



# 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 Commuter Rail Division of the  
Regional Transportation Authority and the  
Northeast Illinois Regional Commuter Railroad  
Corporation  
Report No. QC-2014-092

Date: August 26, 2014

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

Reply to  
Attn. of: JA-20

To: Regional Administrator, FTA, Region V

The U.S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Commuter Rail Division of the Regional Transportation Authority and the Northeast Illinois Regional Commuter Railroad Corporation (METRA). This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of METRA performed by KPMG LLP (KPMG) for METRA's fiscal year ended December 31, 2012. During this period, METRA expended approximately \$152 million from DOT grant programs. KPMG 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.

KPMG rendered an unmodified opinion on METRA's financial statements and a qualified opinion on METRA's compliance with DOT's major program requirements for the Federal Transit Cluster. While it did not question any costs,

KPMG made a recommendation to correct an internal control and compliance deficiency that affects the Federal Transit Administration.<sup>1</sup>

## 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

We determined that KPMG's audit work was *Acceptable*, and therefore, 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.

However, we identified the following item during our desk review of METRA's fiscal year 2012 single audit Report.

- METRA's Schedule of Expenditures of Federal Awards (SEFA) did not include the American Recovery and Reinvestment Act's designation for grant number IL-56-0002 as part of the Federal Transit Cluster.

METRA and KPMG agreed to correct the SEFA and re-submit 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, TPM-2  
Audit Liaison, OST, M-1  
Chief Financial Officer, METRA  
Partner, KPMG

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<sup>1</sup> We advised FTA of 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).