

National Aeronautics and  
Space Administration



**Office of Inspector General**  
Washington, DC 20546-0001

October 2, 2008

Mr. Ed Burckle, Executive Director  
Regional Development Corporation  
1010 Marquez Place, Suite A  
Santa Fe, New Mexico 87505

**SUBJECT:** Initial Review of Shelly Felt, CPA, LLC, Audit Report on the Regional  
Development Corporation for the Fiscal Year Ended June 30, 2007  
(Report No. ML-09-001; Assignment No. D-08-010-00)

Dear Mr. Burckle:

As the Federal oversight agency for the single audits of the Regional Development Corporation, we performed an initial review of your reporting package for the fiscal year ended June 30, 2007. The single audit is required by the Office of Management and Budget (OMB) Circular No. A-133, "Audits of States, Local Governments, and Non-Profit Organizations." The audit firm of Shelly Felt, CPA, LLC, performed the audit. We used the "Uniform Guide for Initial Review of A-133 Audit Reports," published by the President's Council on Integrity and Efficiency, to determine whether the reporting package contained the required reports, schedules, and statements. We did not review the related audit workpapers that support the audit.

Based on our review of the reporting package for the fiscal year ended June 30, 2007, we determined that the audit report substantially met the reporting standards of the Government Accountability Office's "Government Auditing Standards" and OMB A-133 reporting requirements. However, we noted that two findings in the Schedule of Findings and Questioned Costs inappropriately cited "Government Auditing Standards" as the criteria applicable to the Regional Development Corporation. Those standards provide guidance to government auditors, not an auditee. OMB A-133, dated June 27, 2003, § \_\_\_.510 (b)(2) requires that findings include the "criteria or specific requirement upon which the audit finding is based, including statutory, regulatory, or other citation." In addition, we noted that the condition and criteria elements of those two findings were reversed. We verbally communicated to Shelly Felt, CPA, LLC, that criteria most relevant to the auditee, and which supports the finding, should be cited instead of auditing standards and that the content of the elements of a finding should agree with the titles.

Shelly Felt, CPA, LLC, agreed with our recommendations. We will follow up on these issues in future audit report reviews as necessary.

If you or your staff would like to meet with us to further discuss this review, please contact Mr. Mark Jenson, Financial Statement Audits Director, at 202-358-0629.

Sincerely,

signed

Evelyn R. Klemstine  
Assistant Inspector General for Auditing

cc:  
Assistant Administrator for Procurement  
Shelly Felt, CPA, LLC