



# FAA

Report QC2024017  
February 14, 2024

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## Quality Control Review on a Single Audit of the Greater Orlando Aviation Authority, Orlando FL



## Quality Control Review on a Single Audit of the Greater Orlando Aviation Authority, Orlando, FL

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*Self Initiated*

Federal Aviation Administration | QC2024017 | February 14, 2024

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### What We Looked At

We performed a quality control review (QCR) on the single audit that MSL CPAs and Advisors performed for the Greater Orlando Aviation Authority's (GOAA) fiscal year that ended September 30, 2022. During this period, GOAA expended approximately \$178 million from U.S. Department of Transportation (DOT) programs. MSL determined that DOT's major program was the Federal Aviation Administration's Airport Improvement Program.

Our QCR objectives were to determine whether (1) MSL's 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 auditor's work on DOT's major program and (2) GOAA's reporting package complied with the reporting requirements of the Uniform Guidance.

### What We Found

MSL complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that MSL's opinion on DOT's major program was inappropriate or unreliable. However, we identified deficiencies in MSL's audit work that require correction in future audits. Accordingly, we assigned MSL a rating of pass with deficiencies.

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## Memorandum

Date: February 14, 2024

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Greater Orlando Aviation Authority, Orlando, FL | Report No. QC2024017

From: Ingrid Harris, Program Director *MLH*

To: Financial Management Analyst, Office of Airport Compliance and Management Analysis, Federal Aviation Administration

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The U.S. Department of Transportation (DOT) is the cognizant<sup>1</sup> Federal single audit<sup>2</sup> Agency for the Greater Orlando Aviation Authority (GOAA). MSL CPAs and Advisors performed the single audit for GOAA's fiscal year that ended September 30, 2022.<sup>3</sup> During this period, GOAA expended approximately \$178 million from DOT grant programs. MSL determined that DOT's major program was the Federal Aviation Administration's Airport Improvement Program.

MSL rendered an unmodified opinion on GOAA's financial statements and compliance with the requirements of DOT's major program, and did not question any costs.<sup>4</sup> We performed a quality control review (QCR) on MSL's audit work as it pertains to DOT's major program and GOAA's reporting package.<sup>5</sup>

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<sup>1</sup> A cognizant agency for audit is the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends over \$50 million in Federal funding.

<sup>2</sup> 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.

<sup>3</sup> The fiscal year 2022 single audit report prepared for GOAA pursuant to the Office of Management and Budget's (OMB) Uniform Guidance is available for download at <https://facdissem.census.gov>.

<sup>4</sup> 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.

<sup>5</sup> 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.

We appreciate the courtesies and cooperation of MSL representatives during this review. If you have any questions concerning this report, please contact me, or Matthew Straw, DOT's National Single Audit Coordinator.

cc:     The Secretary  
          DOT Appointee for Single Audits  
          DOT Single Audit Liaison  
          Audit Liaison, Federal Aviation Administration  
          Shareholder, MSL CPAs and Advisors  
          Chief Financial Officer, Greater Orlando Aviation Authority

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## QCR Objectives

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

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## QCR Results

Our QCR entailed reviews of MSL's audit work and GOAA's reporting package.

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### Review of Audit Work

MSL complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that MSL's opinion on DOT's major program was inappropriate or unreliable. However, we identified deficiencies in MSL's audit work that should be corrected in future audits. Accordingly, we assigned MSL a rating of ***pass with deficiencies***.<sup>6</sup>

We identified the following deficiencies.

**Documentation of Sampling Plan.** MSL's workpapers on FAA's Airport Improvement Program did not contain sample plans to support the testing performed for the Reporting, and Special Tests and Provisions, Wage Rate, compliance requirements. While we determined testing performed was proper, in future audits, testing performed must be supported by a sample plan.

**Documentation of the Schedule of Expenditures of Federal Awards (SEFA) Internal Controls.** MSL's workpapers did not document GOAA's SEFA internal controls. As a result, we could not verify whether MSL gained an understanding of GOAA's SEFA internal controls. In future audits, MSL must document whether the auditee has sufficient internal controls in place and operating to prepare and present required information in the SEFA.

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<sup>6</sup> The Council of Inspectors General on Integrity and Efficiency's guide for QCRs of single audits provides a methodology for rating auditors' work with three possible ratings—pass, pass with deficiencies, and fail.

