



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 City of Albuquerque,
Albuquerque, NM
Report No. QC-2016-076

Date: June 20, 2016

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

Reply to
Attn. of: JA-20

To: Regional Administrator, FTA, Region 6

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the City of Albuquerque, NM (City). This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of the City that Moss Adams LLP (Moss Adams) performed for City's fiscal year ended June 30, 2014. During this period, the City expended approximately \$32 million from DOT grant programs. Moss Adams determined that DOT's major program was the Federal Transit Cluster.

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.

Moss Adams rendered an unmodified opinion on the City's financial statements and compliance with DOT's major program requirements. While it did not question any costs, Moss Adams made recommendations to correct internal control and compliance findings that affect the Federal Transit Administration (FTA).¹

¹ A copy of Moss Adams's single audit report is available by request to 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 program, the Federal Transit Cluster.

RESULTS

Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*. Based on our QCR, we assigned an overall rating of *pass with deficiencies* to Moss Adams' work. Therefore, Moss Adams generally met the requirements of the Single Audit Act, OMB Circular A-133, and the Federal Transit Cluster. While we found nothing to indicate that Moss Adams' opinion on the Federal Transit Cluster was inappropriate or unreliable, we found the following deficiencies in Moss Adams' work that should be corrected in future audits:

Understanding of Internal Controls. Moss Adams did not obtain a complete understanding of the internal controls applicable to some of the Federal Transit Cluster's direct and material compliance requirements. This resulted in a limited number of key internal controls identified and tested by Moss Adams in order to support their low assessed level of control risk.

Compliance Supplement Part 4—Federal Transit Cluster. Moss Adams did not document its consideration of the Federal Transit Cluster's Part 4 Compliance Supplement requirements.

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

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cc: Audit Liaison, FTA, TSO-10
Audit Liaison, OST, M-1
Senior Manager, Moss Adams LLP
Grants Administrator, City of Albuquerque, NM