



At a Glance

Catalyst for Improving the Environment

Why We Did This Review

One of the responsibilities of Federal agencies is to conduct quality control reviews of selected audits made by non-Federal auditors. In reviewing the single audit for the Town of Worthington, West Virginia, for the fiscal year ending June 30, 2004, we found a lack of adequate detail in describing the reported deficiencies and how the related recommendations would address the findings reported.

Background

On June 8, 2000, the U.S. Environmental Protection Agency (EPA) awarded the Town of Worthington, West Virginia, a grant for \$1.2 million for designing and constructing a drinking water system. Federal regulations require entities that expend more than \$500,000 of Federal funds in a given year to have a single audit conducted. Leland O'Neal, CPA, conducted the single audit for the fiscal year ending June 30, 2004.

For further information, contact our Office of Congressional, Public Affairs and Management at (202) 566-2391.

To view the full report, click on the following link:
www.epa.gov/oig/reports/2009/20090714-09-2-0195.pdf

Quality Control Review of Leland O'Neal, CPA, Single Audit for Town of Worthington, West Virginia, for Fiscal Year Ended June 30, 2004

What We Found

The single audit report for the Town of Worthington, West Virginia, for the fiscal year ending June 30, 2004, was substandard. According to the *Uniform Quality Control Guide for A-133 Audits*, issued by the President's Council on Integrity and Efficiency, a substandard audit is defined as one that contains significant audit deficiencies that could potentially affect the audit results. The audit did not meet general, field work, and reporting standards as required by the *Government Auditing Standards*. For example,

- The audit documentation did not contain sufficient evidence that the audit was adequately planned and compliance testing was not supported by evidential matter.
- The audit report did not contain a finding that the recipient's accounting system was inadequate when it should have, and did not include a corrective action plan from the recipient.
- The auditor did not meet Federal continuing education requirements.

As a result, the audit report could not be used for its intended purpose, which was to provide the Federal agency with assurance that the grant funds were spent in compliance with Federal requirements.

What We Recommend

We recommend that EPA's Region 3 Regional Administrator:

- Meet with the Town of Worthington officials to ensure that the Town understands Office of Management and Budget Circular A-133 requirements, and its obligations to meet these requirements.
- Designate the Town of Worthington as a high-risk grant recipient, in accordance with Title 40 Code of Federal Regulations Part 31.12, should the recipient receive any new EPA awards.