

## **Audits-Payments**

**Subject:** Identification, Review and Follow Up of Audit Findings

**Information:** Passenger Transportation Division (PTD) must identify, track, and resolve Audit Findings that:

- might result in the loss of federal or state funds,
- are in conflict with PTD's goal of providing safe and effective public transportation,
- result in a loss of public confidence in the integrity of public transit,
- require follow-up by Office of Management and Budget Circular A-133 (A-133).

CPAs review a transit agency's operations and make recommendations for improvement. Recommendations for improvements in the CPA audit are referred to as "Audit Findings." PTD follows-up on recommendations made by the auditors. All audit findings are labeled with one of three different classifications: Accounting, Operating, and FFC (meaning "for further consideration"). Accounting and Operating Citations will require follow-up by your Project Manager. Your Project Manager will decide whether follow-up is needed on FFC citations. Once an Audit Finding has been labeled either Accounting, Operating, or FFC, it is now referred to as an "Audit Citation."

The Accounting or Operating citations are labeled as needing either a corrective action plan (if it relates to a federal award) or a resolution memorandum (if it does not relate to a federal award). Corrective action plans, required by OMB-Circular A-133, lists whatever corrective action a transit agency will take in order to correct the audit finding cited in the CPA audit. Although the corrective action plan does not need to be submitted with the annual CPA audit, it must be submitted to your Project Manager as soon as possible thereafter. Resolution memorandum, which are the functional equivalent of a corrective action plan, must also be submitted to your Project Manager. A transit agency may develop a corrective action plan for all audit findings (not just those that relate to federal awards) if they wish and that corrective action plan can be used in placed of a resolution memorandum.

### **Actions Needed:**

1. Submit your *entire* CPA audit to PTD.
  - Often times, a "CPA audit" is issued in separate reports. For example, the entire CPA audit might consist of four separate reports titled: (1) Financial Statements for Fiscal Year ending 20xx; (2) Single Audit Report for Fiscal Year ending 20xx; (3) Additional Audit Information; and (4) Memorandum on Internal Control Structure.

