



# 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 Atlanta, Georgia  
Report No. OC-2014-109

Date: September 12, 2014

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 cognizant Federal single audit agency for the City of Atlanta, Georgia (the 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 performed by KPMG LLP (KPMG) for the fiscal year ended June 30, 2013. During this period, the City expended approximately \$34 million from DOT grant programs. KPMG determined that DOT's major programs were the Airport Improvement Program and the Highway Planning and Construction Program. We limited the scope of our QCR to the Airport Improvement Program because no Highway Planning and Construction Program funds were awarded directly to the City.

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.

KPMG rendered an unmodified opinion on the City's financial statements and compliance with DOT's major program requirements for the Airport Improvement Program and the Highway Planning and Construction Program. While it did not question any costs, KPMG made a recommendation to correct an internal and compliance finding that affects the Federal Aviation Administration.<sup>1</sup>

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<sup>1</sup> We advised FAA about this deficiency in a separate memorandum. KPMG's single audit report 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 the Airport Improvement Program.

## RESULTS

We determined that KPMG'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 program. We found nothing to indicate that KPMG's opinion on DOT's major program 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 audit report. The deficiencies are related to:

**Special Tests and Provisions - Revenue Diversion** – KPMG did not document its understanding of internal controls related to the revenue diversion requirement.

**Follow-up on the Status of Prior Year Audit Findings** – KPMG needs to improve its audit documentation to clarify its procedures performed related to follow-up on the status of prior year audit findings.

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, FAA, AWP-100  
Manager, FAA, Atlanta Airports District Office  
Audit Liaison, FAA, Southern Region, ASO-620  
Audit Liaison, OST, M-1  
Director, Financial Reporting, City of Atlanta  
Partner, KPMG