



April 22, 2019

MEMORANDUM FOR: H. Philip Paradice, Jr.
Regional Director, Atlanta Regional Office
Economic Development Administration

FROM: Richard Bachman
Assistant Inspector General for Audit and Evaluation

SUBJECT: Quality Control Review of South Florida Regional Planning Council
for the Period Ended September 30, 2017 (OIG-19-QCR-1)

Attached is the quality control review (QCR) of the South Florida Regional Planning Council audit for its fiscal year ending September 30, 2017. The audit was performed by S. Davis & Associates (SDA), P.A. On our behalf, McBride, Lock & Associates, LLC, performed a review of SDA's audit to determine whether the subject report complied with reporting requirements of the Single Audit Act of 1984, as amended in 1996. The QCR was performed using generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the U.S. Government Accountability Office. Please see the attached review for further details on the audit's scope and methodology.

The QCR identified an issue related to the selection of major programs using the Low-risk Federal Program Determination Worksheet. The Economic Development Administration's Revolving Loan Fund (RLF) Program (Catalog of Federal Domestic Assistance #11.307) was identified as Type A, a major program, and low risk, with all other programs identified as Type B. However, the memo regarding risk assessment of Type B programs stated, "SDA did not identify any Type A program as low risk for the fiscal year 2017 single audit and as such no risk assessment procedures were performed for any Type B programs." This statement is not correct based on the consideration documented regarding Type A program risk. The work papers, as stated, should have resulted in the auditor's analysis of Type B programs to determine whether any would be considered as high risk, and therefore, considered as a major program. The Type A Low-risk Federal Program Determination Worksheet did include a consideration regarding the chief financial officer departure, which could have resulted in the auditor's evaluation of the Type A program as high risk. SDA management reviewed and provided responses to the review by McBride, Lock & Associates, LLC, for the issue identified in the report.

In general, SDA agreed with the review, noting that the RLF grant was determined to be high risk after the initial preparation of the determination worksheet. All work on the single audit was properly performed based on the program being a Type A, high-risk program.

This memorandum, as well as the McBride, Lock & Associates, LLC, review, will appear on the Office of Inspector General website pursuant to section 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 8M).

Please direct any inquiries regarding this report to me at (202) 482-2877, or Belinda Riley at (404) 730-2067.

Attachment

cc: John Geisen, Director, Grants Management Division, Department of Commerce
MaryAnn Mausser, Audit Liaison, Office of the Secretary
Deborah Haynes, Audit Liaison, EDA

**QUALITY CONTROL REVIEW
Of
S. DAVIS & ASSOCIATES, P.A.**

**On the Audit of
South Florida Regional Planning Council
for the year ended September 30, 2017**

McBRIDE, LOCK & ASSOCIATES, LLC

CERTIFIED PUBLIC ACCOUNTANTS
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McBRIDE, LOCK & ASSOCIATES, LLC

Certified Public Accountants

November 16, 2018

Mr. Tanya Davis, CPA
S. Davis & Associates, P.A.
2521 Hollywood Blvd.
Hollywood, Florida 33020

Subject: **Quality Control Review of the South Florida Regional Planning Council
for the year ended September 30, 2017**

Dear Ms. Davis,

The purpose of this letter is to confirm discussions with you on November 16, 2018 regarding the major issues identified during our quality control review. Our Quality Control Review (QCR) was performed on of the audit of South Florida Regional Planning Council as of and for the year ended September 30, 2017 performed by S. Davis & Associates, P.A. in accordance with generally accepted auditing standards published by the American Institute of Certified Public Accountants and generally accepted government auditing standards issued by the Government Accountability Office.

Scope of Services

The objective of our review was to perform a QCR:

1. To determine whether the financial statement audit work, compliance audit work, and the associated review of internal controls over both financial reporting and compliance were conducted in accordance with applicable standards, including GAGAS and the published guidance of the OIG, the American Institute of Certified Public Accountants standards as well as Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and including its Compliance Supplement.
2. To identify any issues that may require additional attention or any additional audit work by the Independent Public Accountant who performed the audit.

Methodology

We performed our review using the *Guide for Quality Control Reviews of Single Audits* (the “Guide”) issued by the Council of Inspectors General on Integrity and Efficiency (2016 Edition). In performing the review we met with the engagement partner and obtained supporting audit workpapers. Prior to initiating efforts, the Commerce-OIG provided the audit report to be reviewed and any additional information in its possession about the audit work to be reviewed to the extent that it believed the information may affect the QCR.

Overview of Procedures Performed and Related Findings

We reviewed the audit report issued on South Florida Regional Planning Council as of and for the year ended September 30, 2017. We reviewed the audit report, using the Guide, to ensure that it included and met the requirements of Government Auditing Standards, the standards for financial audits issued by the AICPA, and Uniform Guidance. We reviewed the audit workpapers using the Guide and the evidence documented in the audit workpapers. In each area, we evaluated whether or not the testing performed, results documented, financial statements presented, and findings reported were consistent with and supported the independent accountants report identified in the first paragraph of this report.

Results

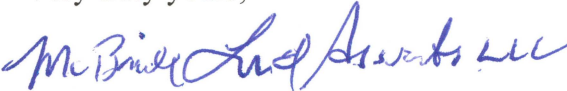
Selection of Major Programs

The auditor identified the US Department of Commerce Economic Adjustment Assistance RLF grant (CFDA 11.307) with expended awards of \$4,845,800 as a Type A and as a major program. All other programs were identified as Type B. The auditor considered Type A program as low-risk per the Low-risk Federal Program Determination Worksheet. However the memo regarding risk assessment of Type B Programs states “SDA did not identify any Type A programs as low risk for the fiscal year 2017 single audit and as such no risk assessment procedures were performed for any Type B programs.” This statement is not correct based upon the consideration documented regarding the Type A program risk. The workpapers, as stated, should have resulted in the auditor’s analysis of Type B programs to determine whether any would be considered as high-risk and therefore considered as a major program.

The Type A Low-risk Federal Program Determination Worksheet did include a consideration regarding the CFO departure which could have resulted in the auditor’s evaluation of the Type A program as high-risk.

Based upon our review, we believe that the audit currently meets the standards set forth by generally accepted auditing standards, Government Auditing Standards and the requirements of Uniform Guidance and its Compliance Supplement, except as noted.

Very truly yours,

A handwritten signature in blue ink, appearing to read "McBride, Lock & Associates, LLC". The signature is written in a cursive, flowing style.

McBride, Lock & Associates, LLC

RESPONSE BY CPA

Response to DOC QCR Report – Selection of Major Programs

Major program US Department of Commerce Economic Adjustment Assistance RLP grant (CFDA #11.307) was determined to be a high risk program after the initial preparation of the Type A Low-risk Federal Program Determination Worksheet (the “Worksheet”) based on the turnover of employees administering, managing, and recording transactions for the grant program: notably, the CFO and loan officers. SDA, however, did not change the Worksheet to reflect the program as high risk. All work on the single audit was properly performed based on the program being a Type A, high risk program.

CONCLUSION

CONCLUSION

The conclusion is based on our review of the auditor's workpapers provided, the exit conference held on November 16, 2018 and the auditor's response.

Selection of Major Programs

It would be reasonable that the program would be considered as high risk based upon the turnover in the key position as documented on the program risk determination. The determination of that program as high risk would alleviate the concern regarding the need to provide a risk determination for Type B programs.

Conclusion

We conclude that the audit of the South Florida Regional Planning Council for the year ended September 30, 2017 met the standards set forth by generally accepted auditing standards, *Government Auditing Standards*, and the requirements of Uniform Guidance, except as noted.