



Single Audit for  
Regional Transportation  
Commission of Southern Nevada  
June 30, 2014

**MOSS-ADAMS<sub>LLP</sub>**

Certified Public Accountants | Business Consultants

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### REPORTS ISSUED SEPARATELY

Financial statements with:  
REPORT OF INDEPENDENT AUDITORS

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF BASIC FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING  
STANDARDS*

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY OMB CIRCULAR A-133**

Board of Commissioners  
Regional Transportation Commission of Southern Nevada

**Report on Compliance for Each Major Federal Program**

We have audited the Regional Transportation Commission of Southern Nevada's (the "RTC") compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on the RTC's major federal programs for the year ended June 30, 2014. The RTC's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the RTC's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the RTC's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Board of Commissioners  
Regional Transportation Commission of Southern Nevada

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal programs. However, our audit does not provide a legal determination of the RTC's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the RTC complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2014-001. Our opinion on each major federal program is not modified with respect to this matter.

The RTC's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The RTC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the RTC is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the RTC's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the RTC's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe

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than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2014-001 that we consider to be a significant deficiency.

The RTC's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The RTC's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Regional Transportation Commission of Southern Nevada (RTC) as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the RTC's basic financial statements. We issued our report thereon dated November 13, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Moss Adams LLP*

Scottsdale, Arizona  
December 29, 2014

**REGIONAL TRANSPORTATION COMMISSION  
OF SOUTHERN NEVADA  
SUMMARY SCHEDULE OF PRIOR FINDINGS  
JUNE 30, 2014**

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There were no findings in the June 30, 2013 fiscal year period.

**REGIONAL TRANSPORTATION COMMISSION  
OF SOUTHERN NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014**

<b>Federal Grantor/Pass-through Entity Program Title</b>	<b>CFDA Number</b>	<b>Direct Award/ Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation, Office of Federal Transit Administration</b>			
<b>Federal Transit Cluster</b>			
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-90-X056	\$ 140,001
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-90-X060	93,888
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-90-X065	7,957,339
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-90-X070	4,748,687
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-95-X007	172,131
Federal Transit - Formula Grants, Urbanized Area Formula Program	20.507	NV-95-X008	2,185,950
			<u>15,297,996</u>
Federal Transit - Capital Investment Grants, Fixed Guideway Modernization Bus and Bus Facility New Starts	20.500	NV-03-0034	698,520
Federal Transit - Capital Investment Grants, Fixed Guideway Modernization Bus and Bus Facility New Starts	20.500	NV-04-0011	738,449
			<u>1,436,969</u>
Federal Transit - Capital Investment Grants Bus and Bus Related Equipment and Facilities Program	20.500	NV-04-0017	355,113
Federal Transit - Capital Investment Grants Bus and Bus Related Equipment and Facilities Program	20.500	NV-04-0018	174,414
			<u>529,527</u>
<b>Total Federal Transit Cluster</b>			<u><b>17,264,492</b></u>
Federal Transit - National Research and Technology Program	20.514	NV-26-0004	<u>10,485</u>
<b>Transit Services Programs Cluster</b>			
Job Access and Reverse Commute Program	20.516	NV-37-X024	202,987
			<u>202,987</u>
New Freedom Program	20.521	NV-57-X010	1,430
New Freedom Program	20.521	NV-57-X013	45,334
New Freedom Program	20.521	NV-16-X001	471,676
			<u>518,440</u>
<b>Total Transit Services Programs Cluster</b>			<u><b>721,427</b></u>
<b>Total U.S. Department of Transportation, Office of Federal Transit Administration</b>			<u><b>\$ 17,996,404</b></u>

**REGIONAL TRANSPORTATION COMMISSION  
OF SOUTHERN NEVADA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2014**

<b>Federal Grantor/Pass-through Entity Program Title</b>	<b>CFDA Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation, Office of Federal Highway Administration</b>			
Passed Through the State of Nevada, Department of Transportation Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT P400-13-804	\$ 298,414
Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT P087-13-844	841,062
Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT P204-10-016	42,900
Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT PR 516-12-804	519,085
Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT PR 422-13-844	3,201,647
Highway Planning and Construction, Federal-Aid Highway Program, Federal Lands Highway Program	20.205	NDOT P446-11-063	283,712
<b>Total U.S. Department of Transportation, Office of Federal Highway Administration</b>			<b>\$ 5,186,820</b>
<b>Total U.S. Department of Transportation</b>			<b>\$ 23,183,224</b>
<b>Total federal assistance expended</b>			<b>\$ 23,183,224</b>



