



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 Port Authority of Allegheny County
Report No. QC-2010-072

Date: July 21, 2010

From: Earl C. Hedges
Program Director for Single Audit

Reply To JA-20

Attn Of:

To: Regional Administrator, FTA, Region III

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Port Authority of Allegheny County (Authority). This report presents the results of our Quality Control Review of a single audit performed on the Authority by Maher Duessel, CPAs, for the fiscal year ending June 30, 2009. During this period, the Authority expended almost \$115 million from six DOT grant programs, as shown in the following chart.

DOT Operating Administration	CFDA* #	Program Name	FY 2009 Expenditures	Major Program	Direct Award
Federal Transit Administration	20.500	Capital Investment Grants Program	\$70,488,519	Yes	Yes
Federal Transit Administration	20.507	Formula Grants Program	\$41,798,107	Yes	Yes
Federal Transit Administration	20.514	Public Transportation Research	\$3,693	No	Yes
Federal Transit Administration	20.516	Job Access Reverse Commute	\$2,110,160	No	Yes
Federal Transit Administration	20.505	Metropolitan Planning Grants	\$184,000	No	No
Federal Railroad Administration	20.312	High Speed Ground Transportation	\$705	No	No

* Catalogue of Federal Domestic Assistance

Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations;" requires the auditor to render an opinion on an entity's financial statements, identify potential inappropriate use of Federal funds, and report internal control and compliance deficiencies that affect Federal grant programs.

Maher Duessel rendered an unqualified (clean) opinion on the Authority's financial statements and compliance for major programs, and did not question any costs concerning DOT grant programs.¹

The purpose of our review was to determine: (1) whether the work complied with generally accepted government auditing standards as prescribed by the Comptroller General of the United States; the Single Audit Act of 1984, as amended (Act); and OMB Circular A-133; and (2) the extent to which we could rely on the auditor's work.

RESULTS

Based on our Quality Control Review, we determined that Maher Duessel's work generally met the requirements of generally accepted government auditing standards, the Act, and OMB Circular A-133. We found nothing to indicate that Maher Duessel's opinion on the financial statements or reports on internal control and compliance were inappropriate or unreliable.

However, we identified deficiencies in audit documentation that need to be corrected in future audits. Based upon the explanations provided by Maher Duessel in response to our concerns, we determined that these deficiencies did not alter the overall results of the audit. Yet, these deficiencies should be corrected in future audits in order adequately support audit conclusions. The deficiencies are related to the following areas:

1. Testing of Major Program Internal Controls.

Maher Duessel did not document the specific direct and material major program internal controls that they tested. Maher Duessel explained that its approach was to document internal control systems and perform system walkthroughs while relying on dual-purpose testing to address both internal control and compliance requirements. Maher Duessel agreed to fully document its identification and testing of key internal controls in future audits.

2. Sampling Methodology.

Maher Duessel did not document the formal sampling plan and methodology it used to test direct and material major program compliance requirements. According to information the auditors provided to us, Maher Duessel's sampling methodology included adequate sample selections for testing major program compliance requirements. Maher Duessel agreed to document its formal sample selection methodology in future audits.

¹ The single audit report issued by Maher Duessel is available upon request. Requests should be sent to singleauditrequest@oig.dot.gov.

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, TBP-11
Audit Liaison, OST, M-1
Controller, Port Authority of Allegheny County