



Memorandum

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

Subject: **INFORMATION:** Management Advisory Memorandum
on Federal Aviation Administration's Fiscal Year 1996
Apportionment of Formula Grants
Report Number AD-FA-7-006

Date:

From: John L. Meche, Director
Office of Information Technology, Financial,
and Secretarial Audits

Reply To
Attn Of: **Meche:x61496**

To: Acting Federal Aviation Administrator

INTRODUCTION

We performed an audit of the Federal Aviation Administration's (FAA) apportionment of the Airport Improvement Program (AIP) grant appropriations funded by the Airport and Airway Trust Fund for Fiscal Year (FY) 1996. Our objective was to determine if FAA's apportionment of the appropriations for FY 1996 complied with the requirements in the Airport and Airway Improvement Act of 1982 (Act), as amended [Title 49, United States Code (USC), Chapter 471]. We concluded that apportionments were calculated and granted in accordance with the Act.

We conducted our field work from May to August 1996 at FAA Headquarters in Washington, D.C., and independently computed the amounts apportioned to primary and cargo airports. Due to requirements associated with auditing the Department of Transportation (DOT) FY 1996 financial statements, we were unable to complete the work necessary to issue a report at that time. Accordingly, we performed limited additional work in April 1997.

We also evaluated the management controls required by the Federal Managers' Financial Integrity Act of 1982, and Office of Management and Budget Circulars A-34, A-123 and A-127.

The Federal Aviation Reauthorization Act of 1996 (Public Law 104-264) revised the rates and percentages FAA is required to use to compute apportionments for fiscal years beginning after October 1, 1996. The Reauthorization Act did not affect funds made available for FY 1996. Accordingly, we did not determine if FAA complied with the revisions for FY 1997 apportionments.

We are not making any recommendations. Therefore, FAA is not required to respond under DOT Order 8000.1C.

We appreciate the courtesies and cooperation extended by FAA during the audit. If you have any questions regarding this advisory memorandum, please call me at (202) 366-1496 or James A. Childers at (202) 366-6120.

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