# **REGIONAL TRANSPORTATION COMMISSION OF SOUTHERN NEVADA**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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### **Note 1 – Reporting Entity**

In conformity with Nevada Revised Statutes (NRS) 378, an ordinance was adopted by the Clark County Board of County Commissioners on June 7, 1965, creating the Regional Streets and Highway Commission. On December 4, 1979, this name was revised to the Regional Transportation Commission and on September 23, 2000, the name was further revised as the Regional Transportation Commission of Southern Nevada (the “RTC”). The RTC is governed by an eight member Board of Commissioners, comprised of elected officials, as follows:

- a. Two representatives appointed from the Clark County Board of County Commissioners
- b. Two representatives appointed from the governing board of the City of Las Vegas
- c. One representative appointed from each of the governing boards of the Cities of Boulder City, Henderson, North Las Vegas and Mesquite.

The RTC’s operating activities are comprised of providing both the transit system and transportation planning in southern Nevada.

### **Note 2 – Basis of Presentation**

The schedule of expenditures of federal awards includes all expended federal financial assistance received directly from federal agencies or passes through other agencies and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, certain amounts presented in this schedule may differ from amounts presented in or used in the preparation of the RTC’s basic financial statements.

### **Note 3 – Summary of Significant Accounting Policies**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowed or limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**REGIONAL TRANSPORTATION COMMISSION  
OF SOUTHERN NEVADA  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

*Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

**Federal Awards**

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Type of Auditor's Report Issued on

Compliance for Federal Major Programs:

*Unmodified*

Any audit findings disclosed that are required to be reported  
in accordance with section 510(a) of Circular A-133?

☒ Yes ☐ No

**Identification of Major Federal Programs**

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>
20.205	U.S. Department of Transportation – Office of Federal Highway Administration, Passed through the State of Nevada Department of Transportation Highway Planning and Construction
20.516, 20.521	U.S. Department of Transportation – Office of Federal Transit Administration, Transit Services Programs Cluster

Dollar threshold used to distinguish between type A and type  
B programs:

\$ 695,497

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

**REGIONAL TRANSPORTATION COMMISSION  
OF SOUTHERN NEVADA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2014**

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**II. FINANCIAL STATEMENT FINDINGS**

None

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding 2014-001—Procurement – Significant Deficiency in Internal Controls over Compliance and Compliance**

<i>CFDA Number</i>	<i>Program Name</i>	<i>Award Number</i>	<i>Award Year</i>	<i>Questioned Costs</i>
20.205	U.S. Department of Transportation – Office of Federal Highway Administration, Passed through the State of Nevada Department of Transportation, Highway Planning and Construction	NDOT PR 516-12-804 NDOT PR 422-13-844	2012/2013	Not determinable

*Criteria* – Federal regulations 23 USC 112(b)(2); 23 CFR part 172 require that procurement procedures include competitive bids, or in the case of sole source procurements, that detailed records be maintained that document the reasons and approval of the sole source procurement.

*Condition* – We noted 3 out of 5 transactions where significant contracts were executed for engineering services without documentation of competitive pricing. In all contracts we reviewed, it appeared that the contracts were for allowable costs and activities.

*Cause* – The Regional Transportation Commission’s approach to procurement of engineering firms entails a request for qualifications (RFSOQ) process. However, current RFSOQ policy and procedure does not require analysis of a cost estimate and therefore competition based on price was not achieved.

*Effect* – The Regional Transportation Commission’s procedure did not ensure cost proposals are analyzed for vendors pre-qualified under the RFSOQ process.

*Recommendation* – The Regional Transportation Commission should improve procurement controls, including consideration for negotiating a price proposal from the engineering firms selected as part of the RFSOQ process.

*Management's Response* – The RTC has developed a revised request for statement of qualification (RFSOQ) solicitation procedure. The RFSOQ will be procured by utilizing the proper procurement process. At the end of the process, a list of most qualified firms will be established. For each FTA funded project, RTC will solicit a condensed project specific proposal from the list of most qualified firms, rank the received proposals and identify the most qualified firm to negotiate a price proposal for that specific project. This will result in actual task orders being awarded to the most qualified firm. This procedure will be added via addendum to the existing RTC Policies and Procedures Manual.