



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 Memphis-Shelby County
Airport Authority, Memphis, TN
Report No. QC-2015-100

Date: September 15, 2015

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

Reply to
Attn. of: JA-20

To: Regional Administrator, FAA, Southern Region

The U. S. Department of Transportation (DOT) is the oversight Federal single audit agency for the Memphis-Shelby County Airport Authority (Authority), Memphis, TN. This report presents the results of our Quality Control Review (QCR) on DOT's major grant program included in the single audit of the Authority that Dixon Hughes Goodman LLP (DHG) performed for the Authority's fiscal year ended June 30, 2014. During this period, the Authority expended approximately \$21 million from DOT grant programs. DHG determined that DOT's major program was the Airport Improvement 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.

DHG rendered an unmodified opinion on the Authority's financial statements and compliance with DOT's major program requirements and did not question any costs.¹

¹ The single audit report that DHG issued is available upon 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 Airport Improvement 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 DHG's work is a ***pass with deficiency***. Therefore, DHG generally met the requirements of the Single Audit Act, OMB Circular A-133, and DOT's major program. We found nothing to indicate that DHG's opinion on DOT's major program was inappropriate or unreliable.

While the deficiency we identified in the audit documentation needs to be corrected in future audits, we determined that the deficiency did not alter the results of the audit report. The deficiency is in the following area:

Internal Controls Related to Special Tests and Provisions (Revenue Diversion) - DHG needs to improve its audit documentation to clarify how it gained an understanding and subsequently tested internal controls related to the Special Tests and Provisions (Revenue Diversion) compliance requirement.

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.

#

cc: Audit Liaison, FAA, ACO-100
Audit Liaison, FAA, Southern Region, ASO-620
Audit Liaison, OST, M-1
VP Finance & Administration, Memphis-Shelby County Airport Authority
Partner, Dixon Hughes Goodman LLP