



Memorandum

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

Subject: INFORMATION: Quality Control Review of
Single Audit on Pace, the Suburban Bus Division
of the Regional Transportation Authority
Report No. QC-2012-139

Date: June 4, 2012

From: Earl C. Hedges
Program Director for Single Audit

Reply To JA-20

Attn Of:

To: Regional Administrator, FTA, Region V

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for Pace, the Suburban Bus Division of the Regional Transportation Authority, Northeastern Illinois. This report presents the results of our Quality Control Review (QCR) of a single audit performed by Crowe Horwath LLP on Pace for the fiscal year ending December 31, 2010. During this period, Pace expended approximately \$50 million from DOT grant programs, as shown on the attached Schedule of Expenditures of Federal Awards. The DOT program determined to be major by Crowe Horwath LLP 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.

Crowe Horwath LLP rendered an unqualified (clean) opinion on Pace's financial statements and did not question any cost concerning DOT's grant programs. However, Crowe Horwath LLP rendered a qualified opinion on DOT's major program because of non-compliance with Davis-Bacon Act requirements.¹

SCOPE

The purpose of our QCR was to determine: (1) whether the audit work complied with generally accepted Government auditing standards, 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.

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

RESULTS

We determined that Crowe Horwath LLP's work was *Acceptable*, and therefore met the requirements of generally accepted Government auditing standards, the Act, and OMB Circular A-133. We found nothing to indicate that Crowe Horwath LLP's opinion on Pace's reports on 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.

#

cc: Audit Liaison, FTA, TPM-2

Audit Liaison, OST, M-1

Chief Financial Officer, Pace, the Suburban Bus Division of the RTA