



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 the Southeastern Pennsylvania
Transportation Authority,
Philadelphia, PA
Report No. QC-2016-075

Date: June 20, 2016

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

Reply to
Attn. of: JA-20

To: Regional Administrator, FTA, Region 3

The U. S. Department of Transportation (DOT) is the cognizant Federal single audit agency for the Southeastern Pennsylvania Transportation Authority (SEPTA), in Philadelphia, PA. This report presents the results of our Quality Control Review (QCR) on DOT's major grant programs included in the single audit of SEPTA that Zelenkofske Axelrod LLC (Zelenkofske Axelrod) performed for SEPTA's fiscal year ended June 30, 2014. During this period, SEPTA expended approximately \$222 million from DOT grant programs. Zelenkofske Axelrod determined that DOT's major programs were the Federal Transit Cluster, the Transit Services Program Cluster, the Clean Fuels program, and the Transit Investments for Greenhouse Gas and Energy Reduction program. We limited the scope of our QCR to the Federal Transit Cluster because its expenditures made up approximately 96 percent of the total DOT major program 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.

Zelenkofske Axelrod rendered an unmodified opinion on SEPTA's financial statements and compliance with DOT's major program requirements and did not question any costs.¹

¹ A copy of ZA's single audit report is available by request to singleauditrequest@oig.dot.gov.

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*. Based on our QCR, we assigned an overall rating of *pass* to Zelenkofske Axelrod's work. Therefore, Zelenkofske Axelrod met the requirements of the Single Audit Act, OMB Circular A-133, and the Federal Transit Cluster. We found nothing to indicate that Zelenkofske Axelrod's opinion on the Federal Transit Cluster was inappropriate or unreliable.

If you have any questions concerning this report, please call me at (410) 962-1729, or John R. Sysak, DOT's National Single Audit Coordinator, at (410) 962-2630.

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cc: Audit Liaison, FTA, TSO-10
Audit Liaison, OST, M-1
Partner, Zelenkofske Axelrod LLC
Accounting Manager, Southeastern Pennsylvania Transportation Authority