



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 Miami-Dade Transit,
Miami, FL
Report No. QC-2015-076

Date: August 13, 2015

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

Reply to
Attn. of: JA-20

To: Regional Administrator, FTA, Region IV

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for Miami-Dade Transit (Miami-Dade), Miami, FL. This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of Miami-Dade that Crowe Horwath LLP (Crowe Horwath) performed for Miami-Dade's fiscal year ended September 30, 2013. During this period, Miami-Dade expended approximately \$91 million from DOT grant programs. Crowe Horwath determined that DOT's major programs were the Federal Transit Cluster and the Job Access-Reverse Commute program. We limited the scope of our QCR to the Federal Transit Cluster because its expenditures were approximately 96 percent of the total DOT expenditures.

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.

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 Federal Transit Cluster.

RESULTS

Firms can receive a rating of *pass*, *pass with deficiency(ies)*, or *fail*, and based on our QCR, the overall rating assigned to Crowe Horwath's work is a **Fail**. Therefore, Crowe Horwath did not meet the requirements of the Single Audit Act, OMB Circular A-133, and DOT's major program, the Federal Transit Cluster. We found the following deficiencies in Crow Horwath's work:

Sampling Methodology. Crowe Horwath's universe of transactions selected for audit testing did not include any transactions from the State of Good Repair Program, a part of the Federal Transit Cluster. The State of Good Repair Program's expenditures make up 25 percent of the Federal Transit Cluster's expenditures for the period.

Compliance Testing. Crowe Horwath did not perform compliance testing on the State of Good Repair Program.

Compliance Supplement Part 4—Federal Transit Cluster. Crowe Horwath did not perform all required compliance testing on the specific Federal Transit Cluster program requirements listed in Part 4 of the OMB Compliance Supplement.

Testing of Key Internal Controls. Crowe Horwath did not adequately document how it tested key internal controls applicable to the major programs' direct and material compliance requirements in order to support a low assessed level of control risk.

Compliance Testing Documentation. Crowe Horwath did not adequately document its compliance testing on some of the direct and material compliance requirements in order to meet the audit objectives in the OMB Compliance Supplement.

Crowe Horwath concurred with the results of our QCR, advised us they planned to perform additional audit procedures to support the opinion on the Federal Transit Cluster, and will re-issue the report.¹

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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¹ Crow Horwath is advised to follow AICPA Professional Standards Issued by the Auditing Standards Board AU-C 585 and AU-C 935.45 with respect to reissuance of the audit report.

cc: Audit Liaison, FTA, TSO-10
Audit Liaison, OST, M-1
Partner, Crowe Horwath LLP
Assistant Director, Financial Services, Miami-Dade Transit