



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General

Subject: INFORMATION: Notification of an Audit of
Major Project Cost Estimating Activities
Project Number: 03M3015M000

Date: July 26, 2004

From: Debra Ritt *Debra S. Ritt*
Assistant Inspector General
for Surface and Maritime Programs

Reply to
Attn of: JA-40

To: Federal Highway Administrator
Federal Transit Administrator

The Office of Inspector General plans to initiate an audit of Federal Highway Administration (FHWA) and Federal Transit Administration (FTA) oversight of cost estimating activities on major highway and transit projects. The objectives of this audit are to: (1) determine frequent factors that cause cost estimates to be unreliable, (2) evaluate efforts to improve cost estimating guidance, and (3) identify opportunities to improve oversight of project sponsor processes and procedures for preparing credible cost estimates.

We will conduct the audit at FHWA and FTA offices in Washington, D.C., selected division and regional offices, project offices, state highway agencies, local transit authorities and other locations to be determined during the audit. We plan to begin work the week of August 2, 2004. Peter Babachicos, the Project Manager, will contact your audit liaison to arrange an entrance conference.

If I can answer any questions or be of further assistance, please do not hesitate to contact me at (202) 493-0331 or call Jim H. Crumpacker, Program Director at (202)-366-1420.

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