



U.S. Department of
Transportation


Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: INFORMATION: Audit Announcement—
FAA's Oversight of Inactive Airport
Improvement Program Grant Obligations
Project No. 06A3012A000

Date: June 15, 2006

From: David A. Dobbs 
Assistant Inspector General
for Aviation and Special Program Audits

Reply to
Attn of: JA-10

To: Assistant Administrator
for Financial Services/CFO

The Office of Inspector General plans to conduct an audit of inactive grant obligations in the Federal Aviation Administration's (FAA) Airport Improvement Program (AIP). FAA's national guidance calls for AIP grant close-out within 4 years of award. FAA policy also requires quarterly reviews of inactive grants and the de-obligation of unneeded funds. Given the current financial challenges facing the FAA, timely close-out of inactive AIP grants and de-obligation of unneeded funds could provide important funding support. As of October 1, 2005, FAA reported that approximately \$11 billion was obligated to nearly 6,200 AIP grants.

The objectives of this audit are to: (1) assess the effectiveness of FAA's policies and procedures for identifying and de-obligating unneeded AIP grant obligations and (2) determine the extent to which AIP grant obligations are no longer needed and should be de-obligated and put to better use on other projects or returned to the Aviation Trust Fund.

Our audit will be conducted at FAA Headquarters in Washington, DC, and selected FAA Regions and Airport District Offices. We plan to start the audit during the week of June 26, 2006, and will contact your audit liaison to schedule an entrance conference. The Program Director for this audit is Darren Murphy, and the Project Manager is Jerrold Savage. If you have any questions or require

additional information concerning this audit, please call Mr. Savage at (206) 220-6511 or Mr. Murphy at (206) 220-6503.

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cc: FAA Deputy Administrator
Acting Associate Administrator for Airports
Anthony Williams, ABU-100
Martin Gertel, M-1