



Memorandum

U.S. Department of
Transportation

Office of the Secretary
of Transportation
Office of Inspector General

Subject: INFORMATION: Audit Announcement –
Review of the Maritime Security Program, MARAD
Project Number: 08F3011F000

Date: May 16, 2008

From: Rebecca C. Leng *Rebecca Leng*
Assistant Inspector General for Financial
and Information Technology Audits

Reply to
Attn. of: JA-20

To: Maritime Administrator

The Office of Inspector General plans to conduct an audit of the Maritime Administration's (MARAD) Maritime Security Program (MSP). The MSP requires the Secretary of Transportation, in consultation with the Secretary of Defense, to establish a fleet of militarily useful, privately-owned, U.S.-flagged vessels to aid with national defense requirements. The MSP fleet comprises 60 privately-owned vessels operating in international trade. In times of war and other national emergency, MSP's principal purpose is to provide sustained global sealift capabilities to the Department of Defense when required. Under the MSP, vessel operators (or contractors) receive more than \$150 million of subsidy annually for maintaining eligibility and operational requirements.

Our audit objective will be to determine if payments to MSP contractors were reduced if the minimum operating requirements were not met.

We plan to begin the audit the week of May 19, 2008 and will contact your audit liaison to schedule an entrance conference. We will conduct the review at MARAD and selected MSP contractors' headquarters. The Program Director for this audit is Earl Hedges and the Project Manager is Ingrid Harris. If you have any questions, please call me at (202) 366-1496 or Earl Hedges at (410) 926-3612.

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cc: Associate Administrator for National Security, MARAD
Chief Financial Officer, MARAD
Richard Weaver, MAR-310
Martin Gertel, M-1