



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 the New Jersey Transit Corporation
Report No. QC-2011-167

Date: August 24, 2011

From: 
Earl C. Hedges
Program Director for Single Audit

Reply To JA-20

Attn Of:

To: Regional Administrator, FTA, Region II

The U.S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the New Jersey Transit Corporation (New Jersey Transit). This report presents the results of our Quality Control Review (QCR) of a single audit performed by Ernst & Young, LLP, on New Jersey Transit for the fiscal year ending June 30, 2010. During this period, New Jersey Transit expended approximately \$715 million from DOT grant programs, as shown in the attached Schedule of Expenditures of Federal Awards. The major programs tested by Ernst & Young included the Federal Transit Cluster and Formula Grants for Other than Urbanized Areas 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.

Ernst & Young rendered an unqualified (clean) opinion on New Jersey Transit's financial statements, and did not question any costs concerning DOT programs. Ernst & Young also rendered an unqualified opinion on DOT's two major programs.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 could rely on the auditor's work on DOT's two major programs.

¹ The single audit report issued by Ernst & Young, LLP is available upon request. Requests should be sent to singleauditrequest@oig.dot.gov.

RESULTS

Based on our QCR, we determined the work of Ernst & Young to be *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 Ernst & Young's opinion on New Jersey Transit's financial statements or reports on New Jersey Transit's internal controls 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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Attachment

cc: Audit Liaison, FTA, TPM-2

Audit Liaison, OST, M-1

Deputy CFO and Controller, New Jersey Transit Corporation