



# 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 Regional Transit Authority,  
New Orleans, LA  
Report No. QC-2015-045

Date: May 20, 2015

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

Reply to  
Attn. of: JA-20

To: Regional Administrator, FTA, Region VI

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Regional Transit Authority, New Orleans, LA (the Authority). This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the revised single audit of the Authority that Silva Gurtner & Abney, LLP (Silva Gurtner & Abney) performed for the Authority's fiscal year ended December 31, 2012. During this period, the Authority expended approximately \$48 million from DOT grant programs. Silva Gurtner & Abney determined that DOT's major programs were the Federal Transit Cluster and the Surface Transportation-ARRA Discretionary 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.

Silva Gurtner & Abney rendered an unmodified opinion on the Authority's financial statements and compliance with DOT's major programs' requirements, and did not question any costs.<sup>1</sup>

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<sup>1</sup> The revised single audit report that Silva Gurtner & Abney, LLP issued is available upon request to [singleauditrequest@oig.dot.gov](mailto: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 programs, the Federal Transit Cluster and the Surface Transportation-ARRA Discretionary Program.

## RESULTS

We determined that Silva Gurtner & Abney's audit work was *Acceptable with Deficiencies*, and therefore, generally met the requirements of the Single Audit Act, OMB Circular A-133, and DOT's major programs. We found nothing to indicate that Silva Gurtner & Abney's opinion on each of DOT's major programs was inappropriate or unreliable.

While the deficiencies we identified in the audit documentation need to be corrected in future audits, we determined that the deficiencies did not alter the overall results of the revised audit report. The deficiencies are related to:

**Testing of Key Internal Controls:** Silva Gurtner & Abney needs to improve its audit documentation to show how it tested key internal controls applicable to each of the major programs' direct and material compliance requirements.

**Compliance Supplement Part 4 - Federal Transit Cluster:** Silva Gurtner & Abney did not document its consideration of the Compliance Supplement's Part 4 requirements for the Federal Transit Cluster.

**Reporting (Section 1512 ARRA Reports):** Silva Gurtner & Abney did not perform compliance testing on the Section 1512 ARRA Reports for each of DOT's major programs.

In addition, as part of our desk review of the Authority's fiscal year 2012 single audit report, we identified the following item:

- The Surface Transportation-ARRA Discretionary program is incorrectly included as part of the Federal Transit Cluster on the list of major programs in the Schedule of Findings and Questioned Costs.

Silva Gurtner & Abney agreed to correct the Schedule of Findings and Questioned Costs and resubmit it to the Federal Audit Clearinghouse.

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  
Partner, Silva Gurtner & Abney, LLP  
Chief Financial Officer, Regional Transit Authority, New Orleans