



FTA

Report QC2024022
April 3, 2024

Quality Control Review on a Single Audit of the Metropolitan Transit Authority, Nashville, TN



Quality Control Review on a Single Audit of the Metropolitan Transit Authority, Nashville, TN

Self Initiated

Federal Transit Administration | QC2024022 | April 3, 2024

What We Looked At

In 2023, we conducted a quality control review (QCR) of Crosslin PLLC's single audit of the Metropolitan Transit Authority (MTA) of Nashville, TN, for the fiscal year that ended June 30, 2022 (OIG Report Number QC2023046, dated September 25, 2023). In that QCR, we found that Crosslin's audit work did not comply with the requirements of the Single Audit Act, the Uniform Guidance, and the U.S. Department of Transportation's (DOT) major program. Specifically, Crosslin found a noncompliance that it decided not to report. Auditing guidelines require auditors to include in their work papers reasonable bases for not reporting noncompliance, but we found that Crosslin's basis was not reasonable. As a result, Crosslin had to either include in its work papers a reasonable basis for not reporting the noncompliance or reissue its report on the single audit. On February 7, 2024, Crosslin reissued its single audit report that included MTA's Procurement and Suspension and Debarment noncompliance, and questioned costs totaling approximately \$68,000 that resulted from the noncompliance.

We performed a follow up QCR on Crosslin's revised single audit of MTA. Our objectives were to determine whether (1) the revised 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' revised work on DOT's major program and (2) MTA's revised reporting package complied with the reporting requirements of the Uniform Guidance.

What We Found

Crosslin complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Crosslin's opinion on DOT's major program was inappropriate or unreliable. In addition, we did not identify deficiencies in MTA's reporting package that required correction and resubmission. Accordingly, we assigned Crosslin a rating of pass.

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Memorandum

Date: April 3, 2024

Subject: FINAL REPORT: Quality Control Review on a Single Audit of the Metropolitan Transit Authority, Nashville, TN | Report No. QC2024022

From: Ingrid Harris, Program Director *AIH*

To: Single Audit National Coordinator, Office of Program Oversight and Office of Transit Safety and Oversight, Federal Transit Administration

The U.S. Department of Transportation (DOT) is the oversight¹ Federal single audit² Agency for the Metropolitan Transit Authority (MTA) of Nashville, TN. In 2023, we conducted a quality control review (QCR) of Crosslin LLP's single audit of MTA for fiscal year ending June 30, 2022 (OIG Report Number QC2023046, dated September 25, 2023). In that QCR, we found that Crosslin's audit work did not comply with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. Specifically, Crosslin found a noncompliance that it decided not to report. Auditing guidelines require auditors to include in their work papers reasonable bases for not reporting noncompliance, but we found that Crosslin's basis was not reasonable. As a result, Crosslin had to either add to its work papers a reasonable basis for not reporting the noncompliance or reissue its single audit report.

On February 7, 2024, Crosslin reissued its single audit report³ that included MTA's Procurement and Suspension and Debarment noncompliance and the questioned costs totaling approximately \$68,000 that resulted from MTA's noncompliance.⁴

¹ An oversight agency is the Federal agency that provides the predominant amount of direct funding to a non-Federal entity that expends less than \$50 million in 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 the Office of Management and Budget's (OMB) Uniform Guidance are available for download at <https://fac.gov>.

⁴ During the period, MTA expended approximately \$31.9 million from DOT grant programs. Crosslin determined that DOT's major program was the Federal Transit Cluster.

Crosslin did not change its unmodified opinion on MTA's compliance⁵ in this reissued report. We performed a follow up QCR on Crosslin's revised audit work as it pertains to DOT's major program included in the single audit and on MTA's reporting package.⁶

We appreciate the courtesies and cooperation of Crosslin 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 Transit Administration
Audit Principal, Crosslin PLLC
Chief Financial Officer, Metropolitan Transit Authority

⁵ 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.

⁶ 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 follow up QCR objectives were to determine whether (1) the revised 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' revised work on DOT's major program and (2) MTA's revised reporting package complied with the reporting requirements of the Uniform Guidance.

QCR Results

Our follow up QCR entailed reviews of Crosslin's revised audit work and MTA's revised reporting package.

Review of Revised Audit Work

Crosslin complied with the requirements of the Single Audit Act, the Uniform Guidance, and DOT's major program. We found nothing to indicate that Crosslin's opinion on DOT's major program was inappropriate or unreliable. Accordingly, we assigned Crosslin an overall rating of *pass*.⁷

Review of Revised Reporting Package

In our desk review⁸ of MTA's revised reporting package submitted to the Federal Audit Clearinghouse, we did not identify any deficiencies that required correction and resubmission.

⁷ 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.

⁸ 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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