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## Review of Reporting Package

In our desk review<sup>7</sup> of GOAA's reporting package submitted to the Federal Audit Clearinghouse, we did not identify any deficiencies that required correction and resubmission.

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<sup>7</sup> The objectives of this desk review are to determine whether the audit report is acceptable under the Uniform Guidance's reporting requirements and to identify any quality issues that may warrant follow-up audit work and/or revisions to the reporting package.

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## Appendix. Nongovernmental Organization Responses

The James M. Inhofe National Defense Authorization Act for Fiscal Year 2023<sup>8</sup> (NDAA) requires our office to inform nongovernmental organizations and business entities (NGOs) when they have been specifically identified in an OIG non-investigative report. NGOs have 30 days to review our report and may submit a written response. In accordance with the NDAA, we will notify NGOs and include their responses when applicable as required. Any claims or statements made within are wholly attributable to the NGOs alone. Any information or conclusions they may contain were not subject to generally accepted Government auditing standards or verification by the Office of Inspector General.

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<sup>8</sup> Pub. L. No. 117-263 (2022), Sec. 5274.





CPAs & ADVISORS

U.S. Department of Transportation  
Office of the Inspector General

[NGOResponses@oig.dot.gov](mailto:NGOResponses@oig.dot.gov)

Re: *Quality Control Review on a Single Audit of the Greater Orlando Aviation Authority, Orlando, FL*  
Report No. QC2024017 (Report)

Dear Sir/Madam:

We would like to compliment the U.S. Department of Transportation (DOT) Office of Inspector General's (OIG) Quality Control Review (QCR) team involved in reviewing our Single Audit engagement. Everyone on the team was professional, cooperative, and courteous. The process was efficient and we were provided ample opportunity to respond to inquiries during the QCR process.

MSL is pleased that the Report's conclusion was that we complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program and the QCR found nothing to indicate that our opinion on the DOT's major program was inappropriate or unreliable.

Your report did note two deficiencies (findings). After discussions with the QCR team, and for the benefit of the public, we would like to provide additional context to your findings. We have provided this information below.

#### **Clarification and Context of the QCR Report Findings:**

##### **Documentation of Sampling**

This finding was the result of the inadvertent inclusion of the compliance requirements for Reporting and Special Tests and Provisions on our sampling form for Activities Allowed and Allowable Costs. By including these compliance requirements in that documentation, the QCR team concluded that we needed to utilize a sample of 40 for our testing of Reporting compliance and Wage Rate compliance. However, there were not 40 items to test for Reporting, and the Wage Rate component was a subset of the Activities Allowed and Allowable Costs compliance requirements. As the QCR team recommended, we will ensure that on future engagements we provide appropriate sampling documentation to support how our sampling size was determined for each direct and material compliance requirement tested.

##### **Documentation of the Schedule of Expenditures of Federal Awards (SEFA) Internal Controls**

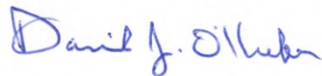
The QCR team was unable to clearly identify our documentation specific to the client's internal controls over SEFA preparation. The client is subject to a Federal Single Audit annually which includes an audit of the client's financial statements as required by the Uniform Guidance. The client includes the SEFA as part of the client's financial statement preparation for which we do evaluate the sufficiency of internal controls. However, the client's internal controls over the annual financial statements did not specifically identify controls specific to the SEFA. In the future, we will provide separate documentation specific to the SEFA or ensure that the documentation of the annual financial statement internal controls specifically documents and identifies internal controls related to SEFA preparation.

Lastly, we respectfully submit the following recommendation in an effort to improve the QCR process and provide more consistent reporting of these engagement results. MSL noted that there is a disparity between the AICPA peer review terminology and the QCR terminology related to findings which do not impact the overall quality of engagements. Specifically, there is a difference between the terminology used to describe report types and the term, deficiency. We believe it would be in the public interest for the Federal Inspector General community to engage with the AICPA to better align these terms and definitions between the QCR process and the AICPA peer review program. MSL, as members of the AICPA Government Audit Quality Center, would be pleased to help coordinate this discussion.

MSL would like to thank the QCR team and the DOT for this opportunity to respond to your report and we hope you will consider our recommendation noted above.

Please feel free to reach out to me if you have any additional questions regarding this correspondence.

Sincerely,



Daniel J. O'Keefe, CPA, CFE, MBA

U.S. Department of Transportation  
Office of Inspector General

# Fraud & Safety Hotline

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