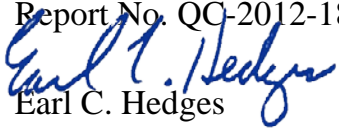




Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Quality Control Review of
Single Audit of the Metropolitan Transit Authority
of Harris County, Texas
Report No. QC-2012-186
From: 
Earl C. Hedges
Program Director for Single Audit

Date: September 17, 2012

Reply To JA-20

Attn Of:

To: Regional Administrator, FTA, Region VI
Division Administrator, FHWA, Texas Division Office

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Metropolitan Transit Authority of Harris County, Texas (METRO). This report presents the results of our Quality Control Review (QCR) of a single audit performed by KPMG LLP (KPMG) on METRO for the fiscal year ended September 30, 2011. During this period, METRO expended approximately \$149 million from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. The DOT programs determined to be major by KPMG were: (1) the Federal Transit Cluster, (2) the Federal Highway Planning and Construction Cluster, and (3) the Federal Transit Clean Vehicles 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.

KPMG rendered unqualified opinions on METRO's financial statements and compliance with DOT's program requirements for the Federal Transit Cluster, the Federal Highway Planning and Construction Cluster, and the Federal Transit Clean Vehicles Program. KPMG did not question any cost, but made a recommendation to correct a compliance deficiency that directly affects the Federal Transit Authority (FTA).¹

¹ We advised FTA about the deficiency in a separate memorandum. The single audit report issued by KPMG LLP is available upon request sent to singleauditrequest@oig.dot.gov.

SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with generally accepted Government auditing standards (GAGAS), the Single Audit Act of 1984, as amended (the Act), and OMB Circular A-133; and (2) the extent to which we can rely on the auditor's work.

RESULTS

We determined that KPMG's audit work, was *Acceptable*, and therefore met the requirements of GAGAS, the Act, and OMB Circular A-133. We found nothing to indicate that KPMG's reports on METRO's internal control and compliance were inappropriate or unreliable.

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, FHWA, HAIM-13
Audit Liaison, OST, M-1
Senior Director of Accounting/Controller