


Memorandum

U.S. Department of
Transportation
Office of the Secretary
of Transportation
Office of Inspector General

Subject: INFORMATION: Audit Announcement—
NAFTA Cross-Border Trucking Demonstration
Project—Interim and Final Reports
Project Number: 07M3015M000

Date: December 7, 2007

From:

Rebecca Anne Batts 
Assistant Inspector General
for Highway and Transit Audits

Reply to
Attn. of: JA-40

To: Federal Motor Carrier Safety Administrator

On February 23, 2007, the Secretary of Transportation announced a 1-year demonstration project (also referred to as a pilot program) that would permit up to 100 motor carriers domiciled in Mexico to operate beyond the commercial zones along the United States-Mexico border. In May 2007, Congress enacted the U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act of 2007¹ (the Act). Section 6901 of the Act required us to review the Federal Motor Carrier Safety Administration's (FMCSA) preparations for monitoring and enforcing safety rules during the demonstration project. The Act also required the Secretary to take action addressing any issues we raised in our review and submit a report to Congress detailing such actions prior to initiating the demonstration project.

We issued our report on September 6, 2007 detailing issues pertaining to the proposed demonstration project.² That same day, the Department provided a report to Congress addressing issues raised in our audit and granted provisional operating authority to the first Mexican carrier. This action formally initiated the demonstration project.

We are conducting this audit to respond to further requirements in the Act to monitor and review the demonstration project once it initiates.

¹ Public Law 110-28 (2007).

² OIG Report Number MH-2007-065, "Issues Pertaining to the Proposed NAFTA Cross-Border Trucking Demonstration Project," September 6, 2007. OIG reports and testimonies can be found on our website: www.oig.dot.gov

Specifically, the Act requires that the OIG complete:

- an interim report 6 months after the start of the demonstration project, looking at participant selection, any adverse effects of the demonstration project on motor carrier safety, and monitoring and enforcement activities and
- a final report within 60 days of the conclusion of the demonstration project addressing the same topics as the interim report.

The specific objectives for this audit will be to determine whether: (1) the Department has established sufficient mechanisms to determine whether the demonstration project is adversely affecting motor carrier safety, (2) Federal and state monitoring and enforcement activities are sufficient to ensure that participants in the demonstration project are complying with all applicable laws and regulations, and (3) the demonstration project consists of a representative and adequate sample of Mexico-domiciled carriers that are likely to engage in cross-border operations beyond the United States municipalities and commercial zones on the United States-Mexico border.

We plan to begin this audit immediately and will contact FMCSA's audit liaison to schedule a formal entrance conference. We also plan to conduct this audit at FMCSA Headquarters and locations along the United States–Mexico border, as deemed necessary. We will provide a copy of this announcement letter to the appropriate congressional committees.

If you have any questions or need additional information, please contact me at (202) 366-5630 or Joe Comé, Program Director, at (202) 366-0377.

cc: Secretary
Deputy Secretary

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