authority's financial statements and compliance with DOT's Major Program requirements in the Schedule of Findings and Questioned Costs (SFQC). MH&Co should have used "unmodified" as its opinion on both the financial statements and compliance with program requirements. MH&Co has corrected the SFQC and resubmitted its single audit report to the Federal Audit Clearinghouse.

If you have any questions concerning this report, please call me at (410) 962-1729, or John R. Sysak, DOT's National Single Audit Coordinator, at (410) 962-2630.

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cc: Audit Liaison, FTA, TSO-10  
Audit Liaison, OST, M-1  
Assistant Administrator, Worcester Regional Transit Authority  
Partner, McCarthy, Hargrave & Company